



DOL Minimum Wage and Overtime Changes: What Employers Need to Know

by: Turner Padget Employment Team

On April 23, 2024, the United States Department of Labor (“DOL”) announced a final rule regarding minimum wage and overtime pay requirements for executive, administrative, and professional (“EAP”) employees under the Fair Labor Standards Act (“FLSA”). The final rule takes effect July 1, 2024.

Overview of Proposed Changes

The final rule reflects the following changes:

Effective July 1, 2024:

- Increases the minimum salary required for an employee to qualify for exemption (the salary threshold) from the currently-enforced level of \$684 per week (equivalent to \$35,568 annually) to \$844 per week (equivalent to \$43,888 annually); and
- Increases the total annual compensation requirement for “highly compensated employees” (HCE) from the currently-enforced level of \$107,432 per year to \$132,964 per year.

Effective January 1, 2025:

- Increases the minimum salary required for an employee to qualify for exemption (the salary threshold) to \$1,128 per week (equivalent to \$58,656 annually);
- Increases the total annual compensation requirement for “highly compensated employees” (HCE) from the currently-enforced level of \$132,964 per year to \$151,164 per year; and

- Commit to periodic review to update the salary threshold (every three years).

Employer Response

Even with these changes, it is important to keep in mind that meeting the newly proposed salary thresholds do not automatically make an employee exempt for overtime pay. The employee's job duties must also primarily involve executive, administrative or professional duties, as defined by the FLSA. The proposal does not propose changes to the job duties test.

In advance of the rapidly approaching July 1, 2024 deadline, employers should review and audit their compensation, job descriptions, and job duties of current exempt and non-exempt employees, to ensure compliance with the updated rule. Employers should also contact their employment counsel for assistance in developing the most efficient and effective way to navigate the proposed changes.



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