

# The Legal Strategist

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FIRST QUARTER 2014

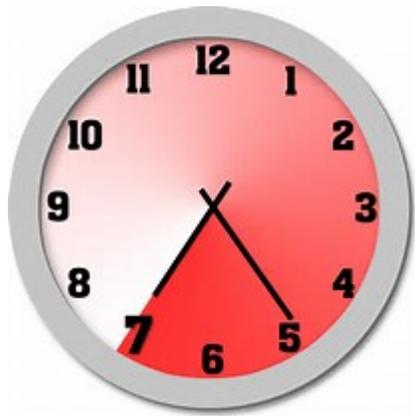
TEXAS ESOTERIC FACTS

The Fair Labor Standards Act (FLSA) is a federal law which establishes minimum wage, overtime pay eligibility, recordkeeping, and child labor standards affecting full-time and part-time workers in the private sector and in federal, state, and local governments. The Obama administration is proposing changes to the current FLSA that will cause more overtime, and thus, cost your business more to operate.

The San Jacinto Monument in LaPorte, TX is listed as the tallest stone column memorial structure in the world, 15 feet taller than the Washington Monument in Washington, D.C.

The Feature Topic is a cursory review. If you would like more information on this, or any other topic previously covered in our newsletter, which can be viewed on [The Legal Strategist](#) tab of our web site, please contact our office *Scott Barrett*

FEATURE TOPIC: **Proposed Changes to Overtime Under the FLSA**



Recently, President Obama announced a proposed change to the Fair Labor Standards Act (FLSA) to direct the Department of Labor to revamp its regulations to require overtime pay for several million exempt employees who are currently classified as “executive or professional.”

Under the FLSA 541 Regulations, an employee qualifies as exempt from the overtime requirements if he or she satisfies a “duties test” (does specific job responsibilities under the executive, administrative, professional, computer and outside sales regulations) and the employee is paid on a “salary basis” (that is, salary does not fluctuate based on hours that the person works). Under the current regulation, the employee must be paid a salary of \$455 per week to meet the salary basis test. If the changes to the overtime regulations are made, it will fall to the Labor Department’s wage and hour administrator to put them into effect.

Although we still know little about what changes to the duties tests the administration will propose, it is likely that the changes will touch almost every employer and employee in the country. At this time, it is not clear whether the change to the FLSA will be issued as a proposed regulation from the Department of Labor (which is the normal process for a change of this magnitude) or from one of President Obama’s endless Executive Orders from the administration, as a formal proposal has not yet been released by the administration.

According to press reports, the proposal will likely include an increase to the “salary basis” amount from \$455 a week “by a significant amount.” This means that a substantial number of employees currently classified as exempt from the overtime requirements would be eligible for overtime pay.

If you would like more information on the FLSA and properly classifying and paying employees, please contact [Scott Barrett](#) to set up a consultation.

