

**July 2016:**

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On May 18<sup>th</sup> the Department of Labor's anticipated final rule regarding overtime was published in the Federal Register. Unfortunately, the final rule reclassifies employees earning less than \$47,476 annually and not eligible for overtime compensation as non-exempt employees eligible for overtime. This regulation raises the salary threshold slightly more than 100% from its current level of \$23,660. However, businesses have until December 1<sup>st</sup>, 2016, to comply and implement this rule.

There are also two elements of the final rule that are more favorable to businesses than had been in the proposed rule: (1) particularly the salary threshold in the final rule is approximately \$3,000 lower than in the proposed rule and (2) the expected compliance date of July 2016 was pushed to December 2016, now giving businesses six months to prepare.

In addition, the DOL did not make any changes to the exempt duties test, leaving the requirement that white-collar exempt employees have exempt work as their "primary" or main duties.

Our Chamber members have been quite concerned and vocal to our legislators due to the increased costs and negative consequences for employers. Our chamber continues to support efforts to overturn the final rule including HR 4773, the "Protecting Workplace Advancement and Opportunity Act." Also, under the Congressional Review Act, the House and Senate may challenge the rule through a joint resolution of disapproval; however, the challenge lies in President Obama's ability to veto this effort.

Finally, as we gear up for the next administration and next session of Congress, there is the potential for the new administration to review and overturn the rule. While we hope and are optimistic that these efforts will be successful, we still encourage our Lehigh Valley businesses to begin to prepare sooner rather than later to comply with this new regulation.