

# More work, more pay? Rule extends overtime to millions

Associated Press

COLUMBUS, Ohio — More than 4 million U.S. workers will become newly eligible for overtime pay under rules issued Wednesday by the Obama administration.

The rule seeks to bolster overtime protections that have been eroded in recent decades by inflation. A diminishing proportion of workers have benefited from overtime regulations, which date to the 1930s and require employers to pay 1½ times a worker's wage for work that exceeds 40 hours a week.

Vice President Joe Biden announced the changes at Jeni's Splendid Ice Creams in Columbus, Ohio.

Being overworked and underpaid is preventing middle-class Americans from improving themselves and from spending time enjoying their lives and families, Biden said.

"You're deprived of your dignity when you know you're working much, much harder and much, much stronger than you're getting compensated for," he said.

In the fast-food and retail industries in particular, many employees are deemed managers, work long hours but are paid a flat salary that barely exceeds the income of the hourly workers they supervise who receive overtime pay.

Under the new rules, released in draft form last summer, the annual salary threshold at which companies can deny overtime pay will be doubled from \$23,660 to nearly \$47,500. That would make 4.2 million more salaried workers eligible for overtime pay. Hourly workers would continue to be mostly guaranteed overtime.

The White House estimates that the rule change will raise pay by \$1.2 billion a year over the next decade. Some employers, though, might choose to reduce their employees' additional hours to avoid paying



Vice President Joe Biden explains to a group of supporters new overtime rules on Wednesday in Columbus, Ohio. More than 4 million U.S. workers will become newly eligible for overtime pay under rules issued Wednesday by the Obama administration. The rule seeks to bolster overtime protections that have been eroded in recent decades by inflation.

Chris Russell/The Columbus Dispatch via AP

overtime, thereby making the workers' schedules more consistent. "Either way, the worker wins," Biden told reporters Tuesday.

Business groups, however, argued that the changes will increase paperwork and scheduling burdens for small companies and force many businesses to convert salaried workers to hourly ones to more closely track working time. Many employees will see that as a step down, they said.

"With the stroke of a pen, the Labor Department is demoting millions of workers," David French, a senior vice president for the National Retail Federation, said. "Most of the people impacted by this change will not see any additional pay."

The overtime threshold was last updated in 2004 and now covers just 7 percent of full-time salaried workers, administration officials said — down from 62 percent in 1975.

The higher threshold, to take effect Dec. 1, will lift that ratio back to 35 percent, Labor Secretary Tom Perez said. Perez has spearheaded the administration's effort and has worked on formulating the rule for the past two years.

The new rule is intended to boost earnings for middle- and lower-income workers, Perez said, which have been stagnant since the late 1990s. Overtime pay hasn't received as much attention as nationwide efforts to increase the minimum wage, but it could have a

broad impact.

"This, in essence, is a minimum wage increase for the middle class," Judy Conti, federal advocacy coordinator for the National Employment Law Project, an advocacy group, said.

Workers making more than \$47,500 may still be eligible for overtime pay, unless they perform management, supervisory or professional functions — the so-called "white collar" duties test.

The liberal Economic Policy Institute estimates that 4.9 million people will become newly eligible for overtime, slightly more than the government's figure, and that an additional 7.6 million will benefit because they have previously been denied overtime pay as white collar

workers. Yet with salaries below the new threshold, they will now have a stronger claim to overtime pay.

Overtime has become a sore point for many managers, assistant managers, and management trainees in the fast food and retail industries.

Despite their titles, they have complained in lawsuits against such chains as Chipotle and Dollar General that they spend most of 50- or 60-hour workweeks staffing cash registers, mopping floors, or performing other tasks typical of regular employees. Yet they don't get paid time and a half when they clock more than 40 hours in a week.

The retail federation warns that many of the affected workers will have their hours reduced to below 40 hours a week. Others might receive overtime pay but would have their base wages reduced so their overall income would remain the same.

Tammy McCutchen, a lawyer who represents employers, contended that that workers converted to hourly pay from salaried status will likely have less flexible schedules.

