



Washington State Salary Threshold FAQs

Background Information:

The State of Washington has adopted a rule increasing the salary threshold for employees to continue to be classified as exempt from the Washington State Minimum Wage Act (*watch [Governor Inslee's statement](#) supporting the rule*). The next scheduled increase under the rule will take effect January 1, 2023, when the threshold will increase to \$65,478.40/annually or \$1,259.20/week. **The rule requires that employees earning a salary below the threshold level on January 1, 2023, be converted to nonexempt status.** Faculty members, along with certain other narrow groups of employees, are not subject to the new threshold.

Question 1: How does the state calculate the salary threshold?

The State of Washington Department of Labor and Industries releases the state minimum wage rate on or about September 30 for the following calendar year. The state calculates the minimum salary threshold by multiplying the minimum wage and extrapolating the result into a 40-hour workweek and 52-week year. Effective January 1, 2023, the state minimum wage rate will be \$15.74 per hour, calculated as follows:

Weekly: $\$1,259.20 = \$15.74/\text{hour} \times \text{minimum wage multiplier } 2 \times 40 \text{ hours}$

Annual: $\$65,478.40 = \$15.74/\text{hour} \times \text{minimum wage multiplier } 2 \times 40 \text{ hours} \times 52 \text{ weeks}$

The minimum wage multiplier will continue to increase until January 1, 2028, at which time the threshold is currently projected to be \$93,288. The projected weekly and annual thresholds through January 1, 2028, can be found on the [WA State Overtime Threshold Chart 2023-2028](#).

Question 2: Is the value of my position changed because it will be nonexempt on January 1, 2023?

All positions at Seattle U perform important work in support of our mission. A nonexempt or exempt classification is *not* a reflection of the relative importance of the work an individual staff member contributes to the campus community. The change in exempt classification is strictly Seattle U's compliance with the State of Washington's wage and hour rules. The state views the salary level threshold as beneficial to employees, ensuring many workers in Washington state are paid for all hours worked.

Question 3: How does it impact me if my position is converted from exempt to nonexempt?

If your position is converted from exempt to nonexempt effective January 1, 2023, it means you will have to be compensated for any time worked beyond 37.5 hours per week (or, if you are working part-time, beyond your scheduled hours in a work week). You will be eligible for overtime pay (1.5x your normal hourly rate) for hours worked over 40 hours per week. You will be required to submit a timesheet to record hours worked including any vacation or sick time used each pay period. In addition, your pay cycle will change from the exempt pay dates of the 15th and last day of each month to the nonexempt pay dates of the 10th and 25th of the month.

The University will provide transition assistance on the January 10, 2023 pay date to help staff who are converting from exempt to nonexempt in the transition to the new pay cycle.

Additional actions to consider may include:

- Adjusting personal budgets for the remaining pay periods in 2022. Our Resources for Living EAP includes a free 30-minute consultation service for budgeting. You may access this resource at: <https://www.resourcesforliving.com/login>, User ID: **Seattle U**, Password: **EAP**; or by calling **1-888-238-6232**.
- Contacting lenders or billers to potentially adjust payment due dates to better align with the pay cycle.
- Determining if a pay advance is right for your situation. Information about advance pay can be found on the [Payroll website](#).

Question 4: Since my position will convert to nonexempt on January 1, 2023, will my first payday be on January 10, 2023?

No. The first pay date for nonexempt staff for hours worked in 2023 is January 25. This pay date is for all hours from January 1st through the 15th. The hours worked from January 16th through the last day of the month are paid on February 10th. If the 10th or 25th falls on a weekend, or holiday, the payday will be the last working day prior.

Question 5: Does being converted from exempt to nonexempt impact how I manage my time?

Yes. You will need to track your time worked and ensure that your schedule does not exceed 37.5 without prior consultation and approval from your supervisor. You must always submit all the time worked so that your pay can be calculated correctly.

Question 6: Were all exempt employees whose current salaries would fall below the increased January 1st threshold converted to nonexempt?

No. The salary threshold does not apply to some groups of employees, particularly faculty members. Additionally, for a limited number of employees whose salaries were already very close to the

increased threshold and whose duties would likely involve significant overtime in the coming year will not be converted.

Question 7: Will my benefits eligibility change if my status changes to non-exempt?

No. Non-exempt status and eligibility for overtime does not impact benefits eligibility.

Question 8: What is my hourly rate of pay?

Your hourly rate of pay is calculated by dividing your annual salary by your annual work hours. Most staff work a 37.5 work week, which means they are scheduled to work 1950 hours per year. If your annual salary is \$53,000 and you are a 1.00 FTE, your hourly rate is calculated as: $\$53,000 / 1950 = \27.18 per hour.