

Constituent Universities

Appalachian
State University

East Carolina
University

Elizabeth City
State University

Fayetteville State
University

North Carolina
Agricultural and
Technical State
University

North Carolina
Central University

North Carolina
State University
at Raleigh

University of
North Carolina
at Asheville

University of
North Carolina
at Chapel Hill

University of
North Carolina
at Charlotte

University of
North Carolina
at Greensboro

University of
North Carolina
at Pembroke

University of
North Carolina
at Wilmington

University of
North Carolina
School of the Arts

Western Carolina
University

Winston-Salem
State University

Constituent High School

North Carolina
School of Science
and Mathematics

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General Administration

Main: 919-962-1000

Web: www.northcarolina.edu

November 23, 2016

MEMO TO: Chancellors

FROM: Matthew S. Brody, Vice President for Human Resources

SUBJECT: Suspension of FLSA Overtime Changes

As you have likely heard, a federal court in Texas issued an injunction yesterday that temporarily enjoins the U.S. Department of Labor's implementation and enforcement of the FLSA overtime rule changes that are set to take effect on December 1, including the new FLSA salary minimum of \$47,476. As a result, and after consultation with President Spellings, all constituent institutions are to pause implementation of any salary or FLSA exemption status changes that are set to take effect in connection with the overtime rule changes.

Given months of preparation and the fact that many constituent institutions have already begun the implementation process, this is a very challenging and disruptive development, but one we must appropriately respond to nonetheless. Other employers around the United States are now facing similar challenges.

At this juncture, OSHR has advised State agencies to pause implementation of any SHRA salary or FLSA status changes tied to the December 1 rule change. General Administration is adopting a similar position for all SHRA and EHRA University employees impacted by this change.

I realize that institutions are in various stages of implementing these changes based on differing payroll procedures and implementation approaches. For this reason, you will need to exercise appropriate discretion and best judgment on the details of how to operationalize this pause given the unique circumstances present at each institution.

Until we have clearer sense of the path forward given this Federal Court ruling, institutions are asked to take all appropriate steps to pause any actions in progress that relate to the December 1 FLSA rule change, and where feasible, to recall any in-progress actions that have not finalized in your HR/Payroll System. This includes FLSA-related salary adjustments, FLSA exemption changes or Leave System modifications to accommodate EHRA non-exempt employees. Relatedly, any further use of the special expanded delegated authority for FLSA-related salary adjustments which was communicated to institutions on August 16, 2016 is temporarily suspended for any adjustments not yet processed or finalized in your HR/Payroll System.



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With respect to salary adjustments already implemented in your HR/Payroll System that cannot be immediately paused, we cannot yet predict the disposition of these adjustments until we better understand the final outcome of this temporary court injunction. In the event the implementation of this rule is more significantly delayed or even curtailed, it is possible that the associated salary adjustments and FLSA employee exemption changes will need to be fully reconsidered. For that reason, every reasonable attempt to pause or recall these salary adjustments should be considered. We will be in a better position to understand and address these potential implications over the next week or two and will carefully consult with you and your teams as we learn and assess continued developments.

We would suggest that you begin preparing brief communications to impacted employees at your institution that could be sent sometime early next week so they are aware of this developing situation and its potential impact. We are preparing draft templates to assist you with this task, which we will share and discuss with your Chief Human Resources Officer next week.

We conducted an initial conference call for your Chief Human Resources Officer and General Counsel (including their designees and/or deputies) earlier today and will hold a follow-up call on Tuesday, November 29, 2016 from 9:00 A.M. to 10:00 A.M. We will share a dial-in number with these individuals soon.

In the meantime, for any immediate or urgent questions, your Chief Human Resources Officer may contact Jessica Moore in GA Human Resources and your General Counsel or Employment Attorney may also contact Joanna Carey Cleveland in GA Legal Affairs.

Cc: President Margaret Spellings
GA Senior Officers
Chief Academic Officers
Chief Human Resources Officers
Chief Financial Officers
Chief Legal Officers/General Counsels
Chiefs of Staff