

Publications

Department of Labor Raises Salary Thresholds for Overtime Exemptions

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On April 23, 2024, the U.S. Department of Labor (DOL) released its final rule raising the salary thresholds for being exempt from overtime under the Fair Labor Standards Act (FLSA). Currently, bona fide executive, administrative, and professional employees are exempt if they are paid a salary of at least \$684 per week (\$35,568 annually). Highly compensated employees are exempt if they are paid at least \$107,432 annually, including a salary of at least \$684 week.

The new salary thresholds are expected to make four million more employees, along with 292,900 highly compensated employees, eligible for overtime pay.

As shown in the table below, the salary thresholds will increase in three phases beginning on July 1, 2024. The rule calls for automatic updates to the thresholds every three years beginning in July 2027.

In 2016, the DOL also attempted to increase the salary threshold. Litigation, however, prevented the rule from taking effect. The new rule may also be challenged. Nonetheless, employers should prepare for the final to take effect starting on July 1, 2024. Employers should begin to prepare for the increase by reviewing their exempt workforce, paying particular attention to the roles their employees perform, the hours they work, and how much they are paid, to determine which employees are most impacted by the new rule.

We will report on any developments. In the interim, contact your Vorys lawyer if you have questions about overtime exemptions and the DOL final rule.