

A man in a dark suit and white shirt is smiling broadly, looking upwards and to the right. He is holding a white document or envelope in his hands. The background is a bright, out-of-focus indoor setting.

# DOL Proposes Increase to FLSA Exemption Threshold

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## **DOL Proposes Increase to FLSA Exemption Threshold**

*Written by Allison L. Goico and Zachary J. Weber – 3/11/19*

On March 7, 2019, the U.S. Department of Labor (DOL) proposed a rule that would significantly change the pay standards for overtime exemptions under the Fair Labor Standards Act (FLSA).

Since 2004, the minimum salary necessary to qualify for an administrative, executive, or professional exemption under the FLSA has been \$455 per week (\$23,660 per year). Under the proposed rule, this minimum would increase to \$679 per week (\$35,308 per year). The proposal also calls for an increase in the exemption threshold every four years after a notice and comment period.

While the proposed increase is substantial, it is less than half the increase announced in 2016, when the DOL was prepared to make the exemption minimum \$913 per week, or \$47,476 per year. A federal district court in Texas enjoined that increase just days before it went into effect. Since then, changes to the overtime rules have been

widely anticipated, and the DOL began seeking public comment on such changes in July 2017.

In addition to increasing the minimum salary requirement, the DOL also proposed an increase to the “highly compensated employee” threshold for overtime exemptions. Currently, the FLSA applies a more lenient exemption standard to employees earning \$100,000 or more annually. The proposed rule would increase this amount to \$147,414.

The DOL estimates the changes to the FLSA exemption standards will affect the overtime eligibility of around one million U.S. workers. More information on the proposed rule is available [here](#). Employers are encouraged to contact legal counsel with any questions regarding the proposed rule and to ensure compliance with the FLSA.

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