



DATE: May 30, 2024

Department of Labor Overtime Rule

Who is impacted?

Under the Fair Labor Standards Act (FLSA), overtime pay is one and one-half times an employee's regular pay rate for every hour that is worked beyond 40 hours in a workweek. There are exceptions because not everyone is eligible for overtime pay, including exempt employees. On April 26, 2024, the U.S. Department of Labor (DOL) [published](#) a final overtime rule that [applies](#) to the FLSA's executive, administrative, and professional (EAP) employee overtime exemptions, also known as the "white collar" or "EAP" exemptions. EAP exemptions exempt employees from the FLSA's minimum wage and overtime requirements if they are paid a salary and meet certain requirements.

To qualify for the exemption, employees must:

- Be paid a salary: This means they receive a fixed amount that does not change based on the quality or quantity of their work.
- Be paid a minimum weekly salary: The salary must be at least the minimum wage level.
- Perform executive, administrative, or professional duties.

For more on defining EAP, [click here](#).

The rule is being rolled out in two phases:

- July 1, 2024: increases minimum salary to be overtime-exempt from \$684/week to \$884/week (\$35,568/year to \$43,888/year).
- January 1, 2025: increases minimum salary to be overtime-exempt from \$884/week to \$1,128/week (\$43,888/year to \$58,656/year).

Starting on July 1, 2027, the threshold will automatically update every three years based on the most recent wage data and without regard to regional cost-of-living differences.

This rule is estimated to impact 4.3 million "white collar" workers who earn between \$35,568/year and \$58,656/year, representing a 65 percent increase.

What are the next steps?

This increase will impact many local government employers, specifically those that earn between \$35,568/year to \$58,656/year. Work on local budgets for the coming year is largely complete and does not account for these increased costs.

On Friday, May 10, a letter was circulated from Rep. Tim Walberg's office (R-MI) announcing his intention to introduce a Congressional Review Act ([CRA](#)) resolution to overturn and nullify DOL's rule once the final rule has been submitted to Congress. As of May 16, members of Congress who have agreed to be original cosponsors of Rep. Walberg's soon-to-be-introduced CRA resolution include Reps. Virginia Foxx (R-NC), Roger Williams (R-TX), Andy Barr (R-KY), Adrian Smith (R-NE), John Moolenaar (R-MI), Mary Miller (R-IL), Jeff Duncan (R-SC), Bob Good (R-VA), Andy Ogles (R-TN), Lisa McClain (R-MI), Ann Wagner (R-MO), Jack Bergman (R-MI), Eric Burlison (R-MO), and Glenn Grothman (R-WI). NATaT staff was also told that Senator Mike Braun (R-IN) is leading a similar effort in the Senate. However, no formal action has been taken to date.

If this rule impacts you and your local budget, please determine how many affected employees make between \$35,568/year and \$58,656/year and what your recourse will be. Will you be forced to raise salaries, deal with enhanced timekeeping, etc.? Collecting this data to show the local impact will be crucial to your advocacy.

Relevant articles

<https://blog.dol.gov/2024/04/23/what-the-new-overtime-rule-means-for-workers>

<https://www.paychex.com/articles/compliance/flsa-new-overtime-rule>

<https://www.dentons.com/en/insights/alerts/2024/may/1/dols-final-rule-increases-salary-thresholds-for-overtime-exempt-employees>