

U. S. Department of Labor New Overtime Rules

The Department of Labor (DOL) has released the final rules making changes to Part 541 governing overtime exemptions under the Fair Labor Standards Act (FLSA). The new rules will significantly change the number of employees who can be exempt from the hourly provisions of the FLSA. Employees who do not meet the new standards will need to be paid overtime or awarded comp time at one-and-a-half times the employee's regular rate of pay for any time actually worked over 40 hours in a week. There are special rules for police and fire (see link to government specific rules below).

Key elements of the new regulation that you need to know:

1. Salary Threshold Changed to \$913 per week (\$47,476 per Year)

This threshold doubles the current salary threshold of \$455/week. For more information the following DOL site has some details and additional links: <https://www.dol.gov/featured/overtime>. There are government-specific rules at: <https://www.dol.gov/sites/default/files/overtime-government.pdf>.

2. Automatic Salary Threshold Increases Every 3 Years to Maintain Level at 40th Percentile in Lowest-Wage Census Region

The next update is due to be effective January 1, 2020.

3. Duties Test is Unchanged

The DOL did not make changes to the standard duties test for exempt administrative, executive and professional employees. However, this is a good time to review your exempt employees to make sure they are eligible for the exemption. The DOL provides a PowerPoint outline that can assist with this review. Visit: <https://www.dol.gov/whd/overtime/presentation.ppt>. Keep in mind that this PowerPoint has not yet been updated with the new salary requirements.

4. Effective Date is December 1, 2016

For Idaho local governments, preparations may need to be included in the upcoming budget process underway now.

5. Highly Compensated Employee Exemption is Now \$134,004 Per Year

This is increased from \$100,000 but is unlikely to have much if any impact on ICRMP members. Any employees at this salary range are likely to qualify as exempt under one or more of the duties tests.

Questions? Contact your agency's Human Resources Department or Legal Counsel.