

Overtime & Salary Thresholds Regulations Issued April 23, 2024 Effective Date July 1, 2024¹ Summary of Key Provisions

The U.S. Department of Labor (DOL) issued a final rule that expands overtime protections for lower-paid salaried workers. The rule, Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Outside Sales, and Computer Employees, will take effect on July 1, 2024. The final rule updates and revises the regulations issued under section 13(a)(1) of the Fair Labor Standards Act (FLSA) by increasing the salary thresholds required to exempt a salaried bona fide executive, administrative or professional employee from federal overtime pay requirements. Revisions include increases to the standard salary level and the highly compensated employee total annual compensation threshold, and a mechanism that provides for the timely updating of these earnings thresholds every three years to reflect current earnings data.

Generally, teachers and school administrators are exempt from the rule – regardless of whether they meet the minimum salary threshold. However, some non-teaching workers may qualify, for example coaches or school nurses. To classify district employees properly, schools must look at the types of duties and how much time an employee spends performing them.

Employees who perform both teaching and non-teaching duties may continue to be exempt despite the increasing salary thresholds if their primary duty is teaching (spending 50% or more of the workweek in a teaching capacity). For example, an employee who teaches for more than 50% of the week while handling other tasks (such as serving as an athletic coach) will continue to qualify for the teaching professional exemption. Conversely, employees who teach less than 50% of the workweek could become eligible for overtime pay under the new rules if they were previously exempt under one of the non-teaching exemptions, are not considered academic administrators under the applicable regulation, and earn below the new salary thresholds.

U.S. Department of Labor, Wage and Hour Division

29 C.F.R. PART 541–Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Outside Sales, and Computer Employees (released April 23, 2024, effective July 1, 2024)

<u>Final rule</u>

Frequently Asked Questions

<u>Overview</u>

¹ The effective date for this final rule is July 1, 2024. Sections 541.600(a)(2) and 541.601(a)(2) are applicable beginning January 1, 2025.