

President Acts Unilaterally, Tells Labor Officials To Make Controversial Changes To Overtime Pay Laws

By Administrator

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WASHINGTON (AP) — Seeking to influence workers' incomes where possible, President Barack Obama signed a presidential memorandum Thursday directing the Labor Department to devise new overtime rules that would make more workers eligible for time-and-a-half pay for their extra hours of work.

The memorandum was one of the most far-reaching executive actions taken by the president this year. The rules would be aimed at salaried workers who make more than \$455 a week and those who are ineligible for overtime because they are designated as management even though their supervisory duties are minimal. “Unfortunately, today millions of American aren't getting the extra pay they deserve,” Obama said during a White House ceremony attended by workers and employers.

The memorandum does not specify what the rules or new salary thresholds should be, leaving the rule-making to the Labor Department. A proposed rule is not expected until the fall.

The memo, however, underscores Obama's pledge to bypass Congress when necessary and act on his own on economic initiatives. For instance, even as he calls for Congress to increase the federal minimum wage from \$7.25 an hour to \$10.10, he has taken executive action to increase the minimum wage for federal contractors.

Advocates of new regulations on overtime say millions of workers could benefit. Critics say it could overburden companies, especially small business, and actually cost jobs.

At issue in the overtime initiative are regulations that create exceptions to legal requirements that employers pay time-and-a-half for time worked beyond a 40-hour work week. Currently, salaried workers making more than \$455, or \$23,660 a year, aren't eligible for overtime if some of their work is considered supervisory even though many spend most of their day doing manual, clerical or technical work with few management duties.

“If you're making \$23,000 typically you're not high in management,” Obama said.

Some labor economists say broadening the universe of workers who can get overtime would

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increase take-home pay for workers, thus benefiting the larger economy. The new regulations could also encourage employers to reduce overtime work and hire more employees to work the extra hours without having to pay time-and-a-half.

Obama's attention to overtime dovetails with his emphasis on correcting wage disparities, a theme that he has said will be central to the remainder of his presidential term. It also serves his political ends during a midterm election year, giving him a populist issue along with his calls for a higher minimum wage and better pay for women.

The salary-per-week limit separating those who get overtime and those who don't was increased to \$455 in 2004 during the Bush administration. At the time, it hadn't been increased since the mid-1970s.

"What we know right now is the threshold has been eroded by inflation, and there are 3.1 million people who, if the threshold had kept up just with inflation, would automatically be covered by overtime provisions," said Betsey Stevenson, a member of Obama's Council of Economic Advisers.

Business groups said any forced increase in wages has consequences that could affect employment, prices and the survival of certain companies which, they said, already have to comply with requirements of a new health care law.

"Similar to minimum wage, these changes in overtime rules will fall most harshly on small- and medium-sized businesses, who are already trying to figure out the impact of Obamacare on them," said Marc Freedman, executive director of Labor Law Policy for the U.S. Chamber of Commerce.