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MailOnline

Now Obama takes aim at overtime: President plans executive order forcing companies to pay more workers time-and-a-half

- **The president will order the Labor Department to increase the salary threshold below which companies must pay workers extra for overtime**
- **The bar was last raised in 2004 during the George W. Bush administration, but has lagged far behind inflation**
- **If the White House restored the level to what it was worth in 1975, everyone earning less than \$58,000 per year would qualify for overtime pay**
- **'There's no free lunch,' one analyst told the NY Times, warning that employers could cut some jobs to pay for the rising cost of others**

By [David Martosko, U.s. Political Editor](#)

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Barack Obama is set to order the U.S. Department of Labor to tighten regulations that allow some companies to skirt overtime laws by declaring employees' jobs are 'executive' or 'professional' in nature.

The president will do it by raising the earning threshold that salaried workers must reach before they can be asked to work longer hours without time-and-a-half compensation.

It has been ten years since President George W. Bush last raised that threshold, from \$250 per week to \$455. But the increase failed to keep up with inflation, making the smaller number worth more in today's dollars than the larger one.

And any move to adjust it upward again could cost jobs as employers scramble to write bigger paychecks with the same amount of money in human-resources budgets.



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President Barack Obama is pushing for higher wages across the board -- including a new federal minimum wage -- and shopped at a GAP store in New York to highlight the company's wage-hiking efforts



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Obama is expected to sign an executive order on Thursday that would direct the Labor Department to raise the salary threshold above which companies can avoid paying overtime wages

'Due to years of neglect, one of the linchpins of the middle class, the overtime rules that establish the 40-hour workweek, have been eroded,' a White House official said Wednesday.

'As a result, millions of salaried workers have been left without the protections of overtime or sometimes even the minimum wage. For example, a convenience store manager or a fast food shift supervisor or an office worker may be expected to work 50 or 60 hours a week or more, making barely enough to keep a family out of poverty, and not receive a dime of overtime pay.'

By shifting the overtime minimum-earning goalposts again, Democrats hope to identify another pocketbook issue that will encourage middle-class workers to vote for them in November.

It also indicates that the White House is prepared to sacrifice long-term jobs in order to appease the remaining employed low-income voting bloc in the short term.

That's because employers who must suddenly pay overtime rates for many employees will still have to work within the restrictions of their human resources budgets.

One way to work around the problem will be for companies to lay off workers who earn more than the new threshold and replace them with lower-paid, lower-skilled employees.

Another way might be to dismiss some workers and slow down future hiring increases so that capital can catch up with costs.

In order for the Obama administration to increase the threshold to what a \$250 weekly paycheck was worth in 1975, it would have to set the new minimum to \$1,122.58 – a \$28-per-hour rate equal to an annual salary of \$58,374.

The liberal Economic Policy Institute has proposed an increase to \$984 a week, about 50,000 per year. That number would increase take-home pay for between 5 and 10 million people.



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Labor Secretary Thomas Perez (far L), who will be in charge of setting the new overtime-wage qualification threshold, has been part of Obama's speaking tour to push a nationwide minimum-wage hike

But it's unlikely the new bar will be set that high when the Labor Department issues draft regulations. Obama's move, expected Thursday, will merely start the process.

California's and New York's governments recently re-set their thresholds at \$640 and \$600 per week, respectively.

'We need to fix the system so folks working hard are getting compensated fairly,' Cecilia Muñoz, the White House Domestic Policy Council director, told [The New York Times](#). 'That's why we are jump-starting this effort.'

But Cato Institute senior fellow Daniel Mitchell countered that '[t]here's no such thing as a free lunch.'

'If they push through something to make a certain class of workers more expensive, something will happen to adjust.'



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[cheluzal](#), Tampa, moments ago

If people can't see what is happening, they suck. They want us all starving and relying on them before they pull the rug to eliminate us. Teachers near retiring are getting bad evals and forced out to get newer teachers with little to no experience--high turnover.

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[Bruce](#), Chicago, United States, 40 minutes ago

This is how Leftists and Leftist leaders think...you just decide to increase overtime, no matter what the unintended consequences. Businesses will NOT absorb all this, so there will be less hiring and more layoffs. ...and then Obama will complain about the 'greedy' businesses. I am waiting for the law that forbids the oceans from rising. Didn't he promise that too?

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[Lisa](#), Albuquerque, 44 minutes ago

So he mandates insurance that causes hours to be cut back. Then he mandates an overtime wage for those times when an employer can actually give extra hours? Sure is hard to make those ivy tower theories work in the real world eh, Barry?

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[SUNSHINE](#), Beckendualdenhauf, Bouvet Island, 58 minutes ago

Just like Obamacare, this is just going to lead to more layoffs & downsizing of companies, to compensate for the higher salaries to cover the mandates.

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[jr23](#), cape coral fl usa, 1 hour ago

and the fed will continue to devalue the dollar so we will be no better off and probably get pushed into a higher tax bracket

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[dartleyk](#), austerlitz, United States, 1 hour ago

yet another job killer; blue collar OT is there already because it's hourly; white collar is often annual salary, and in some places 40 hrs a week is okay and in others it's work until your project is done- 60 or more; forcing companies to pay often those people like blue collar will have an inevitable effect; to control spiraling costs companies will let some of them go

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[America In Decline](#), Ft. Worth, United States, 1 hour ago

This Executive Order Strategy, is basically the end of the rule of law, and ushers in the rule of personal fiat...tyranny. It's so toxic, it even keeps away the usual trolls jumping on this thread, who tirelessly have been carrying Obozo's agenda...you know who you are.

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[Heliflyer](#), Greensboro NC, 2 hours ago

When the government controls prices, whether housing, rent, gas, or labor, disaster is assured.

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[rb](#), tampa USA, 2 hours ago

Let me get this straight. He wakes up one morning with a bug up his ass and decides to decree a pay raise. Sorry Dauphin, we ain't listening

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[America In Decline](#), Ft. Worth, United States, 2 hours ago

Ah, the continuing Democrat "War on Small Businesses" and more intended unemployment for America. Obama's executive overreach is his own downfall. Can't come soon enough.

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