

New Proposed Regulations Expand Employee Overtime Eligibility



Bryan Starrett
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On March 7, 2019, the Department of Labor [released](#) its long-awaited proposed rules addressing which employees may be eligible for overtime pay. Specifically, the proposed regulations raise the salary threshold from the current level of \$455 per week to \$679 per week, or from \$23,660 annually to \$35,308 annually, for employees who also meet the other “duties” tests for overtime exemption. The \$23,660 threshold was first established in 2004.

The proposed regulation would cause many “white collar” workers – those currently exempt under the executive, administrative, professional, and computer professional exemptions – to lose their exemption. According to the Department of Labor’s announcement, more than one million workers will become eligible for overtime as a result of the proposed rule. The proposed rules also raise the salary exemption for highly compensated employees from \$100,000 to \$147,414, a level that DOL says it will revisit every four years.

This is not the first recent effort to raise the salary threshold requirements for exempt employees. As Brooks Pierce [reported in 2015](#), the Obama administration announced proposed rules raising the salary threshold for exempt status to much higher than the current proposed level, to nearly \$50,000 per year. Those 2015 proposed regulations also set automatic adjustments to the salary threshold in order to keep pace with inflation. Ultimately, the 2015 regulations were [enjoined by a federal court](#) just as they were set to go into effect.

Once the newly proposed regulations are formally published, they will be subject to a 60-day public comment period. Brooks Pierce’s [Labor and Employment team](#) will continue to monitor these developments.

For more information on how the new overtime regulations may affect your business operations, contact a member of

the Brooks Pierce Labor & Employment Team.