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Legal Alerts

U.S. Department of Labor Sets New Salary Thresholds for 2024 and Beyond

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On April 23, 2024, the U.S. Department of Labor (DOL) released its final rule to raise the salary thresholds for overtime exemptions under the Fair Labor Standards Act (FLSA). The DOL says that the new rule will affect 3 million workers.

Background

Most US employees are eligible for overtime after working 40 hours in the week. Certain so-called "white collar" employees are exempt from overtime because they are paid on a salary basis and have duties that qualify them as executive, administrative or professional employees. Currently, this minimum salary is $684 per week and $35,568 per year.

Importantly, certain states, including Washington, have a higher minimum compensation threshold, so the new rule is not relevant for employees who work in those states.

New Rule Raises FLSA Threshold

The new rule, Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Outside Sales and Computer Employees, addresses the minimum salaries for executive, administrative and professional employees under the FLSA.

The rule will raise the threshold to $844 per week and the equivalent of $43,888 per year on July 1, and then to $1,128 per week and the equivalent of $58,656 on January 1, 2025. If the employee has a lower salary, they cannot be exempt under FLSA white collar exemptions.

The rule also raises the overtime salary threshold for so-called "highly compensated employees" to $132,964 in July and $151,164 in January. This exemption is not available in certain states, including Washington.

What Employers Should Do

- Make sure that all employees treated as exempt will have the requisite salary, both in July and thereafter.
- Make sure all employees treated as exempt have the proper duties to qualify for exemption.
- Adjust employees' salaries or exempt status as necessary. Consult with experienced employment counsel as the process of converting employees to non-exempt can be complex and disruptive.

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Stay ahead of the curve and ensure your business complies with the new overtime rules. Contact Foster Garvey's market-leading Labor, Employment and Immigration team for guidance and support.

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