

Department of Labor Overtime Ruling



Columbus Consolidated Government
July 2024





Department of Labor Final Overtime Ruling

- DOL raised the salary threshold for certain overtime exemptions under FLSA.
- Employers must either raise the salaries paid to employees to maintain the exemption classification or change the position to non-exempt and pay them an hourly wage and overtime where applicable.
- An estimated 4 million employees are expected to be impacted in the U.S.
- Changes become effective **July 1, 2024**

Overtime Rule Key Provisions

Updates the salary and compensation levels for White Collar Workers: Executive, Administrative and Professional

Who becomes eligible for **overtime pay** under the final rule?

Date:

Most salaried employees earning less than:

Currently

\$684/week (\$35,568/year)

July 1, 2024

\$844/week (\$43,888/year)

January 1, 2025

\$1,128/week (\$58,656/year)



Employers' Options

- Change Employee Pay Status to non-exempt if salary less than \$43,888/year
- Limit employee work hours to 40 hrs. per week
- Pay overtime or compensatory time at time and a half for time worked over 40 hours
- Raise exempt employees' salaries above the new threshold, \$43,888 annually

A decorative graphic on the left side of the slide. It features a dark grey arrow pointing to the right, positioned at the top. Below the arrow, several thin, curved lines in shades of blue and grey sweep downwards and to the right, creating a dynamic, abstract background element.

Duties Test: Executive, Administrative and Professional Exemptions

- The final rule does not make any changes to the duties test for Executive, Administrative and Professional Employees
- Focus is on salary threshold only



Impact on Local Gov't

- State and Local Governments must comply with DOL's final ruling
- Permitted to use compensatory time in lieu of overtime payment



Impact on Local Gov't

- ▶ Hourly, Part Time, Temporary, Seasonal Workers may be paid comp time or overtime - **No Impact**
- ▶ Non-exempt employees eligible for comp time or overtime - **No Impact**
- ▶ Law enforcement, fire protection, and emergency response personnel may be paid comp time or overtime based on a “work period” rather than a 40 hour work week - **No Impact**



Implementation of DOL Overtime Ruling

- ✓ Review Current Workforce
- ✓ Apply the Salary Test
- ✓ Exempt or Non-Exempt (salaried or hourly)
- ✓ Department Engagement
- ✓ Budget Impact



Budget Impact

- Some employees may receive compensatory time or overtime due to position status change to non-exempt. Currently under review.

Implementation

- ▶ Positions classified as exempt and earn less than \$43,888/year have been reviewed and will be adjusted to non-exempt status effective July 1, 2024.
- ▶ Positions classified as exempt and earn less than \$58,656/year have been reviewed and will be adjusted to non-exempt status effective Jan. 1, 2025

# Employees Impacted	
July 1, 2024	30
January 1, 2025	144
Numbers will be adjusted as we get closer to implementation dates	

Note: Council approved 2% pay adjustment effective July 1, 2024, is included.



Questions?