



# HR Pro Consulting News

## Final Rule: Restoring and Extending Overtime Protections

On April 23, 2024, the Department of Labor (DOL) issued its final overtime rule, which raised the annual salary required for certain employees to be exempt from overtime under the Fair Labor Standards Act (FLSA). While this rule will likely face legal challenges, it is scheduled to go into effect on July 1, 2024.

- Under the EAP exemption, the minimum salary threshold will be raised from \$684 per week (\$35,568 per year) to \$844 per week (\$43,888 per year);
- Under the HCE exemption, the annual compensation threshold will be increased from \$107,432 per year, including at least \$684 per week paid on a salary or fee basis, to \$132,964 per year, including at least \$844 per week paid on a salary or fee basis.

Effective January 1, 2025, the salary thresholds for these exemptions will again be raised.

- The EAP minimum salary threshold will be increased to \$1,128 per week (\$58,656 per year);
- The HCE annual compensation threshold will be increased to \$151,164 per year, including at least \$1,128 per week paid on a salary or fee basis.

Effective July 1, 2027, and every three (3) years thereafter, these thresholds will be updated based on the available data used to set the salary level in effect at the time of the update.

If you have any employees paid on a salary basis earning less than \$43,888 per year, they should either be reclassified as non-exempt, paid on a hourly basis and be paid at a rate of 1.5 times for any hours worked over 40 in a week or their salary amount increased to \$43,888 or greater. It will be equally as important to review any employees paid on a salary basis earning less than \$58,656 as the above conditions will apply for January 1, 2025.

The Fair Labor Standards Act was originally passed in 1938 and has been amended periodically over the last century. It sets basic standards for minimum wage, overtime pay, child labor and payroll record keeping. The standards include both minimum and maximum pay amounts which require or exempt employers to pay them overtime rates for hours worked over 40 in a week. In order to determine if an employee is required or exempt from overtime pay, three requirements must be met:

1. be paid a salary, meaning that they are paid a predetermined and fixed amount that is not subject to reduction because of variations in the quality or quantity of work performed;
2. be paid at least a specified weekly salary level; and
3. primarily perform executive, administrative, or professional duties, as provided in the Department's regulations.

The DOL has specific "testing" to ensure the above are true. However, highly compensated employees don't need to meet the requirements/be tested if they are paid on a salary basis and make the maximum amounts or more. They are automatically exempt.

---

*Supporting local businesses with management of  
their most important assets...people*



***If you would like more information or support with employee classification and communications regarding these changes or need support in any of the following areas, contact Michelle Stokes, SPHR today!***



**Small Business Human  
Resource Expertise  
or  
Interim Human  
Resource  
Management**

HR Pro Consulting, LLC  
PO Box 210573  
Milwaukee, WI 53221 414.801.9623  
www.HRProConsultingLLC.com  
michelle@hrproconsultingllc.com

---

*If you do not have an on-site human resource professional, I can be your on-call subject matter expert for support when you need it.*

or

*If your human resource professional resigns or takes a leave of absence, I will fill the gap until a permanent hire is made or (s)he returns.*

- Interviewing, selection and employment offers
- New employee on-boarding
- Termination support and exit interviewing
- Employee relations
- Benefits administration
- Performance management
- Compliance: FMLA, ADA, EEO
- Safety and wellness programs
- Employee handbook development

---

## **Project-Based Human Capital Support**

*When you require an outside resource to lead or contribute to business planning initiatives involving human capital, I can help.*

- Strategic planning
- Succession planning
- Employee and leadership development
- Compensation program and incentive design
- Merger and acquisition support
- Reduction in force
- Organizational development and design
- Performance management system implementation
- Employee engagement
- Employee handbook review
- Job descriptions
- Human Resource audit

Michelle Stokes, SPHR is a tactical and strategic Human Resource professional with over twenty-five years of successful experience directing and executing Human Resource vision, strategy and administration in the areas of: talent acquisition, organizational development, performance management, employee relations, diversity and inclusion, succession planning, employee benefits, compensation, payroll administration, loss control, unemployment and worker's compensation insurance and employee safety and wellness programs.