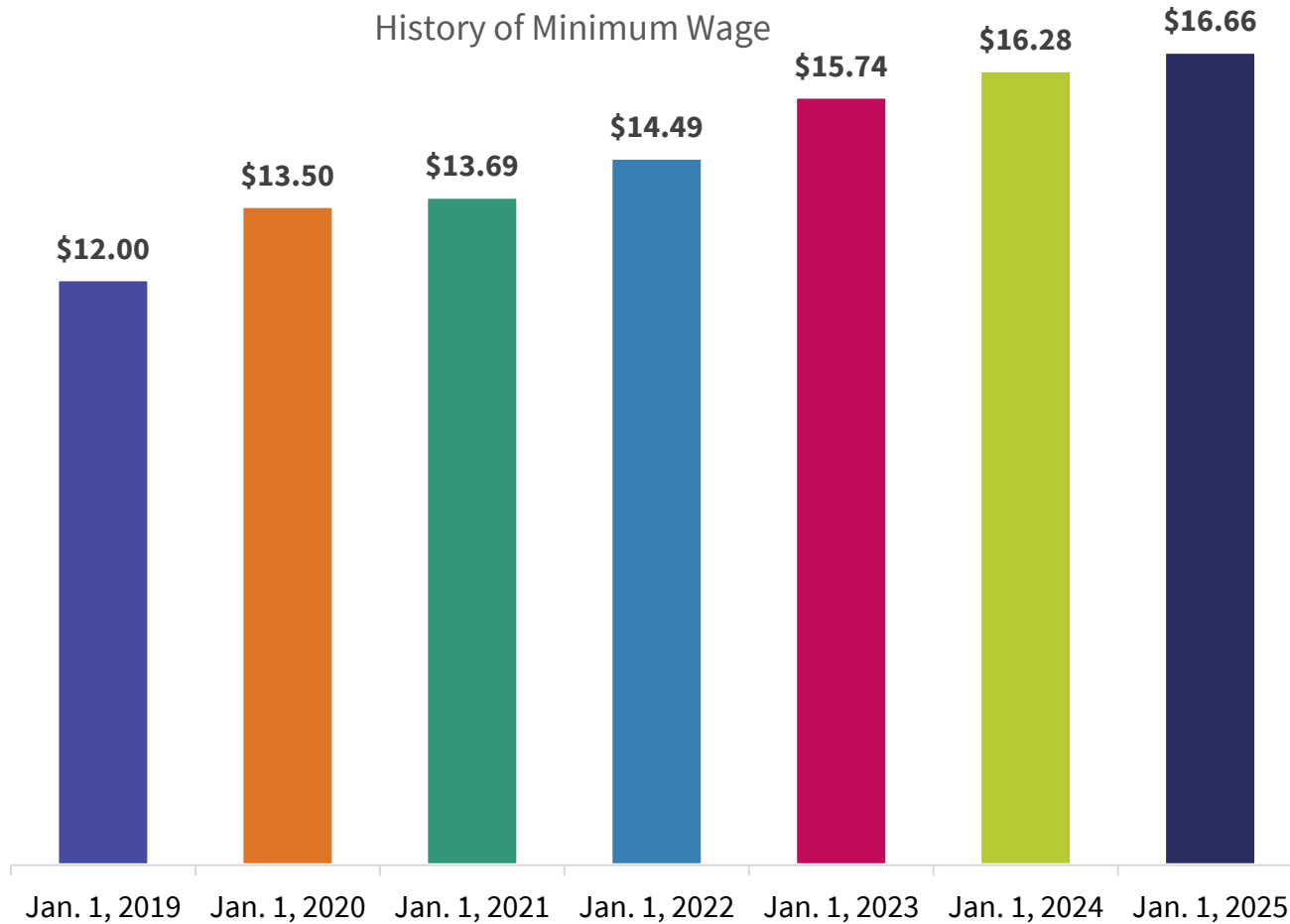


October 2, 2024

Minimum Wage & Overtime Exemption Changes 2025 Update

HR Manager's Meeting

Minimum Wage Increase



- Minimum wage for Washington State will increase to **\$16.66 per hour effective January 1, 2025**
- **Effective January 1, 2025: Range 30, Step D** will be considered the new minimum range for the current salary schedules
- This represents an increase of \$0.38 per hour (2.35 percent)

Salary Threshold Implementation Schedule

Start	Multiplier	Minimum Wage	Weekly Amount	Annual Amount
7/1/2020	1.25x	\$13.50	\$675.00	\$35,100.00
1/1/2021	1.5x	\$13.69	\$958.30	\$49,831.00
1/1/2022	1.75x	\$14.49	\$1,014.30	\$52,743.60
1/1/2023	2x	\$15.74	\$1,259.20	\$65,478.40
1/1/2024	2x	\$16.28	\$1,302.40	\$67,724.80
1/1/2025	2.25x	\$16.66	\$1,499.40	\$77,968.80

Given the increase in minimum wage, the state’s salary threshold for exempting employees from overtime is also increasing.

This change impacts “white collar” positions held by executive, administrative, and professional workers plus computer. To be exempt from overtime, a worker must earn at least the minimum salary, and their duties must meet a jobs test.

The threshold multiplier will be phased in until it reaches 2.5 times the state minimum wage in 2028.

Salary Threshold Implementation Schedule For Hourly Computer Professionals

Start	Multiplier	Minimum Wage	Hourly Wage
7/1/2020	2.75x	\$13.50	\$37.13
1/1/2021	3.5x	\$13.69	\$47.92
1/1/2022	3.5x	\$14.49	\$50.72
1/1/2023	3.5x	\$15.74	\$55.09
1/1/2024	3.5x	\$16.28	\$56.98
1/1/2025	3.5x	\$16.66	\$58.31

This is the pay rate phase-in schedule for exempt computer professionals who are paid by the hour. The threshold is a multiplier of the state minimum wage.

Guidance Moving Forward

1

Review current positions based on the new 2025 state salary standard

This may result in having to convert current exempt salaried employees to non-exempt and pay overtime.

2

Apply the new salary test which goes into effect January 1, 2025

This will require you to track hours and start positive timekeeping for those individuals, pay overtime for work over 40 hours, and provide protections under the Washington Minimum Wage Act.

3

Prepare to adjust overtime eligibility, if needed, for each position



Split Level Pay Ranges

Split level pay ranges are salary ranges where the new salary threshold falls somewhere in the current salary range on the general service salary schedules for represented employees.

The split range will depend on which collective bargaining agreement the employee is represented by and the applicable salary schedule.

- Employees could switch from overtime eligible to overtime exempt once their salary exceeds the new salary threshold, provided the job duties test is met.
- It is up to the agency to apply the new salary basis test so that employees would switch from overtime eligible to overtime exempt mid-pay range.

Resources

- [L&I Minimum Wage](#)
- [L&I Changes to Overtime Rules Q&A](#)
- [L&I Overtime Rules Resources](#)
- [L&I EAP Training Module](#)
- [L&I Exempt vs Non-Exempt-Fact Sheet](#)
- [OFM WA Minimum Wage Act Q&A](#)
- [RCW 49.46.010\(3\)\(c\)](#)
- [WAC 296-128](#)
- [Split Level Pay Range Reference Document](#)

State Human Resources is currently evaluating impacts and will work directly with organizations identified as having impacted employees and will provide details regarding updates needed.

More information will be coming soon.

If you have questions, please contact:

- Your assigned Labor & Personnel AAG
- SHR Classification & Compensation:
classandcomp@ofm.wa.gov



Scan the QR code to visit ofm.wa.gov or find us on social media.

