

## FLSA Overtime Rule Changes Likely: What Would They Mean For Employers?

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New overtime rules likely to be issued by the Obama Administration would make more executive or managerial employees eligible for overtime pay under FLSA.

Under the current federal rules, executive or managerial employees who are paid a salary of at least \$455 a week (\$23,600 per year) are exempt from mandatory overtime pay for working more than 40 hours in a week; these are generally known as the "white collar" exemptions. The salary requirement was last raised in 2004 under the Bush Administration, which practically doubled the threshold from \$250 per week to the current level.

Last week, President Obama ordered the Labor Department to review the federal requirements of the white collar exemptions and announced his intention to increase the number of employees receiving overtime via executive order, if necessary. But at this time, neither the President nor the Labor Department has given any indication of how much the requirements would be tightened.

Any employers with executive and management employees near the current \$455-per-week threshold or whose employees' management duties are only nominal can expect to be affected by new regulations if and when they are enacted.

Employers who would be affected by these impending changes will have the opportunity to submit comments regarding the proposed regulations once they are drafted and published by the Department of Labor's Wage and Hour Administrator. This can be an effective way for employers to shape the new regulations. (For example: when the proposed 2004 white collar regulations were published, Miller Canfield drafted comments on behalf of clients that were adopted when those regulations took effect.)

We will keep you informed once the proposed regulations have been published and the deadline for comments has been set.

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