



Obama to Push for Major Expansion of Overtime Pay

By Melanie Batley
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President Barack Obama this week is singlehandedly changing labor law using an executive order that will force American businesses to pay millions of more workers overtime.

Fast-food managers, loan officers, computer technicians, and many other employees currently classified as "executive or professional" and exempt from overtime would benefit from changes to the Labor Department regulations ordered by the president, according to [The New York Times](#).

Obama's unilateral decision is likely to be greeted with outrage by congressional Republicans who have already successfully blocked a number of elements of his economic agenda, and have pledged to fight his proposal [to raise the federal minimum wage to \\$10.10 per hour](#) from \$7.25.

Business groups, meanwhile, are also expected to oppose the move as they have long fought for more flexibility in paying overtime.

"There's no such thing as a free lunch," Daniel Mitchell, senior fellow at Cato Institute told the Times. "If they push through something to make a certain class of workers more expensive, something will happen to adjust."

Stuart Varney, host of Fox's "Varney & Co." described the move Wednesday as "unprecedented."

"This is buying votes. Businesses will have to pay for this. It's going to depress hiring," he said.

Others have a different view of the law's impact.

"I think a potential side effect is that you may see more hiring in order to avoid overtime costs, which would be an awfully good thing right about now," Jared Bernstein, former chief economic adviser to Vice President Joe Biden, told the Times.

The policy is part of a broader political strategy by the Obama administration to appeal to middle class

voters going into the 2016 elections. White House officials hope the focus on lifting worker's pay will translate into support for Democratic congressional candidates this fall, according to the Times.

"We need to fix the system so folks working hard are getting compensated fairly," Cecilia Munoz, director of the White House Domestic Policy Council, told the Times. "That's why we are jump-starting this effort."

Company profits in the Standard & Poor's 500 have doubled since the recession ended in June 2009 but wages have remained stagnant for the vast majority of that period. Recently, workers' wages fell close to an all-time low as a share of the economy, according to the Times.

Under the new rules proposed by Obama, a wider class of salaried workers would be eligible for overtime pay, a move that would potentially shift billions of dollars worth of corporate income into the pockets of employees, the Times reports.