

U.S. Department of Labor Issues Final Rule Increasing the Minimum Salaries for White Collar FLSA Exempt Employees

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On Tuesday, April 23, 2024, the United States Department of Labor issued its “Final Rule” regulation that increases the minimum salary threshold for employees (including municipal employees) to maintain their status under what are commonly called the “white collar” exemptions from the minimum wage and overtime requirements of the Fair Labor Standards Act (FLSA). The Final Rule increases will go into effect on July 1, 2024.

The affected exemptions include executive, administrative, professional and computer employees, and for employees who do not fit these categories but are highly compensated employees. The Final Rule does not change the duties employees must perform to meet one of these FLSA exempt categories. Instead, the Final Rule increases the minimum salaries that must be paid for an employee to maintain their exempt status.

Currently, the minimum salary threshold for these white-collar exemptions is \$684 per week. The Final Rule raises the minimum salary threshold for the exemptions to \$844 per week beginning on July 1, 2024, and to \$1,128 per week beginning on January (not July) 1, 2025 – the annual salary equivalent of \$58,656. The Final Rule also contains a formula for future minimum salary increases that will first take effect on July 1, 2027, that will be based on “current earnings data” and will be updated by the USDOL every three years thereafter.

For exempt computer employees, the Final Rule expresses the minimum salary alternatively as an hourly wage rate of not less than \$27.63 per hour. For highly compensated employees, the current minimum annual salary is \$107,432. The Final Rule increases that threshold to \$132,964 beginning on July 1, 2024, and to \$151,164 beginning on January 1, 2025, with future increases to take effect beginning on July 1, 2027, based on “current earnings data.”

Certain professions remain outside the requirements of these minimum salary thresholds, including lawyers (please withhold your tears), doctors, and teachers. However, the Final Rule states that for medical occupations, certain positions *are* subject to the minimum salary requirements, including “pharmacists, nurses, therapists, technologists, sanitarians, dietitians, social workers, psychologists, psychometrists or other professions which service the medical profession.”

It is especially notable that the Final Rule phases in minimum salary increases twice in a 6-month period. Barring federal court litigation enjoining implementation of the Final Rule (which has happened before), municipal employers should be prepared to comply. This means ensuring that those employees whom you have classified as FLSA exempt executive, administrative, professional or computer employees are being paid the required minimum salaries in the time frame required.