

## LABOR ADVISORY NEW OVERTIME REGULATIONS

### Background—Reason for the New Regulation

Federal regulations require that workers be paid overtime (at least 1.5 times the normal rate of pay for hours over 40 per week). New overtime regulations were required because highly compensated workers earning more than \$100,000 per year were claiming overtime, while low-paid managers like bakery department supervisors who earned less than \$455 per week (\$23,660 per year) were being denied overtime because they were management. The new regulations, which became effective August 23, 2004, will correct this inequity. Farm Bureau believes that the new regulations will have no impact on farmers and ranchers in Washington.

### Who Is Exempt from Mandatory Overtime Requirements?

1. Agricultural workers and outside sales reps are exempt from overtime regulations **regardless of the wage**.
2. **Administrative, executive, and professional** workers are exempt from overtime if they earn more than \$455 per week **and** they engage in the duties as specified in the chart below:

| Administrative Worker Exempt if:   | Executive Exempt if:  | Professional Exempt if:   |
|--|---|---|
| <p>Worker is paid a salary of at least \$455 per week; and</p> <p>Employee's primary duty must be the performance of office or non-manual work directly related to the management or general business operations of the employer or the employer's customers; and</p> <p>The employee's primary duty includes the exercise of discretion and independent judgment with respect to matters of significance.</p> | <p>Employee is paid a salary of at least \$455 per week; and</p> <p>Primary duty is managing the enterprise, or a customarily recognized department or subdivision of the enterprise;</p> <p>Employee must customarily and regularly direct the work of at least two or more other full-time employees and</p> <p>Employee must have the authority to hire or fire other employees.</p> | <p>Employee is paid a salary of at least \$455 per week; and</p> <p>Professionals are teachers, doctors, lawyers, engineers, architects, accountants, researchers or other fields where there is a professional certification or advanced degree requirement.</p> <p>A professional is an individual with advanced knowledge in a field of science or learning that is generally acquired by a prolonged course of specialized instruction.</p> |

As before, a farmer is not required to pay overtime for any worker so long as the farmer processes only his/her own crop, but must pay overtime if workers process someone else's crop. This regulation was not affected by the new regulation. See <http://www.dol.gov/esa/regs/compliance/whd/fairpay/main.htm> for information on the new wage and hour regulations.