



HR Pro Consulting Newsletter

Federal Judge Strikes Down DOL Overtime Rule, Exempt Status Salary Threshold Will NOT Increase

On November 15, 2024, the final overtime rule originally issued on April 23, 2024, was shot down by a federal judge. **Therefore, the proposed increase in the salary threshold for exempt employees under the Fair Labor Standards Act (FLSA) will NOT go into effect in January.** This decision also invalidates the July 1, 2024, salary changes, and eliminates automatic adjustments every three years. Salary thresholds for determining exempt status will revert back to 2019 levels.

This court ruling may lead to a larger number of workers being classified as "exempt" and therefore, not eligible for overtime pay. It potentially may also cause increased litigation regarding employee misclassification as well as wage and hour claims.

If you made changes to salary amounts or classifications based on the July 1, 2024, salary increase, we recommend you maintain those changes. If you have already made changes based on the expected January 1, 2025, salary increase, you may choose to undo all or part of those changes. However, communicating appropriately with your affected employees will be crucial.

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;
1. be paid at least a specified weekly salary level; and
1. 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 recruiting, management, and retention of their most important assets...people



If you would like more information about any of the topics covered in this edition of HR Pro Consulting's newsletter or need support in any of the following areas, contact Michelle Stokes, SPHR today!



Fractional Human Resource Management

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

- Selection and employment offers
- New employee on boarding
- Termination support and exit interviewing
- Benefits administration
- Performance management
- Compliance: FMLA, ADA, EEO
- Safety and wellness programs
- Interim HR support

Project-Based Human Capital Support

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

- Human resource assessment
- Job description development
- Employee handbook review or development
- Compensation and incentive program design
- Merger and acquisition support
- Reduction in force
- Employee performance engagement and retention

Talent Acquisition

If you are seeking an extension to your human resource team to conduct candidate sourcing and prescreening according to your hiring needs, we will work directly with you to acquire top talent.

- Job posting and job description creation
- Candidate sourcing
- Conduct screening interviews
- Candidate preparation
- Careful candidate matching
- Weekly activity reporting
- Candidate follow-ups
- Reference and background checks