



## Department of Labor Releases Proposed Changes to Overtime Exemptions Under the FLSA

On June 30, 2015, the United States Department of Labor (the "DOL") announced its long-awaited proposal for changes to overtime exemptions under the Fair Labor Standards Act (the "FLSA"). The FLSA requires overtime pay for hours worked over 40 each week, unless the position qualifies for an exemption. To qualify for certain exemptions, an employee must perform defined duties and be paid on a "salary basis."

Since 2004, an employee had to receive at least \$455 per week in order to satisfy the salary basis test, which equates to \$23,660 per year. Under the proposed rule, the salary level would be increased to match the 40th percentile of weekly earnings for full-time salaried workers.

The DOL projects this threshold to be around \$970 per week—\$50,440 per year—when the final rule is announced. The DOL also proposes that the salary level be automatically updated to ensure that future increases are more incremental and predictable.

The DOL is considering whether to fix the salary level to a percentile of earnings for full-time salaried workers or to update the salary level based on changes in the Consumer Price Index for All Urban Consumers. The DOL has not yet proposed changes to the required duties for the various exemptions. Nevertheless, the DOL has invited comments on whether the duties should be adjusted in light of the proposed changes to the salary basis test.

If you have any questions about overtime exemptions under the FLSA, please contact [Rob Driscoll](#), [Katie Triska](#) or your Reinhart attorney.

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