FLSA Update
March 2019
There will be little change in the ratio of non-exempt to exempt employees if the proposed FLSA rules go into place.

Net Effect on Overall Workforce
n=251

- No Change in Ratio of Non-exempt to Exempt: 81%
- More Non-exempt Employees: 14%
- More Exempt Employees: 5%
The new rules will result in slightly fewer jobs being considered exempt.

**Portion of U.S. Jobs Exempt from FLSA**

- 0% to 29%
- 30% to 59%
- 60% to 100%

**Current Rules** (n=32)
- 25% in 0% to 29%
- 44% in 30% to 59%
- 31% in 60% to 100%

**New Rules** (n=31)
- 32% in 0% to 29%
- 39% in 30% to 59%
- 29% in 60% to 100%
Organizations are evenly split between raising wages for newly non-exempt employee and just letting them earn overtime. It’s too soon to definitively say who would get raises, but it’s likely those making at least $32,500 will be bumped up to maintain exempt status.

Consider Elevating Wages for Those Below the New Threshold
n=251

- Yes: 50%
- No: 50%

Employees Who Would Get a Raise
n=103

- Too soon to tell: 39%
- Likely elevate currently exempt employees earning $32,500 to $35,308: 26%
- Likely elevate currently exempt employees earning $30,000 to $35,308: 11%
- Likely elevate currently exempt employees earning $27,500 to $35,308: 3%
- Likely elevate all currently exempt employees earning $23,660 to $35,308: 21%
Most employees won’t see a change to their flexibility options, but one in three organizations say hourly employees will have fewer flexibility options.

Changes to Workplace Flexibility Options for Newly Non-Exempt Workers
n=199

- No change: 48%
- Increase flexibility options as an hourly non-exempt worker: 35%
- Decrease flexibility options as an hourly non-exempt worker: 2%
- Too soon to tell: 16%
In most cases, a change in exemption status will not affect front-line supervisors’ ability to maintain their managerial duties.

Ability of Managers to Maintain Managerial Duties if Changed to Non-Exempt
n=139

- Likely Yes: 55%
- Likely No: 16%
- Yes, but limited to a 40-hr week: 29%
Organizations expect a change in exemption status to have a negative effect on employee morale.

Effect of Morale for Those Changed to Non-Exempt
n=202

- Positive effect on those reclassified: 6%
- No effect: 25%
- Negative effect on those reclassified: 69%
Most people think the minimum salary threshold is about right or too low, while most think the HCE threshold is about right or too high.

**Opinion on Salary Thresholds**

- **Highly Compensated Employees**
  - Threshold of $147,414/year (n=179)
  - Too High: 44%
  - Too Low: 17%
  - About Right: 40%

- **Minimum Standard**
  - Threshold of $35,308/year (n=197)
  - Too High: 7%
  - Too Low: 35%
  - About Right: 58%
Two in three respondents support the DOL proposing updates to the earning thresholds every four years.

Opinion on 4-Year Threshold Updates
n=206
- Support: 63%
- Oppose: 10%
- Neutral: 27%

Opinion on 4-Year Frequency
n=198
- About Right: 71%
- Not Frequent Enough: 11%
- Too Frequent: 18%
Slightly more than half of organizations offer non-discretionary bonuses.

Organization Offers Non-Discretionary Bonuses Tied to Productivity/Profitability
n=203

Yes 52%
No 48%
Two in three respondents think that allowing non-discretionary bonuses to account for 10% of the salary threshold is about right, and that these payouts should be analyzed annually.

Opinion that Non-Discretionary Bonuses Satisfying 10% of the Satisfy Standard Salary Level Threshold is Appropriate
n=196

- Too High 10%
- Too Low 24%
- About Right 66%

Frequency at Which Payments Should Be Considered
n=197

- Annually, per 2019 regulations 90%
- Quarterly, per 2016 regulations 10%
Most organizations say they need at least 180 days to implement any change to FLSA regulations.

Sufficient Time to Implement Changes After Finalization
n=207

- 180 Days: 62%
- 60 Days: 16%
- 30 Days: 3%
- >180 Days: 19%
Sector

- Private sector, publicly traded: 28%
- Private sector, privately held: 41%
- Government/Public sector: 15%
- Nonprofit/Not-for-profit: 16%

n=204
## Organization Size

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fewer than 100 employees</td>
<td>3%</td>
</tr>
<tr>
<td>100 to 499 employees</td>
<td>15%</td>
</tr>
<tr>
<td>500 to 999 employees</td>
<td>11%</td>
</tr>
<tr>
<td>1,000 to 2,499 employees</td>
<td>20%</td>
</tr>
<tr>
<td>2,500 to 4,999 employees</td>
<td>15%</td>
</tr>
<tr>
<td>5,000 to 9,999 employees</td>
<td>15%</td>
</tr>
<tr>
<td>10,000 to 19,999 employees</td>
<td>10%</td>
</tr>
<tr>
<td>20,000 or more employees</td>
<td>11%</td>
</tr>
</tbody>
</table>

n=204
Job Level

n=204

- Analyst: 33%
- Manager: 36%
- Director: 23%
- Vice President: 4%
- Other: 3%
Industry

n=205

Finance and Insurance: 13%
All Other Manufacturing: 10%
Health Care and Social Assistance: 9%
Consulting, Professional, Scientific and Technical Services: 9%
Educational Services: 8%
Public Administration (includes government): 7%
Information (includes Publishing, IT Technologies, etc.): 6%
Retail Trade: 5%
Other: 11%
Methodology

This report summarizes the results of a March 2019 survey of WorldatWork members that gathered practitioner perspectives in response to the U.S. Department of Labor (DOL) Notice of Proposed Rulemaking Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Outside Sales and Computer Employees under the Fair Labor Standards Act, commonly known as overtime regulations. These perspectives will inform the comment letter that WorldatWork writes to the DOL on behalf of the profession.

On March 12, 2019, survey invitations were sent electronically to 2,178 WorldatWork members. The survey closed on April 1, 2019, with 266 responses. In order to provide the most accurate data possible, data was cleaned and analyzed using statistical software, resulting in a final dataset of 251 responses. Any duplicate records were removed.

The frequencies or response distributions listed in the report show the number of times or percentage of times a value appears in a dataset. Due to rounding, frequencies of data responses provided in this survey may not total exactly 100%.

The full text of the questionnaire can be found here. A list of participating organizations can be found here.
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