April 23, 2024

Dear Colleague:

Today the Department of Labor (DOL) formally announced its final rule increasing the amount under which employees will be considered exempt from overtime pay from the current level of $35,568 to $43,888 on July 1, 2024, and to $58,656 on January 1, 2025. On July 1, 2027, an additional increase will go into effect based on a currently undefined formula, with automatic three-year increases going forward.

The final rule provides most institutions with a breather for the current fiscal year, and several months to better plan for the coming year. While litigation could come in the days ahead, I encourage you and your team to continue preparing for compliance.

Though this represents a significant increase in the threshold amount during the coming years, the timeline is an improvement from what we, and the rest of the employment community, expected. Collectively, we expected an increase to more than $60,000 and for it to be effective 60 days from the announcement.

I want to thank our members for your activism on the initial proposal. The improvements we got would not have been possible without your advocacy. I deeply appreciate the continued work and partnership of our NAICU membership on this and other challenges we are currently facing in Washington. I know that many members joined us in submitting comments and participated in the listening sessions and the inspection process with the Office of Management and Budget and DOL to express concerns with the proposals.

I understand that this new standard, especially the escalators from January 1, 2025, forward, are insensitive to the operational challenges many institutions face. Though we agree with the need to review and adjust the overtime threshold amount at regular intervals, this increase is too high and happening too quickly. The news also comes as colleges are still recovering from the pandemic and navigating the overwhelming burdens of the FAFSA debacle, and a host of other regulatory requirements, while trying to balance college affordability with maintaining meaningful and appropriately compensated work.

NAICU will continue to monitor any court actions and provide updates, assistance, and support to our member institutions.

Regards,

Barbara

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President
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