

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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To: Chief Human Resources Officers

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

Subject: Special One-Time Delegation of Authority Related to FLSA Regulatory Changes

As you know, the U.S. Department of Labor recently announced changes to the Federal Fair Labor Standards Act (FLSA) regulations that result in an increase of the FLSA standard minimum salary to \$913 per week and \$47,476 annually.

This increase, which is effective December 1, 2016, may in certain instances cause constituent institutions to consider increasing the salaries of presently FLSA-exempt employees to the new FLSA minimum salary amount. These decisions should be based on operational efficiency and/or potential cost savings to the University. Recognizing that there may be a larger than normal number of these salary adjustments due to this regulatory change, we are providing a one-time expanded delegation of authority to support the efficient processing of these actions, as follows.

The Chancellor or their designee is authorized to approve, without further UNC-GA pre-approval, any FLSA-related SHRA or EHRA salary adjustment that meet the following parameters:

- *Has an effective date that is no later than December 31, 2016;*
- *Results in a new base salary of \$47,476; and*
- *Does not result in a cumulative fiscal year-to-date base salary increase of greater than 25% and \$25,000, excluding the recent 1.5% legislative increase (LI).*

FLSA-related salary adjustments that do not meet the above criteria are subject to regular UNC GA salary increase pre-approval guidelines. In addition, such adjustments for SHRA employees must comply with all other applicable OSHR compensation policies and career banding guidelines and EHRA adjustments must align with all other relevant UNC GA compensation policies.

A few other key points regarding these adjustments:

- This one-time expanded delegation of authority may only be used for the FLSA-related regulatory adjustment and only to bring an employee's base salary to the new FLSA minimum salary amount.

- Any adjustments implemented to address the FLSA regulatory change must be funded from existing campus resources; there are no additional State or UNC-GA budget allocations to address this need.
- As these adjustments are undertaken, consideration should be given to any newly created equity situations with respect to other similarly situated employees. Any resulting equity adjustments will follow the regular EHRA and SHRA salary pre-approval process. Note, we have created a special adjustment code (noted below) to account for any one-time equity related increases connected with the FLSA regulatory change.
- UNC GA Human Resources will require each constituent institution to report all FLSA-related adjustments on the Quarterly Salary Report for Q1 (July 1 through September 30) or Q2 (October 1 through December 31). It is expected that FLSA adjustments will be reported no later than the Q2 report, due in late January 2017.
- We will make accommodations for the FLSA-related reporting needs by creating two new salary adjustment codes for the quarterly reports: “12C – Adjustment to FLSA Minimum” and “12D- FLSA Equity-Related Adjustment.”
- Any FLSA-related adjustment will count toward the cumulative fiscal year-to-date salary increase amount should one of these employees also be subject to any additional salary adjustments later in the fiscal year.

If you have any questions regarding this matter, please contact Jessica Moore, UNC GA Executive Director of Classification and Compensation.

Cc: President Margaret Spellings
Chancellors
UNC GA Senior Officers
Chief Academic Officers
Chief Financial Officers
General Counsels