An hourly worker "who takes an afternoon off to attend a parent-teacher conference will not be paid for that time, but an employee (who is exempt from overtime) will be paid her full guaranteed salary," McCutchen said in congressional testimony last week.

Joe Kukla, general manager of the 501 Bar and Grill in Flint, Michigan, said he has mixed feelings about the new overtime rule. It benefits him personally, but will also "hurt the business." Kukla, speaking from behind the bar, predicted 501 will be forced to raise its food prices.

Perez said the administration took steps in the final rule to address business concerns: The threshold was lowered from the original proposal of \$50,440. Bonus payments can count toward the threshold.

## BRIEFLY

### Democrats, Sanders on the brink as campaign nears end

WASHINGTON (AP) — The awkward embrace between Bernie Sanders and the Democratic Party may be nearing a breaking point.

Leading Democrats are growing increasingly vocal in their concerns about the White House hopeful's continued candidacy, and if he and his legions of enthusiastic supporters ultimately will unite behind Hillary Clinton in a general election against Donald Trump.

For his part, Sanders has sharpened his critique of the party. He says it would be "sad and tragic" if Democrats don't stop relying on big money, and he is assailing Clinton for her dependence on wealthy donors. Clinton backers grumble that such comments can only help Republicans, belying Sanders' claims that he'll work tirelessly to ensure Trump doesn't end up the president.

The tone on both sides is worsening after last weekend's fracas at the Nevada Democratic Convention. Furious over rules they claimed favored Clinton, a group of Sanders supporters shouted obscenities, brandished chairs and threatened and harassed

the party chairwoman. And after Democratic officials including Senate Minority Leader Harry Reid of Nevada pressed Sanders to denounce the events, Sanders defiantly asserted that his supporters were treated unfairly.

The tenor of the Sanders' statement disturbed Democratic leaders. They're worried that as the primary process nears its end, Sanders may resist the graceful exit that Democrats expect of him and instead heed advisers and supporters pressing him to maintain the fight, perhaps all the way to the Democratic convention in Philadelphia in July.

### Trump unveils list of potential picks for Supreme Court

WASHINGTON (AP) — Presumptive Republican presidential nominee Donald Trump on Wednesday released a list of 11 potential picks to replace Antonin Scalia on the U.S. Supreme Court, a mix of federal and state judges that appeared tailored to win over conservatives still skeptical of his candidacy.

The decision to release such a list is highly unusual for a presidential candidate, and comes as Trump is working to unite a Republican Party fractured by his candidacy and assuage still-skeptical

establishment Republicans who question his ability to win a general election.

"I have a lot of people that are conservative that really like me, love everything I stand for, but they really would like to know my view," Trump said Wednesday in an interview with Fox News, "because perhaps outside of the defense of our country, perhaps the single most important thing the next president is going to have to do is pick Supreme Court justices."

The list, which featured several prominent names floated repeatedly on conservative wish lists to replace Scalia, won immediate praise from those Trump is trying to win over.

"This list ought to be encouraging to anyone who prioritizes the rule of law, and I congratulate Mr. Trump on making a very significant policy statement about his desire to prioritize the future of the Supreme Court," said Carrie Severino of the Judicial Crisis Network, a group leading the opposition to President Barack's Obama's pick to replace Scalia, Merrick Garland.

Senate Judiciary Committee Chairman Chuck Grassley, a Republican who has refused to hold a hearing to consider Garland's appointment to the high court, said Trump has "laid out an impressive list of

highly qualified jurists."

### Foreign hackers spying on campaigns

WASHINGTON (AP) — The United States sees evidence of hackers, possibly working for foreign governments, snooping on the presidential candidates, the nation's intelligence

chief said Wednesday. Government officials are assisting the campaigns to tighten security as the race for the White House intensifies.

The activity follows the pattern set in the last two presidential elections. Hacking was rampant in 2008, according to U.S. intelligence officials, and both President Barack Obama and Mitt Romney

were targets of Chinese cyberattacks four years later. Nevertheless, cyber experts say Donald Trump and Hillary Clinton's campaign networks aren't secure enough to eliminate the risk.

"We've already had some indications" of hacking, James Clapper, director of national intelligence, said Wednesday at the Bipartisan Policy Center in Washington.

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