

Strategic Developments Under the FLSA

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Focus

Recent Focus of FLSA Actions:

- **Whether an employee has been properly classified as exempt or as an independent contractor**
- **Whether an employee has received all overtime to which he/she is entitled**
- **Whether an employee is entitled to overtime pay for preliminary and/or postliminary “off the clock” work**

White Collar Exemptions: Executive Exemption

- **To qualify for the executive employee exemption, all of the following tests must be met:**
 - Must be compensated on a salary basis at a rate not less than \$455 per week (to be increased, per Proposed Rules);
 - Primary duty must be managing the enterprise, or managing a customarily recognized department or subdivision of the enterprise;
 - Must customarily and regularly direct the work of at least two or more other full-time employees or their equivalent; and
 - Must have the authority, or opinion must be given weight, in decision to hire or fire other employees

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White Collar Exemptions: Administrative Exemption

- **To qualify for the administrative employee exemption, all of the following tests must be met:**
 - Must be compensated on a salary basis at a rate not less than \$455 per week (to be increased, per Proposed Rules);
 - Primary duty must be the performance of office or non-manual work directly related to the management or general business operations of the employer or the employer's customers; and
 - Primary duty includes the exercise of discretion and independent judgment with respect to matters of significance.

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White Collar Exemptions: Professional Exemption

- **To qualify for the professional employee exemption, all of the following tests must be met:**
 - Must be compensated on a salary basis at a rate not less than \$455 per week (to be increased, per Proposed Rules);
 - Primary duty must be the performance of work requiring advanced knowledge (work that is intellectual in character and which includes work requiring the consistent exercise of discretion and judgment);
 - Advanced knowledge must be in a field of science or learning, customarily acquired by a prolonged course of specialized intellectual instruction.

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White Collar Exemptions: Highly Compensated Employee Exemption

- **To qualify for the highly compensated employee exemption, all of the following tests must be met:**
 - Total annual compensation of at least \$100,000 (to be increased, per Proposed Rules); and
 - Customarily and regularly perform at least one of the duties of an exempt executive, administrative or professional employee identified in the standard tests for exemption.

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"FLSA Update"