

Proposed DOL Rule: Millions May Gain Overtime Eligibility



Introduction

The United States Department of Labor (DOL) has initiated a profound transformation in labor regulations through a proposed rule change with the potential to impact the lives of countless American workers. This proposal by the DOL seeks to expand overtime pay eligibility to approximately 3.6 million workers who were previously categorized as "exempt." Central to this change is a significant rise in the salary threshold required for exemption, elevating it from \$684 per week to \$1,059. In this article, we explore the intricacies of this proposed rule and examine its potential ramifications for both employers and employees.

Proposed Changes and Their Implications

1. Revising the Salary Threshold:

The federal Fair Labor Standards Act (FLSA) mandates that employees must receive a premium of 1.5 times their regular pay for hours worked beyond 40 in a workweek unless they meet specific exemption criteria. To qualify for the most common exemptions, collectively known as the "white-collar" exemptions (administrative, executive, or professional), employees must fulfill three conditions:

- **Being Paid on a Salary Basis:** Employees must receive a fixed salary.
- **Meeting the Minimum Weekly Salary:** The current threshold is \$684 per week (\$35,568 annually).
- **Performing Specific Duties:** Employees must perform certain job duties associated with their role.

Want to know if you're earning what you deserve? Find out with LawCrossing's salary surveys.

The proposed change raises the second criterion substantially to \$1,059 per week (\$55,068 annually). This heightened salary requirement will also extend to U.S. territories, with some exceptions, and undergo automatic updates every three years.

2. Highly Compensated Employee Exemption

Additionally, the proposed rule seeks to elevate the threshold for the "highly compensated employee" exemption from \$107,432 to \$143,988.

The Path to Finalization

It is crucial to recognize that the DOL's proposed rule is in its preliminary stages. The next step in the process involves a notice-and-comment period, offering stakeholders—including employers, employees, and labor advocacy groups—an opportunity to scrutinize the proposal and provide input. This comment period is slated to run for 60 days following publication in the Federal Register, with the possibility of an extension based on the volume of feedback received.

After the conclusion of the comment period, the DOL will meticulously review all comments and make necessary adjustments to the proposed rule. A final rule, incorporating the feedback, will then be issued, potentially taking effect within a few weeks of finalization. If all proceeds as planned, this proposed rule may become law as early as 2024.

Make informed decisions in real-time. Subscribe to JDJournal and be in the know with the latest legal updates.

Conclusion

The DOL's proposition to raise the salary threshold for overtime pay eligibility represents a potential revolution in employment regulations. While it may provide much-needed financial relief to millions of workers, it also poses challenges and necessitates adaptations for employers. The journey from proposal to finalization will entail substantial input from diverse stakeholders, making it a pivotal development to monitor in the forthcoming months closely. Stay tuned for ongoing updates concerning this evolving labor landscape.

Don't be a silent ninja! Let us know your thoughts in the comment section below.