

DEPARTMENT OF LABOR'S NEW PROPOSED RULES MAY CALL FOR ALTERNATIVE COMPENSATION PLANS FOR SALARIED EMPLOYEES

Publication
Jul 20, 2015

Kevin Hess' article "Department of Labor's New Proposed Rules May Call for Alternative Compensation Plans for Salaried Employees" was featured in *Columbus CEO* on July 20, 2015.

The Department of Labor (DOL) has finally released its long-anticipated notice of proposed rules to updating the Fair Labor Standards Act's (FLSA) overtime exemptions. The new rules are likely to make millions of more workers eligible for overtime pay and could further open the floodgates to wage and hour litigation.

Among those proposed rules is a call to increase the minimum salary for an executive, administrative, and professional exemption from \$455 per week which is \$23,660 annually to \$921 per week which annualizes to \$47,892. This will affect many businesses throughout central Ohio as employers will be struggling to find an FLSA-compliant pay plan for employees whom they can no longer treat as exempt. Employers should start taking steps now to assess the potential effect on their businesses and formulate a game plan. Scrambling at the last minute to find a pay plan for employees who are no longer exempt from overtime pay would be a recipe for disaster. Here are a few thoughts to consider.

Management could instead pay the employee a weekly salary representing straight-time compensation for his or her hours worked up to 40 in a work week. For the employee's hours worked over 40 in a particular workweek, the employer would pay overtime compensation at not less

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than 1.5 times the rate obtained by dividing 40 into the weekly salary. A plan like this might be more acceptable to employees than a purely hourly one, but it could also be cost-prohibitive.

To read the full article, please visit [Columbus CEO](#).