

Key Facts of the Washington Overtime Rules Changes



What is being changed

- L&I has set new minimum salary thresholds and updated the job duties tests, both used to determine which employees can be classified as exempt from overtime and other Minimum Wage Act protections.
- These changes generally affect employees with management-level and professional duties who are considered exempt from overtime pay.
- After the initial increase in 2020, the new salary threshold will be phased in at different rates depending on the size of the employer, with the threshold increasing at a slower rate for employers with 50 or fewer staff.

Effective date

- The state rules changes took effect July 1, 2020.
- Increases in the minimum required salary threshold for overtime exempt employees will be phased in incrementally, with a more gradual phase-in for small businesses, through 2028.
- After that, increases will be tied to changes in the state's minimum wage as it's adjusted for inflation.

How to get more info

L&I rule change webpage: You can find more details about the changes in the state's overtime rules at [Lni.wa.gov/OvertimeRulemaking](https://lmi.wa.gov/OvertimeRulemaking).

Overtime rules resource center: You can find an array of tools, including an online course, fact sheets, case examples and links to webinars, that explain the rule changes at [Lni.wa.gov/workers-rights/wages/overtime/overtime-rules-resources](https://lmi.wa.gov/workers-rights/wages/overtime/overtime-rules-resources).

Commonly asked questions: We have answers to a number of questions regarding the rule changes at [Lni.wa.gov/workers-rights/wages/overtime/changes-to-overtime-rules-q-a](https://lmi.wa.gov/workers-rights/wages/overtime/changes-to-overtime-rules-q-a).

Sign up for email updates: [Lni.wa.gov/WageNews](https://lmi.wa.gov/WageNews)

Current minimum salary threshold

- The U.S. Department of Labor raised its threshold to \$684 a week (\$35,568 a year) on Jan. 1, 2020.
- The current state threshold is \$675 a week (\$35,100 a year). Because it is lower, Washington employers have to adhere to the federal threshold for 2020. That will change when the state exceeds the federal standard in 2021.



The multiplier

- L&I now uses a multiplier of the state minimum wage to determine the minimum salary threshold. For example, on July 1, 2020 the state overtime exempt salary threshold was determined by multiplying the current state minimum wage by 1.25. The state's minimum wage is \$13.50 an hour for 2020.
- By 2028, the threshold will be, and will remain at, 2.5 times the state minimum wage for both smaller (50 or fewer employees) and larger (51 or more employees) businesses.

Changing the job duties tests

- The rules changes also update the job duties tests used to determine if an employee qualifies for the overtime exemption, more closely aligning the state tests with federal standards.
- The tests determine whether a worker is performing management-level or professional duties which allow an employer to classify the worker as overtime exempt.

Minimum salary threshold for 2020

- The new state rules set the salary threshold for all businesses at 1.25 times the state minimum wage, \$675 a week (\$35,100 a year), beginning July 1, 2020, and running through the end of the year. (The state's minimum wage rose to \$13.50 an hour on Jan. 1, 2020.)
- Washington uses the threshold that is most favorable to the employee. Because the federal threshold is higher in 2020, at \$684 a week, employees must earn at least that amount to be exempt.

Changes in 2021

- The state's minimum wage will rise to \$13.69 an hour on Jan. 1, 2021.
- Beginning Jan. 1, 2021, employees at small businesses will have to earn at least 1.5 times the state minimum wage (\$821.40 a week/\$42,712.80 a year) to be exempt.
- Employees at large businesses will have to earn at least 1.75 times the state minimum wage (\$958.30 a week/\$49,831.60 a year) to be exempt.

Minimum salary by 2028

- Starting in 2028, all exempt salaried employees will have to earn 2.5 times the state minimum wage, regardless of the number of employees where they work.
- Based on current projections, that will be an estimated \$1,512 a week (\$78,624 a year). These numbers will likely change depending on inflation and the current minimum wage in 2028.

Small vs. large business

- A small business is defined in the rules as one with 1-50 Washington-based employees.
- A large business has 51 or more Washington-based employees.
- The employee count includes all full-time and part-time Washington-based employees working for a business as of the effective date of each step of the implementation schedule.

Who this impacts

- Tens of thousands of workers in Washington will become eligible for overtime pay by the time the rules are fully implemented in 2028.
- Tens of thousands of other workers will have their overtime protection strengthened by 2028. This is the number of workers who are currently entitled to overtime, but have not been receiving it because their employer might not be properly applying the job duties tests.

When was the state OT rule last updated?

- The rules governing these exemptions have not had a major update since 1976, and these standards no longer accurately reflect the current expectations of exempt workers, given changes in the workforce over the last four decades.
- The automatic updating mechanism in the adopted rules prevents that from happening again.