

# NEW DEPARTMENT OF LABOR RULING ON OVERTIME PAY



The Department of Labor has released its changes to overtime pay regulations with implications that could impact nearly every employer in the near future. Beginning December 1, 2016, workers with salaries under \$47,476 (\$913 per week), could qualify for overtime pay from employers. The current minimum salary for overtime compensation is \$23,660. This shift is estimated to make about 4 million more workers overtime eligible, according to the DOL.

## WHAT CHANGED?

The revision is updating the long-standing white collar exemption within the Fair Labor Standards Act. This exemption excludes certain executive, administrative and professional employees from federal minimum wage and overtime requirements. Employees generally must be:

1. Salaried employees whose pay is not subject to variations in quantity of work performed
2. Paid more than a specified salary of \$455 a week or \$23,660 annually
3. Primarily perform executive, administrative or professional duties

The second requirement, known as the salary level test, has not been updated since 1975. This new proposition seeks to change that. Not only will the salary level be raised more than 50% with this change, but it will also index the overtime threshold to income, allowing it to rise with the economy.

## WHAT SHOULD I DO?

Employers now need to consider their staffing and compensation models. With the new rule gaining publicity and media attention, expect employees to analyze whether they are properly classified and whether this change should impact their salaries.

Experts recommend employers begin to audit their current labor force looking for employees who will be impacted. Certain salaried employees close to the new threshold may need to receive increases. Others may need additional job duties, and some may need reclassification from exempt to nonexempt.

## How Netchex Can Help

Netchex's Time and Attendance system tracks hours worked by all individual employees and can send alerts when certain thresholds are being approached. If an employee is reaching overtime, managers can be notified immediately to make staffing changes. Our reporting system and scheduling module also help you ensure that your business is properly staffed but equally spread across your employees to avoid unnecessary labor expenses.

Have questions about employee classification or what the current FLSA requirements are? Netchex has an entire HR Support Center for you to access hundreds of resources including articles, FAQs, infographics, glossaries and even an "Ask an Expert" feature.

If employees' salaries, job duties or classifications changed, you will need an effective tool to communicate these alterations to your employees. Netchex has an entire system for pushing out vital notices to your employees ensuring it was received with an electronic signature requirement.