

New Overtime Rule Goes Into Effect

Source: NAHC, July 3, 2024

Despite several challenges to the Department of Labor's (DOL) new overtime rule, the final rule ["Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Outside Sales, and Computer Employees"](#) went into effect as ordered on Monday, July 1, 2024, extending overtime protections for millions of salaried workers.

Julie Su, acting Secretary of Labor, issued this statement:

"For more than 80 years, the 40-hour workweek has been a pillar of fairness for American workers. It's the promise of going home to loved ones after putting in your time, not endless hours for flat pay. Far too many are stuck in jobs that disregard this principle. Today, our rule to restore that balance by expanding overtime protections for our nation's lower-paid salaried workers goes into effect.

"This rule helps ensure that more lower-paid salaried workers who should receive overtime protections under the law actually receive those protections. Starting today, roughly 1 million workers making \$43,888 or less are newly eligible for overtime benefits. And in 2025, the salary threshold will increase to \$58,656, then update every three years. That means more money in these workers' pockets and a little more breathing room.

"The Biden-Harris administration is giving millions a chance to reclaim their time and share in the economic prosperity that they help create, and we will continue to do good by the people that make this country great."

Employees are exempt from these overtime protections if they are employed in a bona fide executive, administrative, or professional capacity and generally must meet three tests:

- be paid a salary, meaning that they are paid a predetermined and fixed amount that is not subject to reduction because of variations in the quality or quantity of work performed;
- be paid at least the specified weekly salary level; and
- primarily perform executive, administrative, or professional duties, as defined in the rule.

The rule provides for a second increase on January 1, 2025, as noted by Acting Secretary Su in her statement, as well as for future updates of these levels every three years, reflective of current earnings data. The scheduled increases are:

Date	Standard Salary Level	HCE Annual Compensation*
Before July 1, 2024	\$684 weekly/\$35,568 annually	\$107,432/year
July 1, 2024	\$844 weekly/\$43,888 annually	\$132,964 annually
January 1, 2025	\$1,128 weekly/\$58,656 annually	\$151,164 annually
July 1, 2027 and every three years thereafter	TBD by applying data used to set the salary level in effect at the time of the update.	TBD by applying data used to set the salary level in effect at the time of the update.

*Highly Compensated Employees (HCEs) total annual compensation threshold is inclusive of the standard salary levels paid on a salary or fee basis.

A last-minute order halting the overtime rule was issued by a Texas judge late on Friday, June 28, 2024, however, the ruling is very limited and will not apply to home care providers as it only halts the rule as it applies to the state of Texas as an employer while the court hears an underlying legal challenge.

What should home care employers do right now? Although we expect a further flurry of litigation challenging this rule, particularly in light of the [recent overturning of the Chevron doctrine by the United States Supreme Court](#), the final rule is in effect now and the increased salary threshold applies. If you haven't already done so, you should be implementing any changes needed within your organization now. While it is also possible that the court may overturn the rule prior to the January 1 second phase effective date, employers are encouraged to prepare while still paying attention to various state legal requirements. NAHC will continue to monitor developments from the courts and the DOL's Wage and Hour division.