

New Overtime Rule Has Officially Gone Into Effect

By Attorney Rema Ina

The U.S. Department of Labor has issued a new rule regarding overtime. Under this new rule, which went into effect on January 1, 2020, employees who make less than \$35,568 are now eligible for overtime pay. This new rule raises the salary threshold to \$684 a week (\$35,568 annualized) from \$455 a week (\$23,660 annualized).

To be exempt from overtime under the federal Fair Labor Standards Act (FLSA), employees must be paid a salary of at least the threshold amount and meet certain duties tests. If they are paid less or do not meet the tests, they must be paid 1 1/2 times their regular hourly rate for hours worked in excess of 40 in a workweek.

You should pull data for exempt workers earning below the threshold. Weigh the cost of raising employee salaries above the new threshold against the cost of reclassifying employees as nonexempt and paying overtime.

New Minimum Wage Rate.

In Michigan, the minimum wage went up to \$9.65 on January 1, 2020. In Ohio, minimum wage is now \$8.70.

If you have any questions or would like additional information, do not hesitate to contact us.

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