

# CLINE WILLIAMS

## WRIGHT JOHNSON & OLDFATHER

### **New Federal Overtime Salary Threshold Proposed by Department of Labor**

On August 30, 2023, the U.S. Department of Labor announced a proposed increase to the Fair Labor Standards Act's salary-level threshold for the "white-collar" exemptions to overtime requirements. The highly anticipated proposed rule is expected to expand overtime pay protections to over 3.4 million workers by changing the FLSA's exemptions to overtime eligibility.

Currently, to be exempt from overtime under the FLSA's executive, administrative, and professional exemptions, an employee must be paid a salary of at least \$684 per week and meet certain duties tests. If the employee is paid less or does not meet the applicable duties test, the employee must be paid one and one-half times their regular hourly rate for hours worked in excess of 40 in a workweek.

Under the DOL's proposed rule, the salary threshold for the FLSA's executive, administrative, and professional exemptions would increase from \$684 per week (\$35,568 per year) to \$1,059 per week (\$55,068 per year). In addition, the DOL's proposed rule would increase the total annual compensation requirement for highly compensated employees from \$107,432 per year to \$143,988 per year.

The DOL also is proposing automatic increases every three years to the salary threshold, to keep pace with inflation and changes in worker salaries and to provide greater certainty to employers on when salary updates will occur.

The last update to the salary threshold for the executive, administrative, and professional exemptions took effect on January 1, 2020. The DOL's proposed rule does not suggest any changes to the standard duties test.

Once the DOL's Notice of Proposed Rulemaking is published in the Federal Register, the public will have 60 days to comment on the proposed rule and its potential changes. Following closure of the comment period, the DOL will review all comments and consider whether further adjustments to the proposed rule are necessary. The effective date of a final rule is unclear at this time.

Additional information is available at:

<https://www.dol.gov/agencies/whd/overtime/rulemaking>.

For more information please reach out to [Tara Stingley](#) or another member of the [Cline Williams' Labor and Employment Law Section](#) at [www.clinewilliams.com](http://www.clinewilliams.com).

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