



Illinois Heartland Library System

# HR Minute: Exemption Status Update

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# Exempt & Non-Exempt Definitions

**Exempt Employees**: Not eligible for overtime pay or minimum wage, typically salaried, and work in specific roles.

**Non-Exempt Employees**: Eligible for overtime pay and minimum wage, often paid hourly or can be salaried.

Can anyone tell me how overtime is calculated?



# New Salary Thresholds Vacated



## Legal Update: Federal Court Set Aside FLSA Final Overtime Rule



The U.S. District Court for the Eastern District of Texas vacated the Biden administration's overtime rule on Nov. 15. In its ruling, which applies nationwide, the court criticized the rule's rise in the salary threshold level as displacing the duties test for the white-collar exemptions by being too steep.



In addition, the court struck down the automatic increases in the salary threshold every three years that the rule had set in place, finding that this violated the notice-and-comment period requirements of the Administrative Procedure Act.

# Guidelines for Classifying Employees

- **Overtime Rules:** Non-exempt employees must receive overtime pay for hours worked exceeding 40 per week. (The calculation does not count hours for any paid time off or holidays) **You must physically work over 40 hours in a week to be paid overtime pay.**
- **Salary Thresholds:** The FLSA sets specific salary thresholds for exempt status. New ruling set this limit back to before July 1, 2024: *\$35,568 per year (\$684 per week)*
- **Duties Test:** The DOL provides a duties test to determine if an employee meets the criteria for exemption.
- **Misclassification Risks:** Incorrect classification can lead to legal consequences



# Changes to Salary Thresholds by Year

## Prior Ruling before July 1, 2024

Salary exemption went from \$35,568 per year (\$684 per week) to ~~\$43,888 per year (\$844 per week)~~ on July 1, 2024

## ~~2025~~

~~The salary threshold will be raised to \$58,656 per year (\$1,128 per week) on Jan. 1, 2025~~

## ~~2027~~

~~There are to be further automatic increases to the salary threshold every three years, starting July 1, 2027.~~



# Recommendations

- Include a policy in your handbook outlining overtime and the definitions of eligibility for overtime. Make sure employees sign the handbook to show that policies are communicated.
- List on each employee's job description the FLSA status of exempt or nonexempt. *IHLS sample job descriptions [^Job Descriptions - all combined.pdf](#)* .
- Ensure that all employees are keeping tracking of time worked. Exempt employees must record the total hours worked each day. Non-exempt employees must clock in and out. (arrival time, lunch out, lunch in, leave for the day) *It is best to get employee approval with a signature and then have a manager review and approve.*



# Reminders



**I am not an attorney. The information I am providing to you today is based on my professional experience in Human Resources and the resources that I have access to share with our members.**

**Always consult your legal representatives for the most up-to-date laws and how they pertain to your library type.**

# Sources

- Fair Labor Standards Act (FLSA) Coverage (Exempt vs. Non-Exempt) -- The Online Wages, Hours and Overtime Pay Resource: [Flisa.com](https://www.flisa.com)
- Recordkeeping requirements: [Handy Reference Guide to the Fair Labor Standards Act | U.S. Department of Labor](#)
- [Overtime Pay: Applicable Laws and Regulations | U.S. Department of Labor](#)





# Thank you!

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