



Compensation Update: FLSA Changes for 2024

The Department of Labor (DOL) published final regulations updating the Fair Labor Standards Act on April 23, 2024. The new rules go into effect July 1, 2024.

In Brief: The FLSA generally requires covered employers, including Purdue, to pay their employees overtime premium pay of one and one-half times the employee's regular rate of pay for all hours worked over 40 in a workweek. However, there are a number of exemptions from the FLSA's overtime requirements. Specifically, any employee employed in a bona fide executive, administrative or professional capacity as defined by the FLSA is considered to be exempt from the overtime protection.

Right Now: Workers are classified as either exempt or non-exempt depending on their salary and the type of work they do. The FLSA establishes a minimum salary level in order to be exempt from overtime. The current salary minimum is \$35,568 per year (\$684 per week). Employees who earn more than \$35,568 may be exempt from the FLSA overtime regulations if their primary job duties meet a "duties test" (as defined in the regulations). Exempt positions are not required to record and track hours worked. Non-exempt positions, on the other hand, require an employee to record and track all hours worked; any time worked in excess of 40 hours in a workweek will need to be paid at time and a half.

Final Rule: The featured change in the final regulations is an increase in the standard salary minimum to the 35th percentile of weekly earnings for full-time salaried workers in the lowest-wage Census Region. The salary threshold will be raised from \$35,568 per year (\$684 per week) to \$43,488 per year (\$844 per week). On Jan. 1, 2025, the salary threshold will increase to \$58,656 per year (\$1,128 per week).

The DOL will automatically update the salary minimum every three years, beginning July 1, 2027. Purdue will conduct an assessment every three years based upon a new salary minimum and make necessary adjustments to ensure employees are properly classified as exempt or non-exempt.

What That Means: Positions that no longer meet the criteria for the overtime exemption, as defined by the DOL, will transition to hourly positions. Transitioned employees will switch from a monthly to a biweekly pay schedule and will maintain the same rate of pay and leave accrual rates. In addition, hourly employees will be eligible for overtime and will earn one-and-a-half times their rate of pay for any hours worked in excess of 40 hours a week.

Supervisors are obligated to ensure that all working and leave hours for non-exempt staff are accurately recorded.

What's Next: Given the July 1 effective date, the University will use this time to carefully assess and prepare for the impact of these changes. As decisions are made, we will keep you informed.

If you have questions about this information, please contact Human Resources Compensation at compensation@purdue.edu or your regional campus representative.