



STATE OF ARKANSAS
**Department of Finance
and Administration**

**OFFICE OF PERSONNEL MANAGEMENT
Administrator's Office**
1509 West Seventh Street, Suite 201
Post Office Box 3278
Little Rock, Arkansas 72203-3278
Phone: (501) 682-1823
Fax: (501) 682-5104
<http://www.state.ar.us/dfa>

MEMORANDUM

TO: All State Agency Directors, Boards and Commissions, Presidents/Chancellors of State Supported Institutions of Higher Learning, and Human Resource Representatives

FROM: *Kay Burchill*
Kay Burchill, State Personnel Administrator
Office of Personnel Management

SUBJECT: U.S. Department of Labor Proposed Overtime Changes

DATE: April 6, 2016

In July 2015, the United States Department of Labor (DOL) issued a proposal to substantially increase the minimum salary level needed to classify an employee as an exempt employee. The DOL's proposed rules increase the minimum weekly salary an employee must earn to be considered exempt for the purpose of accruing overtime from \$455 per week to \$970 per week, which works out to about \$50,440 per year. On March 15, 2016, the DOL sent the proposed overtime rule to the White House for final approval. Once the rules are approved, the DOL is expected to issue the final rule in the coming months or possibly late 2016.

OPM has received a number of inquiries regarding the proposed overtime rule. Your Personnel Analyst will work with your agency to ensure compliance with the Fair Labor Standards Act (FLSA) regulations. Although the final rule has not been issued, OPM advises all agencies to:

1. Assume that the minimum salary level will be going up to approximately \$970 per week for 2016, with annual increases thereafter.

Although the DOL received approximately 264,000 comments regarding the proposed weekly amount, it is best to assume this will be the final amount. The new overtime cut-off will impact approximately 6,000 employees for the State of Arkansas who are currently classified as exempt employees.

2. Employers may not have much time to comply once the final rules are issued.

If the final rules are issued in late 2016, employers may have only a month or two to comply.

3. Your agency will have to track more timesheets in the future.

Employees moving from exempt to non-exempt status must have the same time records that are currently being maintained for non-exempt employees.