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April 20, 2016

The Honorable Tammy Baldwin
United States Senator
717 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Baldwin:

On June 15, 2015, the U.S. Department of Labor (DOL) proposed changes to the Fair Labor Standards Act regulations. If they are not altered, these proposed changes in federal rules on overtime will be costly for colleges. The DOL submitted its final rule to the Office of Management and Budget (OMB) on March 15, 2016, which will likely soon complete its review and publish the new rule. The implementation date is anticipated to be 60 days from publication.

The significant change proposed by DOL was a sharp increase to the minimum salary threshold. Except for teachers, doctors, and lawyers, employees with salaries below the threshold must be paid overtime. The increase would more than double the existing annual salary threshold, from \$23,660 to \$50,440. This 113 percent increase would have an economic effect that will be costly for students. If the existing threshold, set in 2004, were adjusted for inflation, the new minimum threshold would be \$29,172, a 21.5 percent increase.

While teaching positions at colleges are exempt from the overtime rule, most workers on college campuses are not teachers.

It has been estimated that in excess of 5,000 UW employees, including many who hold positions in student life, development, administration, and academic affairs, will be impacted because their salary is under the proposed threshold. This estimate does not include those holding graduate assistant or Post-Degree training appointments who may also be affected. The proposed rule would have far-reaching effects across campuses, including on research associates, student activity officers, financial aid counselors, residential hall managers, academic advisors, librarians, academic recruiters, admissions counselors, textbook managers, accountants, alumni relations professionals, heads of mail services, farm managers, food service managers, coaches, and agricultural extension agents. The list goes on.

As the UW System noted on September 2, 2015, in response to the DOL's request for comments, the effects would be particularly acute for the research enterprise. The UW System employs more than 800 research staff who are paid less than the proposed minimum salary threshold. If these researchers are covered under the proposed rule, we would need to increase the salaries of these researchers, or reclassify them as hourly nonexempt employees. With declining state funding and our continued reliance on Post-Degree Training appointments to conduct critical research, these changes would have a harmful effect on the UW System's research engine.

Presently DOL's final regulation is under review by the Office of Information and Regulatory Affairs, a division of the Office of Management and Budget (OMB) charged with reviewing agency regulations. We respectfully ask that you urge the White House and OMB to consider the significant potential impacts of the proposed FLSA regulation, especially at a time when universities are doing all they can to hold down tuition costs and make college more affordable for students and families. If the Executive Branch will not amend the rule, we strongly urge your support for legislative efforts to further evaluate and mitigate the economic burden of the proposed regulatory changes on the UW System.

We can all agree that a reasonable increase in the salary threshold is warranted. However, the proposed increase goes too far and too quickly, especially since university budgets are already developed and approved for the coming academic year. A smaller increase to the salary threshold, phased in over a number of years, would permit the UW System to continue engaging in its nationally-recognized research and help our efforts to ensure the affordability of higher education in Wisconsin. Thank you for hearing these concerns and for helping to address them prior to promulgation of a final rule.

Respectfully,
The President and Chancellors of the
University of Wisconsin System

A handwritten signature in black ink, appearing to read "Ray Cross", is written over a light gray rectangular background.


Raymond W. Cross, President



James Schmidt
Chancellor, UW-Eau Claire



Joe Gow
Chancellor, UW-La Crosse



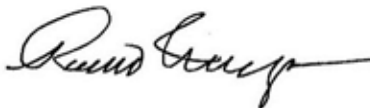
Mark Mone
Chancellor, UW-Milwaukee



Deborah L. Ford
Chancellor, UW-Parkside



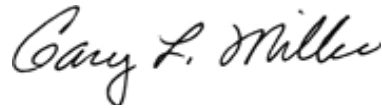
Dean Van Galen
Chancellor, UW-River Falls



Robert Meyer
Chancellor, UW-Stout



Beverly Kopper
Chancellor, UW-Whitewater



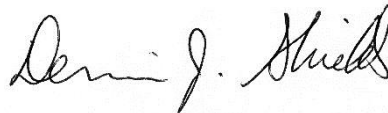
Gary Miller
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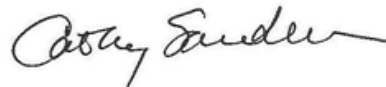
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Renée Wachter
Chancellor, UW-Superior



Cathy Sandeen
Chancellor, UW Colleges/Extension