

Department of Labor Overtime Ruling



Columbus Consolidated Government
December 10, 2019





Department of Labor Final Overtime Ruling

- Changes become effective **Jan. 1, 2020**
- Changes extend overtime to 1.3 million workers in the U.S.
- Ensures workers are fairly compensated

Overtime Rule Key Provisions

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

1. Raises the standard salary threshold
 - Current \$455 a week or \$23,660 annually
 - **New \$684 a week or \$35,568 annually**
2. Sets total compensation for highly compensated employees (HCE)
 - Current \$100,000 annually
 - New \$107,432 annually
3. Nondiscretionary bonuses and incentive payments (including commissions) that are paid at least annually to satisfy up to 10 percent of the standard salary level.
4. Revising the special salary levels for workers in U.S. territories and in the motion picture industry.



Employers' Options

- Change Employee Pay Status to non-exempt if salary less than \$35,568
- Limit employee work hours to 40 hrs. per week
- Pay over time or compensatory time at time and a half for time worked over 40 hours
- Raise exempt employees' salaries above the new threshold, \$35,568 annually

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

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



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**
- ▶ 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**
- ▶ Non-exempt workers eligible for comp time or overtime - **No Impact**
- ▶ Salaried workers who are non-exempt are eligible for comp time or overtime - **No Impact**



Implementation of DOL Overtime Ruling

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



Budget Impact

- ▶ A small number of employees may now receive comp time due to position status change to non-exempt.



Implementation

- ▶ Positions classified as exempt and earn less than \$35,568 have been reviewed and will be adjusted to non-exempt status
- ▶ Beginning January 1, 2020 continue to pay overtime or comp time to those employees classified as non-exempt



Questions?