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## **New state overtime rules will restore protections for thousands of workers**

TUKWILA - The Washington State Department of Labor & Industries (L&I) today announced rules changes that will restore overtime protection to tens of thousands of workers and create a fair minimum salary level for workers who don't receive overtime pay.

The new rules use a formula based on the state minimum wage to determine the minimum salary a worker must receive to be exempt from overtime. The changes will be phased in starting July 1, 2020, and will be fully implemented by January 2028.

Beginning July 1, the state minimum salary threshold will increase to \$675 a week (\$35,100 a year) for all businesses, which is 1.25 times the state's minimum wage. The threshold will increase incrementally until 2028 when it is expected to reach approximately \$1,603 a week (about \$83,356 a year) for an overtime exempt worker, 2.5 times the minimum wage.

In addition, the adopted rules also update the job duties tests that are used, with the salary threshold, to determine if an employee can be exempt from overtime.

"This is an incredible day for Washington," Gov. Jay Inslee said. "We need to make sure the middle class shares in our state's prosperity. Overtime protections ensure workers are fairly compensated when they work more than 40 hours in a given week – time that would otherwise be spent with their families and in their communities."

### **First major update to overtime rules since the 1970s**

These changes will restore overtime eligibility to an estimated 259,000 workers when fully implemented, and strengthen overtime protection for approximately 235,000 other workers. These are the first major updates to the Washington overtime rules in more than 40 years.

The new rules also change the state's job duties tests used to determine which workers can be considered overtime exempt. The changes bring Washington's tests more in line with federal standards.

These rule changes specifically focus on white-collar employees generally working in a management or professional capacity that are paid a set salary.

"These updates to the state overtime rules are a big step toward ensuring Washington workers are treated fairly and properly paid for the work they perform," said L&I Director Joel Sacks. "This decision corrects a wrong, and is long overdue."

"Washington is a leader in protecting workers' rights, and this is another example of our ongoing effort to do what's right for the working people in our state," Sacks added.

### **Federal overtime rules taking effect on Jan. 1**

Initially, Washington employers will be required to follow the new federal overtime rule which takes effect on Jan. 1, 2020. The recently updated federal threshold, at \$684 a week (\$35,568 a year), will be slightly higher than Washington's until 2021. When state and federal thresholds conflict, businesses must meet the threshold most favorable to employees.

Washington's threshold will exceed the federal level on Jan. 1, 2021. At that time, businesses with 1-50 employees will have to pay exempt employees at least 1.5 times the state minimum wage, about \$827 a week (\$43,004 a year). For businesses with 51 or more employees, the threshold will be 1.75 times the minimum wage, about \$965 a week (\$50,180 a year).

There will be incremental increases in the state threshold until Jan. 1, 2028, when it reaches the final 2.5 times the state minimum wage. After that, the salary threshold will rise when the minimum wage is increased for inflation.

"We recognize how all this might impact businesses. That's why the implementation of the new state rules won't begin until next July, and they will be phased in over several years. We also have an outreach plan to assist businesses with the transition," Sacks said.

### **Overtime exempt requirements**

To be overtime exempt, an employee generally must be paid a fixed salary, must perform certain defined job duties, and the salary must meet or exceed the salary threshold. Under current federal guidelines, that threshold is \$455 a week. The current state threshold set more than 40 years ago is \$250 a week.

Employers have multiple options to comply with the rules. For example, they can convert current salaried exempt employees to salaried non-exempt or hourly non-exempt, and pay overtime for any work over 40 hours in a workweek. To reduce overtime costs, employers could limit the number of hours of work to 40 per week, or less. If they wish to maintain the employee's exempt status, they would need to ensure the employee meets the duties test requirements and is paid at least the updated salary threshold requirements.

In addition to qualifying for overtime pay, non-exempt workers must also receive other protections under the state's Minimum Wage Act, including paid sick leave.

During the rulemaking process, L&I received 2,266 comments from the public and took testimony from 182 people at seven public hearings held around the state in July and August.

You can learn more about the process to change [the rules](#) at [www.Lni.wa.gov/OvertimeRulemaking](http://www.Lni.wa.gov/OvertimeRulemaking).

If an employee believes their rights have been violated, they can [file a complaint](#) at [www.Lni.wa.gov/workers-rights/workplace-complaints/worker-rights-complaints](http://www.Lni.wa.gov/workers-rights/workplace-complaints/worker-rights-complaints). For more information, contact L&I's Employment Standards program at 1-866-219-7321.

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