

Overtime Compensation for Employees

Under the Fair Labor Standards Act, unless they are classified as Exempt, employees must receive at least time and one-half their regular pay rate for all hours worked over 40 in a workweek.

Employees must be classified as either Exempt or Non-exempt.

Employees are Non-exempt, unless they meet each of the following criteria:

- **Compensation is salaried:** The employee is paid a predetermined fixed amount that is not subject to reduction because of variations in the quality or quantity of work performed; and
- **Earnings Rate meets new threshold (starting Jan. 1, 2020):** The employee is paid at least \$684 per week (the equivalent of \$35,568 annually, if over a full year) for the determined or scheduled weeks that are worked; and
- **Duties are Managerial or Professional:** The employee's job description and job functions fall into one or more of the following:

Executive Duties:

- Manages the organization or a department within the organization; and
- Directs the work of at least two employees, and has the authority to make hiring, firing, and job status change decisions.

Administrative Duties:

- Primary duties must be non-manual and directly relate to the operations of the employer or service of its clients; and
- Employee must be expected to exercise discretion and independent judgement over decisions that are significant to the organization's operations. *This involves evaluating multiple possible courses of conduct and making decisions relative to them.*

Professional Duties:

- Primary duties are related to qualifications that require advanced knowledge or learning which is customarily acquired by prolonged, specialized, intellectual instruction and study (including clergy).

There are also exemptions for Computer Employees and Outside Sales Employees.

For more information, go to: https://www.dol.gov/whd/overtime/fs17a_overview.htm