

Job Classifications and Overtime

As you think about your current workers and future hiring opportunities, you may have questions about job classifications, overtime eligibility, and how to stay in compliance. This summary resource highlights items you need to **know**, questions to **reflect** on your practices, and information to **grow** your understanding.

Important Note: *This information is provided for educational purposes only and does not constitute legal or technical advice. If you are unsure about anything covered in this resource, we suggest that you contact the appropriate agency, employment attorney, or human resources specialist.*

KNOW

With a very few exceptions, all employees are assumed to be covered by the federal Fair Labor Standards Act (nonexempt employees) and Minimum Wage Act unless they meet a list of job duties requirements and a minimum salary threshold (exempt employees). An employee's job duties, not job title or job description, determine if an employee qualifies for overtime exemption. Employers are responsible for determining whether a worker's job duties meet the requirements to be exempt.

Exempt Employees

Employees are exempt from all Minimum Wage Act protections including overtime and paid sick leave. The employees generally must be paid on a salary basis, meet a minimum salary threshold, and pass the job duties test as an executive, administrative, or professional employee to be exempt.

Employees who do not meet the requirements to be classified as exempt are considered nonexempt.

Nonexempt Employees

Employees must be provided with the protections outlined in the Minimum Wage Act. Nonexempt employees may be paid on an hourly, salary, or other basis. If an employee does not qualify for exemption, and is paid on a salary basis, they are considered salaried nonexempt. Most nonexempt employees, including salaried nonexempt employees, are eligible for overtime pay.

Most employees who work more than 40 hours in a 7-day workweek must be paid overtime. Overtime pay must be at least 1.5 times the employee's regular hourly rate. Washington Overtime Rules determine which employees can be considered overtime-exempt, meaning they are not required to be paid overtime or provided other protections under the Minimum Wage Act. Under current state law, the minimum salary threshold will incrementally increase to 2.5 times the state minimum wage by 2028.

If your nonprofit has exempt employees with salaries below the minimum salary threshold, there are options to consider, including paying exempt employees at least the new salary threshold and assuring they meet the job duties tests, or changing an employee to non-exempt and paying overtime for all hours worked over 40 hours in a workweek. Remember, you will have to revisit and keep pace as the minimum salary threshold rises annually through 2028.

REFLECT

As you think about your nonprofit's practices, consider the following questions:

- Do you thoroughly review the job duties of new worker opportunities to ensure the positions are properly classified?
- For current workers, do you reassess their job classifications when job duties or wages change to verify they are still classified correctly?
- What are some steps you will take to ensure your workers are in compliance with Washington Overtime Rules?
- If your nonprofit needs to change an exempt employee to nonexempt, how will you prepare for and implement this transition?

GROW

Grow your understanding and practices by exploring these informative L&I resources, and check out [NAWA's Workers in Nonprofits](#) and [Let's Go Legal](#) for more employment-oriented materials.

Exempt & Nonexempt Employees

Exempt vs. Nonexempt Salaried Employees

- [Differences Between Exempt & Nonexempt Salaried Employees](#)

Exempt Employees: Job Duties

- Executive
 - » [Understanding the Executives Job Duties Test](#)
 - » [Exempt Case Studies: Executive](#)
- Administrative
 - » [Understanding the Administrative Job Duties Test](#)
 - » [Exempt Case Studies: Administrative](#)
- Professional
 - » [Understanding the Professional Job Duties Test](#)
 - » [Exempt Case Studies: Professional](#)
- Salary
 - » [Minimum Salary Threshold Schedule](#)

Overtime

- [Overtime Rules Resources Page](#)
- [Overtime Exempt Salary Budget Tool](#)

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L&I Employment Standards Program

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