



Compensation Update | FLSA Changes 2024

Notice: On April 23, 2024, the U.S. Department of Labor (DOL) announced final regulations under the Fair Labor Standards Act (FLSA) which go into effect July 1, 2024.

Summary

The FLSA overtime rule determines whether employees are eligible or exempt from overtime pay. **Exempt employees**, because of their rate of pay and job duties, are not eligible for overtime pay for hours worked over 40 in a workweek. **Nonexempt employees** are paid time and a half for any hours worked more than 40 in a workweek. There are some workers specifically exempt from FLSA's overtime requirements which include bona fide executive, administrative or professional employees.

What's happening now?

Employees are classified as either exempt or non-exempt depending on their salary and job duties. To be exempt from overtime, currently, FLSA's minimum salary level is \$35,568 per year (\$684 per week). Employees who earn more than \$35,568 may be exempt from the FLSA overtime regulations; however, this is based on their primary job meeting a "duties test" as defined by the DOL.

- *Exempt positions:* not required to record and track hours worked.
- *Non-exempt positions:* required to record and track all hours worked; thus, any time worked more than 40 hours in a workweek will need to be paid at time and a half.

What is the final ruling?

The new overtime rule will increase the salary threshold from \$35,568 per year (\$684 per week) to \$43,888 (\$844 per week) on July 1, 2024, and the DOL will automatically increase the overtime threshold every three years.

What does this mean?

Positions that no longer meet the criteria for the overtime exemption, as defined by the DOL, will transition to nonexempt (hourly) positions; likewise, they will switch from a monthly to a biweekly pay schedule and will maintain the same rate of pay and leave accrual rates. In addition, nonexempt (hourly) employees will be eligible for overtime and will earn one-and-a-half times their rate of pay for any authorized/approved hours worked more than 40 hours in a workweek.

Supervisors must accurately record all working and leave hours for non-exempt staff.

Lamar University will conduct salary assessments according to the DOL guidelines and make necessary adjustments to ensure employees are properly classified as exempt or non-exempt.

What's next?

Given the July 1 effective date, Lamar University is using this time to judiciously assess and prepare for the impact of these changes. As decisions are made, we will keep you informed. We be communicating changes before July 1st and will be available for questions.

If you have questions about this information, please contact Human Resources Compensation Team at hr@lamar.edu.