



Construction Industry Round Table

Business News

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7/03/2015 – Overtime Rule Changes for SALARIED Employees Proposed

President Obama is touting a proposed rule change that may affect millions of “salaried/exempt” employees that heretofore were not eligible by dent of the “duties test” and their pay levels for overtime. The Department of Labor (DoL) is planning to use its authority under the Fair Labor Standards Act of 1938 (which allows it to do so without Congressional approval) to adjust/change the amount of pay a “salaried” employee must receive to be still “exempt” from overtime pay. Currently, firms that pay salaried workers less than \$455 a week (or \$23,660 a year) must pay overtime to them, even if they meet the “duties test” (i.e., they are correctly classified as executive, administrative, and/or professional employees). DoL proposes to increase the salary level threshold to \$50,400 per year (or approximately \$970 per week) thereby increasing the number of “salaried” employees eligible for overtime (some estimate that would mean about 40% of salaried employees) – again, notwithstanding if they meet the “duties test.” The ambitious timetable for this proposed change is for it to take effect on the first of January 2016 (merely a coincidence it is a presidential election year).

This proposal MAY AFFECT CIRT member firms! If you have lower paid exempt/salaried employees who meet the duties test, but are currently paid under \$50,400 a year, you may have labor cost increases or will need to review work rules and hours affecting those individual employees. The rulemaking and Federal Register notice will be issued in the next few months with a 60-day comment period.