

DOL Final Rule on Overtime Salary Th

OVERVIEW:

On Tuesday, the U.S. Department of Labor (DOL) released its [Final Rule](#) updating the federal overtime regulations, making approximately 3 million employees eligible for overtime by 2025.

The closely-followed final rule increases the overtime salary threshold for exempt white-collar workers - executive, administrative and professional employees - in two phases.

- The first increase will go into effect July 1, 2024, bumping the salary threshold from its current \$35,308 per year (\$679 per week) to \$43,888 per year (\$844 per week)
- The second increase will go into effect January 1, 2025, bumping the salary threshold to \$58,656 per year (\$1,128 per week)

Thus, beginning in 2025, the salary threshold will increase approximately 66 percent. However, the DOL did not include changes to the duties test, the second part of the exemption test, for these same categories of employees.

"This rule will restore the promise to workers that if you work more than 40 hours in a week, you should be paid more for that time," said Acting Secretary Julie Su. "Too often, lower-paid salaried workers are doing the same job as their hourly counterparts but are spending more time away from their families for no additional pay. That is unacceptable," she added.

The Final Rule also includes the following changes:

- An increase in the highly compensated employee (HCE) salary threshold to \$151,164 per year to qualify for this overtime exemption. However, note that Pennsylvania does not recognize this specific exemption under its overtime regulations, meaning that employees must meet the salary and duties test for one of the other exempt category of employees to be overtime exempt.
- Continuing to allow employees to use non-discretionary bonuses and incentive payments including commissions that are paid annually or more frequently to satisfy up to 10% of the salary threshold (\$112.80 per week under the final rule).
- Starting July 1, 2027, salary thresholds will update every three years, by applying up-to-date wage data to determine new salary levels.

The 2019 increases to the overtime salary threshold have been the subject of federal litigation, and business and industry organizations previously indicated they would similarly fight the implementation of these most recent increases - so stay tuned!

And join us on Friday, May 10 for [Barley Snyder's 41st Annual Employment Law Seminar](#), where we will cover

the DOL Final Overtime Rule in the 2024 Wage and Hour Update session.

If you have any questions about the DOL's Final Rule regarding overtime regulations, please contact partner [Jill Sebest Welch](#) or any attorney in the [Barley Snyder Employment Practice Group](#).

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