

## US DOL Issues Final Rule to Increase Salary Threshold for Exempt Employees but Declines to Extend it to Puerto Rico

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### An McV Labor & Employment Law Alert

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The U.S. Department of Labor (DOL) announced on April 23<sup>rd</sup> a Final Rule, *Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Outside Sales, and Computer Employees*, slated for implementation on July 1, 2024.

The DOL Final Rule updates and revises the regulations issued under section 13 (a)(1) of the Fair Labor Standards Act implementing the exemption from minimum wage and overtime pay requirements for executive, administrative, and professional (“EAP”) employees. Revisions include increases to the standard salary level for overtime eligibility, increases to the highly-compensated-employee total annual compensation threshold, and regular updates to these earnings thresholds. Among the revisions, the new standard salary level for EAP employees to qualify for “exempt” status was increased from \$684 to \$844 per week on July 1, 2024, and then another increase on January 1, 2025, to \$1,128 per week.

However, the DOL **Final Rule does not change the special salary levels that currently apply in the U.S. territories (Puerto Rico, Guam, the U.S. Virgin Islands, and the Northern Mariana Islands)**. Specifically, the DOL Final Rule establishes that the special salary level of \$455 per week that currently applies for FLSA exempt employees in the four U.S. territories will remain in effect. Consequently, **Puerto Rico employers shall continue to abide by the \$455 per week minimum salary level** to classify employees as exempt. The DOL did not rule out future rulings to change the salary levels for these four U.S. territories.

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