March 14, 2016

EXECUTIVE VICE CHANCELLORS
VICE CHANCELLORS OF RESEARCH

Dear Colleagues:

We are writing to let you know about proposed changes to the federal regulations on overtime pay for certain staff and academic personnel that may affect you and your academic research colleagues. These changes could take effect as early as September 2016. We want to share with you what we know at this time so you can begin to plan ahead.

Under the federal Fair Labor Standards Act, executive, professional and administrative employees who earn less than $455 per week (or $23,660 per year) qualify for overtime pay when they work more than 40 hours a week. The U.S. Department of Labor has proposed raising the salary threshold to $970 per week (or $50,440 per year), with future adjustments pegged to inflation. In other words, if the new threshold is approved, the university would need to increase the salary of any currently overtime-exempt academic\(^1\) or staff employee (with limited exceptions) and who earns less than $970 per week to the new salary threshold. An employee who performs high-level, exempt duties but earns less than the new salary threshold must be paid overtime if s/he works more than 40 hours per week.

The proposed changes would affect certain categories of academic or staff employees earning less than $50,440 per year. Among staff, those affected may include staff research associates. Among academic personnel, this would include more than half of UC’s postdoctoral scholars as well as academic appointees classified as specialists. A small number of librarians whose current salary levels are below $50,440 per year — less than 8 percent — also would be affected.

If approved by the federal government, the changes are expected to be announced as early as this July. Employers would have at least 60 days to implement. Several other factors remain unknown, including whether additional categories of employees would be exempt and whether the changes must be implemented immediately or in phases.

We are continuing to closely monitor this issue, since we anticipate that the Department of Labor will approve the original proposal to raise the threshold or a modified version of the original. The university has already begun looking at how to comply with the changes while meeting our

---

\(^1\) Any employee who is teaching for the institution is exempt from this threshold, so the action would not affect lecturers or teaching assistants.
March 14, 2016
Page 2

budget needs. In June, we are scheduled to begin contract negotiations with the United Auto Workers, which represents UC’s nearly 7,000 postdocs. These negotiations will cover compensation and take into account any new federal regulations on overtime pay.

Please keep the proposed changes in mind as you plan ahead, and as you consider appointments, reappointments, your research budget and other decisions. If the changes are implemented, you would have to pay the new minimum amount to employees in the job titles noted above to maintain their exempt status under the Fair Labor Standards Act.

We will keep you updated with any new developments. If the Department of Labor decides to approve the proposed changes, we will provide you with additional information, including information on UC timelines and your obligations and options. In the meantime, if you have questions, you may contact your campus Academic Personnel Office.

Cordially,

Dwaine Duckett
Vice President for Human Resources

Susan L. Carlson
Vice Provost
Academic Personnel and Programs

cc: Provost and Executive Vice President Dorr
Executive Vice President and Chief Operating Officer Nava
Interim Vice President Tucker
Vice Provosts Academic Personnel/Academic Affairs
Academic Personnel Directors
Council of Graduate Deans
Council of University Librarians
Executive Director Tanaka
Director Chester
Director Lee
Director Lockwood
Associate Director Fishel