

Employment Update: DOL Increases Wages for Exempt Employees

Background

On April 23, the U.S. Department of Labor (DOL) announced a final rule, “Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Outside Sales, and Computer Employees”, which increases the salary threshold for employees to be considered exempt.

The current wage rate to be exempt from overtime is set at \$684 per week or \$35,568 per year.

What the final rule will change

Effective July 1, 2024, exempt employees must be paid \$844 per week or \$43,888 per year.

Effective January 1, 2025, the wage rate increases to \$1,128 per week or \$58,656 per year.

The rule provides a mechanism for wage increases starting on July 1, 2027, and every 3 years thereafter.

What steps should my business take?

Employers should carefully review their current exempt employees’ compensation structure to determine which workers may be eligible for overtime wages under the new regulations. Companies should monitor those employees’ work hours to determine the most cost-effective way to comply with the new wage requirements. In some cases, it may be easier to simply raise the workers’ salaries to the threshold, assuming their job functions meet the exempt duties test provided under the Fair Labor Standards Act.

In other cases, employers may want to convert the employee to an hourly rate and pay overtime for hours worked in excess of forty hours per week and implement work rules to limit excessive overtime.

Speaking with your trusted legal advisor to ensure you are complying with this new rule, as well as other employment regulations, is recommended.

Questions

Our Team will continue to monitor the developments with this decision and any further updates from the Department of Labor.



Elaina Smiley
es@muslaw.com
412-456-2821

If you have questions you would like to discuss with respect to exemptions or any other employment issue, please contact one of the employment attorneys listed below.

Elaina Smiley, Chair	es@muslaw.com	412-456-2821
Brittany M. Bloam	bmb@muslaw.com	412-456-2873
Joseph A. Carroll	jac@muslaw.com	412-456-2871
Antoinette C. Oliver	aco@muslaw.com	412-456-2851
Amy E. Sable	aes@muslaw.com	412-456-2803
Beth A. Slagle	bas@muslaw.com	412-456-2890