

Significant Changes to Overtime Rules in the Works

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On March 13, 2014, President Barack Obama issued a Presidential Memorandum directing the Secretary of Labor, Thomas Perez, to revise the Fair Labor Standard Act's ("the Act") "outdated" overtime rules. The Obama Administration believes that federal overtime regulations "have not kept up with our modern economy."

The Memorandum indicates that the new overtime rules should "update existing protections consistent with the intent of the Act and address the changing nature of the workplace." Based on President Obama's comments on this issue the following changes are likely:

- A sharp increase to the minimum salary requirement for the administrative, executive and professional exemptions (currently \$455 per week or \$23,660 per year) and
- New requirements that will make it more difficult for employers to rely on the administrative, executive or professional exemptions to the Act's overtime requirements.

Although it may be several years before any changes to the overtime rules will take effect, employers would be wise to monitor this issue. New Jersey employers should be aware that any changes to the federal overtime regulations will automatically change the state's overtime rules which incorporate the federal rules by reference.