



Office of Human Resources

Cindy A. Meyerhofer, HR

TO: All Parishes, Schools & Related Institutions

DATE: May 31, 2024

RE: New Rule Regarding Overtime and Exempt Classifications

On April 23, 2024, the U.S. Department of Labor (DOL) issued a final rule that significantly increases the salary threshold from the current level of \$684 (\$35,568 annualized) to \$844 per week (\$43,888 annualized) effective July 1, 2024, and \$1,128 per week (\$58,656 annualized) effective Jan. 1, 2025, for the Fair Labor Standard Act's (FLSA's) white-collar exemption from overtime pay.

The Final Rule does not change the categories of employees who are exempt from the minimum wage and overtime protections of the FLSA – the categories remain as executive, administrative, and professional.

Between now and July 1, 2024, each parish, school and other diocesan institutions needs to examine its exempt-level employee positions and decide whether to reclassify these positions as hourly (non-exempt) and pay overtime or increase the pay to meet the new salary threshold. **A key element for this evaluation is a review of the job description, and whether it meets the criteria.**

If a job is reclassified as non-exempt, the hours worked by that employee will need to be tracked, and the employee will need to be paid at 1.5 x the employee's regular hourly rate for each hour worked above 40 in a given work week. Tracking hours worked should be done in accordance with your current practice used for all non-exempt (hourly) employees. **All parishes, schools and related diocesan institutions are encouraged to review pay and overtime policies and practices with affected employees to ensure consistent understanding and compliance.**

Finally, it is important to note that the new Rule **does not**:

1. Change the exemption for ministerial employees. A ministerial employee is someone whose **primary duties** consist of spreading the faith, church governance, supervision, or participation in religious ritual or worship. Positions included within this category include Clergy (Priest or Deacon), Religious (Nun or Brother), Seminarian, Director of Religious Education, RCIA Director, Director of Adult Religious Formation, Liturgical Minister, Youth Minister, Director of Music, and Choir Director. These employees are exempt from the minimum wage and overtime rules altogether.
2. Change the rule for Teachers, who will continue to be considered exempt, regardless of salary level, as long as their **primary duties** consist of teaching, tutoring, instructing, or lecturing.

The Office of Human Resources is available to answer any questions you may have regarding this new Rule or specific positions within your organizations and its impact upon your parish/school or institution. Please do not hesitate to contact me at (507) 858-1250.