

# The DOL Proposes Rule Expanding Employees Covered by FLSA's Overtime Protections

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On June 30, 2015, the U.S. Department of Labor (DOL) announced a proposed rule that would substantially reduce the number of executive, administrative, and professional employees (white collar employees) which are currently exempt from the Fair Labor Standards Act's overtime protections by nearly doubling the threshold salary level at which workers become exempt.

Under the current rule, any salaried employee paid more than \$455 per week (the equivalent of \$23,660 per year) meets the threshold salary level for executive, administrative, and professional exemptions ("white collar exemptions") to minimum wage and overtime requirements of the Fair Labor Standards Act. If it becomes final, the proposed rule would increase the threshold salary level for exemptions to \$970 per week (the equivalent of \$50,440 per year) beginning in 2016. The DOL estimates that nearly 5 million exempt workers will become subject to minimum wage and overtime requirements in the proposed rule's first year. For employers, this could mean a substantial increase in payroll costs and impose new time keeping requirements for employees who were previously exempt.

The DOL also proposes to establish a mechanism that will automatically update the salary and compensation levels required for an employee to be exempt.

The proposed rule will be open for 60 days for public comment and could take months to become final. Comments may be submitted at <http://www.dol.gov/whd/overtime/NPRM2015/>. It will be important for employers to follow the progress of this proposed rule and take appropriate action to comply with the Fair Labor Standards Act should the proposed rule become final.

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