



COMPLIANCE BULLETIN

Washington Increases Threshold for Overtime Exemptions

HIGHLIGHTS

- The **July 2020** threshold for white collar employees will be **\$675 per week** or **\$35,100 per year**.
- Updates include guidance for calculating the threshold for computer professionals who are paid on an hourly basis.
- The new law amends certain requirements for teachers, academic administrators and outside sales personnel.

IMPORTANT DATES

January 1, 2020

Employers must comply with new requirements for overtime white collar exemptions under federal law.

July 1, 2020

Employers in Washington will also need to comply with new requirements for white collar exemptions under state law.

Provided By:

National Insurance Services,
Inc.

OVERVIEW

On Dec. 11, 2019, Washington [amended](#) its wage and hour laws to increase the salary threshold white collar employees must satisfy to qualify for the state's overtime exemption. The amendments also update some white collar duties tests to conform with the federal duties test under the Fair Labor Standards Act.

The updated salary levels will depend on employer size and will be based on the applicable state minimum wage rate. As a result, the threshold for the white collar exemptions in Washington will rise as the minimum wage rate increases.

The new threshold and duties tests become effective **July 1, 2020**.

ACTION STEPS

Employers should review these amendments and update their payroll practices accordingly. Preparing to comply with this threshold increase may require reviewing employee salaries and responsibilities to ensure they are classified appropriately.

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Threshold for Executive, Administrative and Professional Employees

The table below explains how to determine the new thresholds white collar employees will need to satisfy to qualify for an overtime exemption under Washington law. Please note that compensation must be paid to these employees on a salary or fee basis, excluding board, lodging or other facilities.

Effective Date	Threshold Calculation	
	50 or fewer employees	51 or more employees
July 1, 2020	1.25 x state minimum wage <i>With a \$13.50 per hour minimum wage rate beginning Jan. 1, 2020, the threshold for the white collar exemptions will be \$675 per week or \$35,100 per year starting on July 1, 2020.</i>	
Jan. 1, 2021	1.5 x state minimum wage	1.75 x state minimum wage
Jan. 1, 2022	1.75 x state minimum wage	
Jan. 1, 2023	1.75 x state minimum wage	2 x state minimum wage
Jan. 1, 2024	2 x state minimum wage	
Jan. 1, 2025	2 x state minimum wage	2.25 x state minimum wage
Jan. 1, 2026	2.25 x state minimum wage	
Jan. 1, 2027	2.25 x state minimum wage	2.5 x state minimum wage
Jan. 1, 2028	2.5 x state minimum wage	

Threshold for Computer Professionals

Both federal and state laws allow certain computer professionals to qualify for an overtime exemption whether they receive a salary or are paid on an hourly basis. Washington has adopted the following schedule to calculate the threshold for this exemption:

Effective date	50 or fewer employees	51 or more employees
July 1, 2020	\$27.63 per hour	\$37.13 per hour
Jan. 1, 2021	\$2.75 x state minimum wage	3.5 x state minimum wage
Jan. 1, 2022	3.5 x state minimum wage	