

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 www.Lni.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 www.Lni.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 www.Lni.wa.gov/workers-rights/wages/overtime/changes-to-overtime-rules-q-a.

Administrative policies: You can get additional guidance and interpretation of the rules at www.Lni.wa.gov/workers-rights/workplace-policies/administrative-policies.

Sign up for email updates: www.Lni.wa.gov/WageNews

Current federal salary threshold

- The U.S. Department of Labor raised its threshold to \$684 a week (\$35,568 a year) on Jan. 1, 2020.
- When the state and federal salary threshold conflicts, Washington businesses must adhere to the one most favorable to employees. As of 2021, employers must follow the state thresholds.

The multiplier

- L&I now uses a multiplier of the state minimum wage to determine the minimum salary threshold. For example, as of Jan. 1, 2022, the state overtime exempt salary threshold was determined by multiplying the current state minimum wage by 1.75. The state's minimum wage for 2023 is \$15.74 an hour.
- 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.

Salary threshold changes in 2023

- The state's minimum wage increased to \$15.74 an hour on Jan. 1, 2023.
- Beginning Jan. 1, 2023, employees at small businesses will have to earn at least 1.75 times the state minimum wage (\$1,101.80 a week/\$57,293.60 a year) to be exempt.
- Employees at large businesses will have to earn at least 2 times the state minimum wage (\$1,259.20 a week/\$65,478.40 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 \$1,794.00 a week (\$93,288.00 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 had 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.