

Business Owners Thrash Obama's New Overtime Rule

By Connor D Wolf

The House Small Business Committee convened a hearing of business owners Thursday who expressed concern over a new rule that will soon expand overtime privileges.

The Department of Labor released a final version of a rule May 18 that expands overtime privileges to millions of more workers. Certain workers cannot qualify for overtime based on their position and salary. The House Small Business Committee hosted several business owners who expressed concern over the new rule.

"For small businesses to avoid costly overtime pay, managers moved from their salaried positions to hourly jobs will need to keep time cards and be prohibited from working overtime" Albert F. Macre & Co. Founder Albert F. Macre testified. "This will be a burden not only financially, but in terms of productivity, as managers and supervisors will only be allowed to work when permitted."

Macre also spoke on behalf of the National Federation of Independent Business. Executive or manager type positions cannot qualify for overtime

if they have a salary of at least \$23,660 but the updated rule will raise the exemption threshold to \$47,476 annually. The White House estimates the rule change will make an additional 4.2 million workers eligible for overtime.

"The overtime rule forces us to choose between raising base salaries to the new exempt threshold or converting everyone on the sales team to an hourly rate," Hireology President Adam Robinson told the committee. "To the extent that employers like me are forced to reclassify employees as hourly to avoid unexpected overtime costs, these high-paying job opportunities will be reduced."

President Barack Obama signed a memo in March, 2014, compelling his administration to expand overtime privileges to more workers. Upon its release, the White House argued the updated rule will help restore overtime privileges that have dwindled over the decades. It notes the share of full-time salaried workers who qualify for overtime has plummeted despite wage and job growth.

"Many nonprofit organizations and small businesses across the country will see an impact on employees, services provided, and the organization at large," Employment Law Consultant Christine Walters said. "More than doubling the salary threshold will significantly impact employers in a variety of industries, and of various sizes, their employees and the populations they serve."

Republicans Sens. Lamar Alexander and Ron Johnson introduced legislation June 7 to block the rule before it goes into effect Dec. 1. They introduced their legislation under the Congressional Review Act which allows lawmakers to review and reject regulatory chances within 60 days of being introduced.

Democratic lawmakers and labor unions have been much more supportive of the updated overtime exemption threshold. AFL-CIO President Richard Trumka called the new rule a much needed update to overtime privileges. Democratic presidential candidate Sen. Bernie Sanders has also applauded the new rule.