



Labor Department Considers Rolling Back Obama-Era Overtime Rule

Karl Herchenroeder

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The Department of Labor last week opened the public process for revisiting Obama administration's overtime rule, which drew cheers from Rep. Steve Chabot (R-Ohio) and House Republicans who have spent months trying to kill the regulation they say threatens small business.

In an attempt to address wage stagnation in 2016, the Obama administration proposed raising the annual salary threshold for workers exempt from earning overtime pay from about \$23,660 to \$47,476. The rule extends overtime coverage to more than 30 percent of salaried workers, up from the 8 percent currently covered.

Republicans have said that small businesses would resort to cutting employee hours, moving salaried workers to hourly status and eliminating benefits. Chabot, chairman of the House Small Business Committee, and Republican members claimed in April that small employers, particularly in rural areas, would not be able to pay additional overtime and remain economically viable.

The overtime rule, which Obama rolled out in May 2016, was delayed by a federal judge in December. The public has two months to comment on the proposed rule.

“This week the Department of Labor is taking the first step in addressing this harmful rule,” Chabot said in a statement Wednesday. “For several years the committee has been very vocal about how the overtime rule will lead to job losses, lower wages and reduced benefits for millions of workers. We look forward to continuing to work with the administration to give small businesses relief from burdensome rules.”

The House Small Business Committee's subcommittee on investigations, oversight and regulations in October hosted three small businesses that voiced concerns about the impact of the rule, including a restaurant owner, a home builder and a retail store owner.

National Employment Law Project executive director Christine Owens said in a statement Tuesday that the Department of Labor's decision to revisit and likely revise the overtime rule is a “slap in the face to millions of workers all across America who have waited long enough to be paid fairly for their overtime hours.”

She condemned the move as a giveaway to big corporations, CEOs and lobbyists and demanded that the administration move forward with implementation, which she said received overwhelming support from the nearly 300,000 public comments submitted during the approval process.

“The rule helps ensure that 12.5 million more Americans are protected by the Fair Labor Standards Act’s guarantee of time-and-a-half overtime pay when they work more than 40 hours per week,” Owens continued.

Walter Olson, senior fellow at the Cato Institute, said in an interview this week that he’s glad to see the Trump administration retreating from the Obama proposal. He argued that the rule would tie the hands of small businesses trying to run operations with only a handful of workers. The rule makes the workplace more rigid, limiting hours and flexibility for the work being completed, by enforcing rigid guidelines for worker classifications. He also said the new rule opens up small employers to a greater possibility of lawsuits.

“Many of these companies are not in a position to pay overtime. Overtime is expensive enough that most organizations will arrange their roles to say that you can’t work if you’re going to be getting time and half, or worse you’re qualifying for a lawsuit,” Olson said.

He added that the rule is inconsistent with the modern workforce, arguing that such a rule makes more sense for factory workers who punch a clock at designated times.

“We ought to go where the workers themselves are going, which is toward jobs that are less defined as reporting to the boss at 9 and leaving at 5,” Olson said. “We work with flexibility because ultimately it is more satisfying for both sides to have more options and more flexibility in how work is organized.”