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Department of Labor Releases Final Overtime Rule; Raises Salary Level to $684 per Week

On Sept. 24, 2019, the United States Department of Labor issued its long-awaited updates to rules governing overtime exemptions under the Fair Labor Standards Act. Under the new, final rule, the salary threshold to qualify for the "white collar" exemptions will rise to **$684 per week** ($35,568 per year) from $455 per week ($23,660 per year). The new rule will also allow employers to use certain non-discretionary bonuses and incentive payments to satisfy up to 10 percent of the salary level. Absent court action, the rule will take effect on January 1, 2020.

In 2016, the Obama administration issued its own revisions to the rule, raising the salary threshold to the equivalent of $47,476 per year. The rule also included a mechanism for automatically increasing the threshold every three years. A Texas court in 2017 invalidated the rule, and the Trump Administration began work on its own changes. The rule released Sept. 24 does not include an automatic increase but does state that the DOL, "intends to update these thresholds more regularly in the future."

Employers should immediately begin evaluating employees who are currently classified as exempt from minimum wage and overtime. Starting January 1, 2020, an employee earning between $455 and $683 per week will no longer qualify for any of the white collar exemptions unless the employee's salary is raised to meet the new standard.

If you have any questions about the new rule, please contact Robert S. Driscoll, Katie Triska, or your Reinhart attorney for more information.

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