

# NEW DOL OVERTIME RULES — WHAT THE NEW RULES MEAN FOR YOUR SMALL BUSINESS



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## **NEW OVERTIME RULES**

The U.S. Department of Labor has changed the rules for overtime

# NEW OVERTIME RULES

Why should you care?

- Expense
- Morale

## LEGISLATIVE AND REGULATORY BACKGROUND

Fair Labor Standards Act of 1938

- Overtime penalty is an additional 50%

## LEGISLATIVE AND REGULATORY BACKGROUND

Exemptions:

- Seasonal employees
- Outside commissioned sales personnel
- **Certain salaried employees**

# LEGISLATIVE AND REGULATORY BACKGROUND

“Duties” test:

- Administrative;
- Executive; or
- Professional

For more information see DOL FactSheet #17A =>  
[https://www.dol.gov/whd/overtime/fs17a\\_overview.htm](https://www.dol.gov/whd/overtime/fs17a_overview.htm)

## LEGISLATIVE AND REGULATORY BACKGROUND

Salary test:

- On “salary”; and
- The salary has to be “enough”

## LEGISLATIVE AND REGULATORY BACKGROUND

What is enough?

Current Level:

\$445.00/week (\$23,660/year)



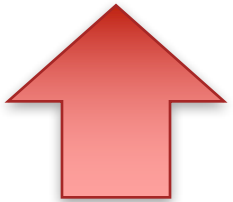
## NEW OVERTIME RULE

New Rule:

\$913.00/week (\$47,476/year)

South (lowest paid region)

40<sup>th</sup> percentile

105% 

## OTHER CHANGES

- Increase high salary test to \$134,004
- Adjust amounts every three (3) years automatically (without any rulemaking)
- Allows for quarterly supplementation of pay to reach exemption minimums

# NEW OVERTIME RULE

When?

Effective Date:

**December 1, 2016**

# EMPLOYER RESPONSES

Impacts of change in status:

- Exempt status to non-exempt status
- Enhanced recordkeeping
- Control over hours
- Arrival and departure
- Employee programs and benefits

## EMPLOYER RESPONSES

For salaried employees earning under \$47,476.00

What to do?

- Increase pay to new minimum (must also meet the duties test qualifications)
- Change employees to non-exempt status

## EMPLOYER RESPONSES, CONT.

What to do, cont.?

- Communicate to managers, employees involved in the change and other employees.
- Start tracking their hours worked to determine how many hours are they working over 40 per week.
- Review job descriptions
- Review handbook and policies

## EMPLOYER RESPONSE, CONT.

What to do, cont.?

- Review bonus, profit sharing, etc. structures
- Communicate changes to 401k partner, insurance providers to determine if these employees will be impacted in any way
- Communicate changes to payroll provider
- Create Overtime Approval Policy
- Create Overtime Violation Policy

## EMPLOYER RESPONSES

Options to ease your pain:

- Find a new exemption category
- Calculate hourly rate to take account of overtime
- Use quarterly adjustment opportunity
- Put benefit costs into salary



# EMPLOYER RESPONSES

Legal and human resources work together:

- Determine where on the salary spectrum employees fit and their interrelationships
- Develop a plan on destination and transition
- Use HR and legal resources to communicate the reasons and the process

# CONTACT INFORMATION



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