

Workplace Legal Alert



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Federal Overtime Salary Thresholds Increase

On April 23, 2024, the United States Department of Labor issued a final rule increasing the salary thresholds used to determine whether executive, administrative, professional, outside sales, and computer employees must be paid overtime under the federal Fair Labor Standards Act.

Effective July 1, 2024, the annual federal salary threshold for the white collar exemptions will increase to \$844 per week (\$43,888 per year). On January 1, 2025, that threshold will increase to \$1,128 per week (\$58,656 per year). Beginning July 1, 2027 and every three years thereafter, the salary level would be readjusted to reflect updated earnings data.

The new rule also raises the annual salary threshold for “highly compensated employees” who customarily and regularly perform any one or more of the exempt duties or responsibilities of an executive, administrative, or professional employee. This test is less stringent than those applied to the typical white collar exemptions. The HCE test applies only to employees whose primary duty includes performing office or non-manual work.

Effective July 1, 2024, the HCE salary threshold will increase from \$107,432 to \$132,964; and then to \$151,164 effective January 1, 2025. Like the basic white collar salary thresholds, the HCE minimum will automatically update on July 1, 2027 and every three years thereafter.

The new federal rule is already facing legal challenges which could delay implementation.

However, as explained in my [December, 29, 2023 Workplace Legal Alert](#), the salary threshold under New York State Law is currently \$1,200 per week (\$62,400 per year) and will increase to \$1,237.50 per week (\$64,350 per year) in 2025 and \$1,275 per week (\$66,300 per year) in 2026.

For New York employers, the federal rule has little effect on overtime obligations insofar as they are in compliance with the New York regulations governing the exemptions applicable to executive and administrative employees. However, because New York Law does not specify a salary threshold for professional, outside sales and computer employees, the federal regulations govern those jobs.

If you have any questions or concerns, do not hesitate to contact me.

