

December 19, 2019

**Legal Alert: Exempt Salary Thresholds, Minimum Wage Increase for Small Employers on December 31**

New York City employers should note that the New York State exempt salary threshold for managerial and administrative employees will increase effective December 31 to \$1,125 per week (or \$58,500 per year) for “small employers” with fewer than 11 employees, to match the large employer exempt salary threshold. The minimum wage for small employers will increase at the same time, to \$15 an hour, and now will match the minimum wage for large employers. No further increases to the New York State exempt salary threshold or minimum wage are currently scheduled for New York City employers.

Managerial and administrative employees whose weekly salary does not meet or exceed \$1,125 will now be eligible for overtime pay, even if they perform work that is normally considered exempt. New York State has no exempt salary threshold for professional employees. However, the federal exempt salary threshold does cover professional employees<sup>1</sup> (except for teachers, doctors, and lawyers) and will increase to \$684 per week (or \$35,568 per year) effective January 1, 2020. Therefore, professional employees such as social workers must meet the new federal exempt salary threshold in order to continue to be exempt. Nonprofit employers should review the weekly salary of managerial, administrative, and professional employees to determine whether their salary should be increased to meet the new salary thresholds so that they can continue to be exempt from overtime pay.

The salary thresholds and minimum wage in other parts of the state will also increase but remain lower than those in New York City. Note that:

- An employer is “Large” as soon as it has eleven employees. Even if the number of employees falls below eleven later that year, the employer will have to wait until the next calendar year to apply the Small Employer rate.
- Part-time employees are counted toward the number to determine whether an employer is “Large” or “Small.”
- The appropriate geographical rate is the rate for the area where the employee performs the work, not the area where the employer is located.
- If an employee works in more than one geographical area during the same week, an employer must pay either i) the highest rate for all hours worked, or ii) apply the appropriate rate for the hours worked in each area. In the latter case, overtime may be paid at a blended rate.

*For more information, visit*

<https://www.labor.ny.gov/workerprotection/laborstandards/workprot/minwage.shtm>

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<sup>1</sup>Because New York State’s exempt salary threshold for managerial and administrative employees is higher than the federal threshold, the New York State threshold applies. Because New York State has no professional exempt salary threshold, the federal threshold applies to those workers.

***This alert is meant to provide general information only, not legal advice. If you have any questions about this alert please contact Judith Moldover at (212) 219-1800 ext. 250 or visit our website at [www.lawyersalliance.org](http://www.lawyersalliance.org) for further information.***

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