

Obama to Expand Who Is Eligible for Overtime Pay

Rule change to happen gradually

Mar 12, 2014, 10:02 am EDT | By Burke Speaker, Investorplace Writer

President Obama is directing the Labor Department to revise its policies so that companies must pay more overtime to millions of workers — a move designed to push back against stagnant worker pay.

The president will make the executive request on Thursday.

The executive action is a direct rebuttal to House Republicans, who have blocked the president's economic agenda and publicly announced their intent to fight any proposal to raise the minimum wage, even as company profits have increased.

The president had proposed a federal minimum wage increase from \$7.25 to \$10.10 per hour.

The action is likely to anger business group lobbyists, [who in 2004 were allowed](#) to exempt white-collar workers from overtime pay by the Bush administration.

Conservatives decried the administration's actions and said businesses would simply push back by cutting worker hours or pay.

“There's no such thing as a free lunch,” Daniel Mitchell, a senior fellow with the Cato Institute, told the [New York Times](#). “If they push through something to make a certain class of workers more expensive, something will happen to adjust.”

[As CNN points out](#), most hourly workers “must be paid time-and-a-half if they work more than 40 hours a week. Most salaried workers do not need to be paid overtime, unless they earn less than \$455 a week.”

But that works out to \$23,660 a year, which is less than the federal poverty level for a family of four.

The \$455 threshold for overtime hasn't been raised in 10 years, since President Bush upped it from \$250 a week. It would be \$553 today if it had gone up in line with inflation.

The Obama administration has not said where it wants to set the new threshold in requiring overtime.

The executive action would not begin immediately, but would be played out in the coming weeks or months.