

# Obama overtime rule to go in effect this December

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President Barack Obama unveiled his overtime expansion rule Tuesday. The so-called Final Rule will double the threshold needed for executive, administrative and professional employees to be exempt from receiving overtime pay.

Currently, workers titled “managers” or “administrators,” often at low-paying retail, food and office jobs, cannot receive overtime pay if they make \$23,660 a year or more. Under Obama’s new rule, these workers will be ineligible only if they make \$47,476 or more a year.

The ceiling is about \$3,000 dollars lower than Obama’s previous proposal last year of a \$50,440 cap. The rule will automatically update every three years to keep pace with inflation and is scheduled to go into effect this December.

This change is only expected to affect 4.2 million Americans, barely 3.5 percent of the labor force. Even for those workers who are affected, the rule is profoundly weak, because businesses can simply avoid the requirement by lowering the base salary of workers.

A spokesman for the right-wing Competitive Enterprise Institute voiced this strategy in a comment to *USA Today*: “The Obama rule puts a huge cost and regulatory burden on employers, who will face pressure to cut back on benefits and full-time employees.”

The rule also allows for bonuses to only add up to 10 percent of the cap, meaning that 90 percent of bonus salary will not be counted toward the threshold.

Overtime protections date back to 1938, when Franklin Roosevelt signed into law the Fair Labor Standards Act as part of the New Deal. The law federally mandated that hourly employees receive 1.5 times their usual pay for any hours they worked beyond a typical 40-hour workweek.

This law, however, exempted skilled and

management-level workers making substantially more than the average worker (over \$50,000 in 2014 dollars). The threshold was updated once in 1975 by the Ford administration and raised again, 29 years later, by the Bush administration to \$23,660.

In a statement announcing the rule, Obama said, “For generations, overtime protections have meant that an honest day’s work should get a fair day’s pay, and that’s helped American workers climb the ladder of success. That’s what middle-class economics are all about.”

He continued, “This is a step in the right direction to strengthen and secure the middle class by raising Americans’ wages. When workers have more income, they spend it—often at businesses in their local community—and that helps grow the economy for everyone.”

Obama’s attempt to present himself as a champion of the middle class insults the intelligence of the population. No president in US history has overseen such a large transfer of wealth from the poor to the rich than Obama. Between 2007 and 2013, a typical American household lost 40 percent of its wealth. The yearly income of an average household dropped by 12 percent, or \$6,400, in the same period. In January of this year, a survey found that 63 percent of Americans could not handle a \$500 unexpected bill. At the same time, as of 2015, the richest 20 Americans own more wealth than the entire bottom half of the country, 152 million people.

While Obama touts official unemployment figures as a sign that the US economy is on track, he intentionally leaves out the fact that between 2005 and 2015 the entirety of job growth could be accounted for by the increase in “alternative work arrangements”—i.e., part-time, temporary and other forms of contingent labor.

Without this, there would have been a net loss of 400,000 jobs in addition to population growth.

The reality is that there has been no recovery except for profits and stock prices, and Obama's attempt at slightly raising the total wages of a small portion of American workers is a drop in the bucket that will do nothing to reverse the bipartisan war against the working class.



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