



May 2016

## Overtime Pay Eligibility Expanded by the Obama Administration

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On Thursday, May 19th, the Obama administration released a long-awaited rule that will expand overtime pay eligibility for millions of workers. The Labor Department estimates that this rule change will affect 4.2 million workers in the U.S when it goes into effect starting December 1.

Under the new rule, salaried workers who earn less than \$47,476 a year will automatically be entitled to receive overtime pay of time-and-a-half if they work more than 40 hours a week. Previously, the overtime pay was available to salaried workers who earned less than \$23,660 per year.

"If you work more than 40 hours a week, you should get paid for it or get extra time off to spend with your family and loved ones," said President Barack Obama in a statement Tuesday previewing the announcement. "It's one of the most important steps we're taking to help grow middle-class wages and put \$12 billion more dollars in the pockets of hardworking Americans over the next 10 years."

Some companies may instead choose to reduce their employees' hours to avoid paying the extra wages. "Either way, the worker wins, said Vice President Joe Biden on a conference call with reporters.

Not everyone is happy with the new rules, however. House Speaker Paul Ryan criticized the Labor Department's new rule, saying the regulation "hurts the very people it alleges to help."

"Who does is hurt most? Students, nonprofit employees and people starting a new career. By mandating overtime pay at a much higher salary threshold, many small businesses and nonprofits will be unable to afford skilled workers and be forced to eliminate salaried positions, complete with benefits, altogether", Ryan added.

Rob Nichols, president and CEO of the American Bankers Association, said the new rules will be "harmful to bank employees and the banks who employ them, and, as usual, smaller banks will be hit the hardest." He continued to say that bank workers "will face reduced opportunity and flexibility in the workplace."

Judy Conti, federal advocacy coordinator for the National Employment Law Project, said the new rules don't require employers to reduce career opportunities and flexibility in the workplace. She stated, "An employer that needs to take away responsibilities and opportunities from workers is a bad employer. A good employer should always be looking for ways to continue progression of their work." She continued to argue that if demand for a product or service leads employees to work overtime, then the market should be able to compensate workers accordingly.

The new rule promises to help many millennial workers, which comprise of 36.3% of workers now covered under the new rule, according to Ross Eisenbrey, vice president of the Economic Policy Institute.

Workers who struggle to make ends meet with their current paychecks, are more than likely to welcome the extra overtime pay promised by the new rule.

## **UPDATE** to Tax Relief Victims of Severe Storms and Flooding in Texas

The previous notice sent out by the IRS providing tax relief to victims of severe storms and flooding in Texas has been **updated to include Fort Bend, Liberty, Montgomery, San Jacinto, Austin, Colorado, Walker, and Wharton counties**



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