

Overtime Reform and Enhancement Act

On May 18, 2016, the U.S. Department of Labor (DOL) issued a final regulation updating overtime rules for white-collar salaried employees for the first time since 2004. Using the 40th percentile of weekly earnings for full-time salaried workers in the lowest-wage Census region (currently the South), the rule raised the salary threshold for employees who are exempt from overtime pay from \$23,660 (\$455 per week) to \$47,476 (\$914 per week) effective December 1, 2016. Any salaried employee meeting the DOL's criteria making less than \$47,476 a year and working more than 40 hours a week will be entitled to overtime pay.

The current salary threshold of \$23,660 is woefully inadequate and an update to the overtime rules for white-collar salaried employees has been long overdue. It is indeed time to strengthen overtime pay protections for America's workers. The **Overtime Reform and Enhancement Act (OREA)** will update the overtime rules while allowing universities, non-profits, and businesses the necessary time to be able to plan and comply with the new rule.

Key Features of the Overtime Reform and Enhancement Act:

- ✓ Using the administration's effective date of December 1, 2016, the Overtime Reform and Enhancement Act will immediately increase the threshold more than 50 percent from \$23,660 (\$455 per week) to \$35,984 (\$692 per week). This increase represents the 20th percentile of weekly earnings for full-time salaried workers in the same Census region used by DOL to establish the new threshold.
- ✓ After the initial increase in 2016, the bill will initiate a reasonable three-year phase-in until the DOL's new salary threshold of \$47,476 (\$914 per week) is met.
- ✓ The annual increases under the bill are:
 - December 1, 2016 -- \$35,984 (\$692 per week)
 - December 1, 2017 -- \$39,780 (\$765 per week)
 - December 1, 2018 -- \$43,628 (\$839 per week)
 - December 1, 2019 -- \$47,476 (\$914 per week)
- ✓ The bill eliminates the automatic three-year increase to the salary threshold established under the new rule. The bill recognizes that future administrations can and should update the overtime rules, as they are required to under the Fair Labor Standards Act, but limits the ability of the DOL to update the rules on autopilot. This will allow stakeholders to comment on proposed changes and require the DOL to ensure the rules are working as intended.