Checklist for Complying with Exempt Salary Level Threshold Increases

Who’s (Still) Exempt?
✓ Make a list of currently exempt jobs
✓ When was the last job description review?
✓ Have the job duties changed?
✓ Last legal review of FLSA classification?

About Those Job Descriptions
✓ Do they manage other employees?
✓ People managers – what % of their time?
✓ Revise job descriptions that need it
✓ Review job descriptions against the DOL’s duties test

Exempt Jobs Paid Less Than $35,568/Year ($684/week)
✓ Do employees work more than 40 hours per week?
✓ How much more, and how often?
✓ What would be the cost of overtime?
✓ Who will work those hours if they don’t?
✓ Decrease the amount of overtime? How?

Formulas for Decisions
1. \((\text{Salary} + \text{bonus}) / 52 \text{ weeks per year} = \text{weekly pay}\)
2. \(\text{Weekly pay} / \text{total hours} = \text{regular hourly rate (approx.)}\)
3. \((\text{Regular hourly rate} \times 2,080) + (\text{Regular hourly rate} \times 1.5 \times \text{OT hours per week} \times 52 \text{ weeks}) = \text{Employee Annual Pay If Non-Exempt}\)

Run the Numbers
✓ Calculate cost for each employee on your list
✓ Reclassify jobs that need it
✓ Cost to hire additional people?
✓ Recheck your list: all employees/jobs included
✓ Calculate salary budget increase
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More Decisions
✓ Convert reclassified employees to hourly?
✓ How will reclassified employees track hours?
✓ Can you/how should you control overtime hours?
✓ How to manage overtime hours worked by newly reclassified employees?
✓ Hire more people? Which jobs/when/# of hours?
✓ What policies should be added or revised?

Ready, Set, GO
✓ Make decisions on compliance strategy
✓ Develop your communication plan
✓ Decide on start date for any changes
✓ Meet with managers / answer questions
✓ Meet with employees / answer questions

Quick Reference List
1. Start now!
2. Make a list of the affected jobs
3. Complete necessary revisions to job duties
4. Review job duties and salary threshold against regulations
5. Determine which jobs/staff will be affected
6. Complete calculations for all employees in reclassified jobs
7. Determine number and cost of new hires
8. Assess the impact on the salary budget
9. Make final decisions on compliance strategies
10. Develop a communication plan
11. Tell everyone
12. Deal with questions/concerns of managers and employees
13. Repeat Steps 1-10 each year using the appropriate salary threshold (through 1/1/2028)