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January 1, 2020

MEMORANDUM

To: Washington Fire Commissioners Association

From: Brian Snure

Re: **New FLSA Overtime Rule – Effective January 1, 2020**

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On January 1, 2020, the Department of Labor's updated Fair Labor Standards Act (FLSA) rule on overtime compensation will take effect.

On July 1, 2020 the Washington State Department of Labor and Industries new rule on overtime compensation will take effect.

The new rule will impact fire districts and fire authorities with paid overtime exempt employees such as fire chiefs who may traditionally work in excess of 40 hours per week. Under current law, a salaried employee that performs executive or administrative duties may be exempt from overtime provided that the employee receives a minimum weekly salary of \$455 or \$23,660 annually.

Under the new rules, this threshold will increase according to the following schedule:

| | |
|-------------|--|
| 2020 | \$684 per week or \$35,568 annually (Federal rule controls). |
| 2021 | \$827 per week or \$43,004 annually (State rule controls) ¹ |
| 2022 | \$986 per week or \$52,272 annually (State rule controls) |
| 2023 | \$1,008 per week or \$52,416 annually (State rule controls) ² |
| 2024 | \$1,177 per week or \$61,204 annually (State rule controls) |
| 2025 | \$1,202 per week or \$62,504 annually (State rule controls) ³ |
| 2026 | \$1,382 per week or \$71,864 annually (State rule controls) |
| 2027 | \$1,412 per week or \$73,424 annually (State rule controls) ⁴ |
| 2028 | \$1,603 per week or \$83,356 annually (State rule controls) |

¹ For employers with more than 50 employees the 2021 threshold is \$965 per week or \$50,180 annually.

² For employers with more than 50 employees the 2023 threshold is \$1,152 per week or \$59,904 annually.

³ For employers with more than 50 employees the 2025 threshold is \$1,353 per week or \$70,356 annually.

⁴ For employers with more than 50 employees the 2027 threshold is \$1,569 per week or \$81,588 annually.

If you have salaried overtime exempt executive or administrative employees that are paid less than the new thresholds those employees will lose their overtime exemption at the time the new threshold takes effect. If you allow affected employees to work over forty hours per week, then you will be required to pay overtime for all hours worked in excess of forty.

In order to avoid FLSA violations, employers may need to begin tracking hours worked and possibly place limits on hours worked or increase salaries to an amount that equals or exceeds the thresholds. In addition, the new regulation may require that employers update or revise employment agreements with affected employees.

This rule change does not affect FLSA exempt employees that are paid more than the threshold amounts listed above.