

Uh-oh . . .
Only ~~90~~⁸² Days Left!

Figuring out Impact of New White Collar Regs

Atlanta Area Compensation Association Webinar
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PARKER HUDSON
RAINER & DOBBS



All We Have to Do Today

- ◆ **Aaahhh! What does this mean?**
- ◆ **So, what do I do?**
- ◆ **What if there is no way this can be done in time?**
- ◆ **Questions?**

Aaahhh!

What Does This Mean?

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Stop Screaming!

- ◆ **Breathe.**
- ◆ **This change is not nearly as comprehensive or as laborious as it sometimes sounds.**

Really . . . No more screaming

- ◆ Many of you mostly hire nonexempt, hourly employees. These changes do not apply to them.
- ◆ Some of you have large independent contractor labor forces. These changes do not apply to them.

Really . . . No more screaming

- ◆ And, if your employees make over \$48,000 per year and have already been deemed exempt based on their duties, these changes do not apply to them.

Really . . . No more screaming

- ◆ So, we are down to what . . . Three, five folks?
- ◆ You got this!

The Rules

◆ Fair Labor Standards Act

- General rule is to pay employees time and a half for every hour worked over 40 in any workweek.
- Exceptions and Exemptions

The Rules

◆ Fair Labor Standards Act

- **White-Collar Exemptions:**
 - Each exemption has a duties test
 - Most exempt employees must also meet the salary basis test

The Rules

Before

- \$455 per week, or \$23,660 per year
- \$100,000 for highly compensated employees

Effective Dec. 1, 2016

- \$913 per week, or \$47,476 per year
- \$134,000 for highly compensated employees

The Rules

- ◆ **Other related changes**
 - **Automatic updates to salary threshold every 3 years (1st on 1/1/2020)**
 - **Limited use of bonuses**

What do I have to do?

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What do I have to do?

- ◆ **Step 1: Understand employee makeup:**
 - ◆ How many employees do I have?
 - ◆ How many employees do I have who get paid hourly?
 - ◆ How many are on salary? Do they get paid overtime?
 - ◆ If they are on salary and **are not paid overtime**, how many currently make less than \$47,476 per year or \$913 per week?

What do I have to do?

- ◆ **Step 2: Understand what these salaried, non-OT employees are doing?**
 - ◆ Review their job descriptions (or ask someone!)
 - ◆ Need to make sure that they are exempt from overtime (this is not new!)
 - ◆ Do these employees ever work over 40 hours per week?

What do I have to do?

- ◆ **Step 3: Decide what to do with these underpaid, exempt employees:**
 - ◆ Keep them exempt by raising their salaries to the new minimum (increase every 3 years)
 - OR --
 - ◆ Reclassify them as nonexempt
 - ◆ Start tracking time; don't authorize overtime
 - ◆ Adjust hourly rate down to account for likely OT
 - ◆ Move some duties around or add personnel

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What do I have to do?

- ◆ **Step 4: Communicate this plan immediately!**
 - ◆ **Lessen confusion**
 - ◆ **Keep changes as simple as possible**
 - ◆ **Make clear that reclassifications are not necessarily “demotions”**
 - ◆ **Train formerly exempt employees on importance of tracking time**
 - ◆ **Discipline employees not tracking time—still have to pay the OT, even when unauthorized**

Not Enough Time?

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Desperate Measures

- ◆ **Make everyone nonexempt**
- ◆ **Track everyone's time**
- ◆ **Don't authorize any overtime**
- ◆ **You can fix the rest later**

Questions?

- ◆ **When?**
 - ◆ December 1, 2016
- ◆ **Where?**
 - ◆ Everywhere, including your workplace
- ◆ **How?**
 - ◆ Department of Labor has agency power to revise its own regulations after posting for notice and comment
- ◆ **Why?**
 - ◆ Because ‘Murica.

Trish Treadwell

Employment Counseling
and Litigation Partner

404.420.5578

ttreadwell@phrd.com

PARKER HUDSON

RAINER & DOBBS

