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Washington State Increases Minimum Salary for Overtime Exemptions

Background

Washington's Department of Labor and Industries decided to significantly raise the state's salary threshold to meet the salary test for a "white-collar" exemption from overtime. This new threshold goes into effect on July 1, 2020 and will be determined by an employer's size. An employer's size will be determined by its total number of Washington-based employees. This new rule seeks to bring the salary test for white-collar salary exemptions in line with the Federal Labor Standards Act (FLSA). You can find first-hand information on these rule changes [here](#).

Summary

Washington's new rule, announced on December 11, also seeks to bring the duties tests for the white-collar exemptions (executive, administrative, professional, and outside sales) more in line with the FLSA duties tests.

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The new law will dictate a multiple of the state’s minimum wage for a 40-hour workweek to calculate the weekly minimum salary for a “white collar” exemption. In short, this means that fewer employees will be eligible to be classified as exempt from overtime requirements, and therefore must be paid for any overtime worked in accordance with state and federal laws.

For example, in 2020, for all employers, the multiple of the state’s minimum wage of \$13.50 for a 40-hour workweek will be 1.25, which will make the salary threshold \$675 per week or \$35,100 per year. This calculation would be \$13.50 (minimum wage) x 40-hour workweek x 1.25 (state-dictated multiple) = \$675. See the full table of salary thresholds by date and company size below. Please note that the numbers provided by Washington State [here](#) look slightly different. That is because the state has included a projection of Consumer Price Index (CPI) increases after 2020.

Effective Date	Minimum Salary / Fee Rate for Employers with more than 50 Washington Employees	Minimum Salary / Fee Rate for Employers with 50 or Fewer Washington Employees
July 1, 2020	1.25 x Washington Minimum Wage: \$35,100 / year or \$675 / week	Same as for larger employers
January 1, 2021	1.75 x Washington Minimum Wage: \$49,140 / year + CPI or \$945 / week + CPI	1.5 x Washington Minimum Wage: \$42,120 / year + CPI or \$810 / week + CPI
January 1, 2022	1.75 x Washington Minimum Wage: \$49,140 / year + CPI or \$945 / week + CPI	Same as for larger employers
January 1, 2023	2.0 x Washington Minimum Wage: \$56,160 / year + CPI or \$1,080 / week + CPI	1.75 x Washington Minimum Wage: \$49,140 / year + CPI or \$945 / week + CPI
January 1, 2024	2.0 x Washington Minimum Wage: \$56,160 / year + CPI or \$1,080 / week + CPI	Same as for larger employers
January 1, 2025	2.25 x Washington Minimum Wage: \$63,180 / year + CPI or \$1,215	2.0 x Washington Minimum Wage: \$56,160 / year + CPI or \$1,080

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	/ week + CPI	/ week + CPI
January 1, 2026	2.25 x Washington Minimum Wage: \$63,180 / year + CPI or \$1,215 / week + CPI	Same as for larger employers
January 1, 2027	2.5 x Washington Minimum Wage: \$70,220 / year + CPI or \$1,350 / week + CPI	2.25 x Washington Minimum Wage: \$63,180 / year + CPI or \$1,215 / week + CPI
January 1, 2028	2.5 x Washington Minimum Wage: \$70,220 / year + CPI or \$1,350 / week + CPI	Same as for larger employers

Until the state's minimum salary threshold exceeds the federal threshold under the Fair Labor Standards Act on January 1, 2021, Washington State employers must continue to follow the new 2020 federal salary threshold for overtime exemptions of \$684 per week or \$35,568 per year.

In continuation of Washington State law, the state has no highly compensated exemption rule, so the typical duties test must be applied in addition to meeting the minimum salary threshold.

Employer Next Steps

- Employers should make sure each employee is classified properly and correct any misclassifications.
- If you are a Full-Service or Virtual HR client and would like our assistance with reviewing employee classification status or taking appropriate steps for misclassified employees, please [email us](#).

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