

New Proposed Regulations Expand Employee Overtime Eligibility

03.08.2019

On March 7, 2019, the Department of Labor released its long-awaited proposed rules addressing which employees may be eligible for overtime pay. Specifically, the proposed regulations raise the salary threshold from the current level of \$455 per week to \$679 per week, or from \$23,660 annually to \$35,308 annually, for employees who also meet the other “duties” tests for overtime exemption. The \$23,660 threshold was first established in 2004.

The proposed regulation would cause many “white collar” workers – those currently exempt under the executive, administrative, professional, and computer professional exemptions – to lose their exemption. According to the Department of Labor’s announcement, more than one million workers will become eligible for overtime as a result of the proposed rule. The proposed rules also raise the salary exemption for highly compensated employees from \$100,000 to \$147,414, a level that DOL says it will revisit every four years.

This is not the first recent effort to raise the salary threshold requirements for exempt employees. As Brooks Pierce reported in 2015, the Obama administration announced proposed rules raising the salary threshold for exempt status to much higher than the current proposed level, to nearly \$50,000 per year. Those 2015 proposed regulations also set automatic adjustments to the salary threshold in order to keep pace with inflation. Ultimately, the 2015 regulations were enjoined by a federal court just as they were set to go into effect.

Once the newly proposed regulations are formally published, they will be subject to a 60-day public comment period. Brooks Pierce’s Labor and Employment team will continue to monitor these developments.

For more information on how the new overtime regulations may affect your business operations, contact a member of the Brooks Pierce Labor & Employment Team.

PEOPLE

Bryan Starrett

SERVICES

Labor & Employment