



## **Now Obama takes aim at overtime: President plans executive order forcing companies to pay more workers time-and-a-half**

By David Martosko, U.S. Political Editor

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Barack Obama is set to order the U.S. Department of Labor to tighten regulations that allow some companies to skirt overtime laws by declaring employees' jobs are 'executive' or 'professional' in nature.

The president will do it by raising the earning threshold that salaried workers must reach before they can be asked to work longer hours without time-and-a-half compensation.

It has been ten years since President George W. Bush last raised that threshold, from \$250 per week to \$455. But the increase failed to keep up with inflation, making the smaller number worth more in today's dollars than the larger one.

And any move to adjust it upward again could cost jobs as employers scramble to write bigger paychecks with the same amount of money in human-resources budgets.

'Due to years of neglect, one of the linchpins of the middle class, the overtime rules that establish the 40-hour workweek, have been eroded,' a White House official said Wednesday.

'As a result, millions of salaried workers have been left without the protections of overtime or sometimes even the minimum wage. For example, a convenience store manager or a fast food shift supervisor or an office worker may be expected to work 50 or 60 hours a week or more, making barely enough to keep a family out of poverty, and not receive a dime of overtime pay.'

By shifting the overtime minimum-earning goalposts again, Democrats hope to identify another pocketbook issue that will encourage middle-class workers to vote for them in November.

It also indicates that the White House is prepared to sacrifice long-term jobs in order to appease the remaining employed low-income voting bloc in the short term.

That's because employers who must suddenly pay overtime rates for many employees will still have to work within the restrictions of their human resources budgets.

One way to work around the problem will be for companies to lay off workers who earn more than the new threshold and replace them with lower-paid, lower-skilled employees.

Another way might be to dismiss some workers and slow down future hiring increases so that capital can catch up with costs.

In order for the Obama administration to increase the threshold to what a \$250 weekly paycheck was worth in 1975, it would have to set the new minimum to \$1,122.58 – a \$28-per-hour rate equal to an annual salary of \$58,374.

The liberal Economic Policy Institute has proposed an increase to \$984 a week, about 50,000 per year. That number would increase take-home pay for between 5 and 10 million people.

Labor Secretary Thomas Perez (far L), who will be in charge of setting the new overtime-wage qualification threshold, has been part of Obama's speaking tour to push a nationwide minimum-wage hike

But it's unlikely the new bar will be set that high when the Labor Department issues draft regulations. Obama's move, expected Thursday, will merely start the process.

California's and New York's governments recently re-set their thresholds at \$640 and \$600 per week, respectively.

'We need to fix the system so folks working hard are getting compensated fairly,' Cecilia Muñoz, the White House Domestic Policy Council director, told [The New York Times](#). 'That's why we are jump-starting this effort.'

But Cato Institute senior fellow Daniel Mitchell countered that '[t]here's no such thing as a free lunch.'

'If they push through something to make a certain class of workers more expensive, something will happen to adjust.'