

Employment Law Update: New Regulations Affecting Overtime Pay

For the first time in over 50 years, the Department of Labor has issued **new overtime rules** that redefine who is eligible for overtime pay and who is exempt. Major changes under the new overtime regulations include the elimination of the old long and short tests for executive, administrative and professional exemptions, the formulation of new “standard tests” for categories of exempt employees, and an across-the-board increase in the salary threshold for overtime exemption to \$455/week (\$23,660/year). The new rules are scheduled to take effect by **August 23, 2004**.

Under the new regulations, nearly any worker making less than \$455/week (\$23,660/year) is automatically eligible to receive overtime pay, and certain workers are specifically entitled to overtime pay regardless of rank or pay level, including “blue collar” workers (production, maintenance, construction, etc.) and first responders. Furthermore, certain highly-compensated workers (those who earn \$100,000 or more per year) are automatically exempt from receiving overtime pay.

Savvy employers can take advantage of the rules to set fixed salaries for more employees, thereby permitting greater accuracy in the budgeting of labor costs. The attorneys in our Employment Law Practice Group are prepared to provide further advice or representation on this and any other employment law matters affecting your business. **For further information, contact Timothy M. Richardson, Esq. at (757) 552-6033.**