

VIEWPOINT

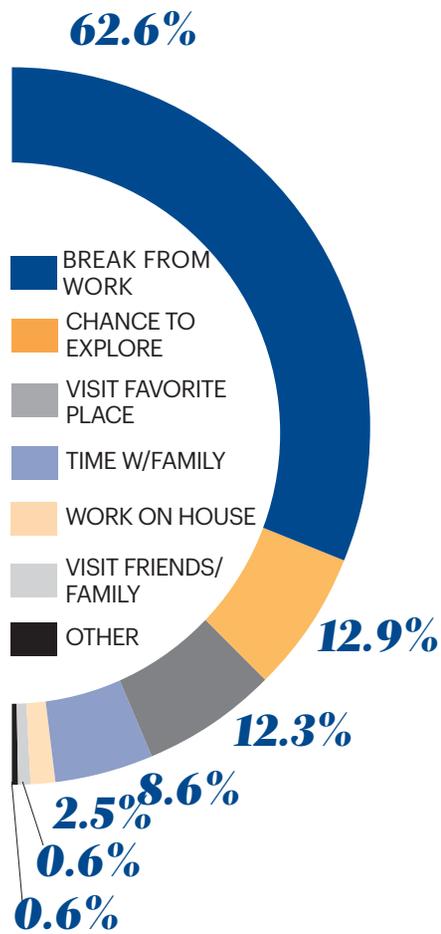
Triad Business Journal welcomes letters to the editor

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100 S. Elm St. Suite 400, Greensboro, NC 27401
msutter@bizjournals.com

► BUSINESS PULSE SURVEY

WE ASKED

WHAT'S THE BEST THING ABOUT TAKING A VACATION WEEK?



THIS WEEK'S QUESTION

WOULD YOU SUPPORT LEGISLATION THAT WOULD ALLOW THE USE OF MEDICAL MARIJUANA IN N.C.?

POINT OF VIEW

Changes to Fed overtime thresholds are long overdue

Last week the federal government issued a new rule that increases the number of workers who must be paid overtime when they work more than 40 hours per week. Salaried workers who earn more than a minimum threshold are exempt from overtime. The new rule, which will go into effect on Dec. 1 of this year, raises the threshold.

All hourly workers have overtime protections already, and that isn't changed by the new rule.

For years, employers have been allowed not to pay overtime to professionals and managers, and that makes sense. The concept of overtime doesn't apply to the people at or near the top, who are making the big decisions. But how far down the organizational ladder do professionals go?

The salary threshold prevents employers from abusing the exemption by defining too many of their workers as professionals.

The salary threshold was last changed in 2004, when it was set at \$455 per week, or \$23,660 annually. The new rule roughly doubles that, to \$47,476 per year. And it provides for increases every three years from now on, in order to keep up with inflation.

Inflation is one of the reasons for the new rule. Since 2004, prices overall have risen by 25 percent. But the more important goal is to restore overtime pay as a bulwark of working- and middle-class incomes. The old threshold of \$23,660 is about equal to the



Andrew Brod is a senior research fellow in UNCG's Center for Business and Economic Research and a member of The Business Journal's Editorial Board of Contributors. Reach him at 336-707-6439 or AndrewBrod@uncg.edu. An archive of his columns is available at <http://cber.uncg.edu>.

federal poverty threshold for a family of four. If not for the rule change, the only salaried workers subject to the overtime rule would be those under the poverty line.

The new rule won't affect many workers. All hourly workers are unaffected, as are salaried workers earning less than \$23,660 or more than \$47,476. The federal government estimates that 4.2 million salaried workers (156,000 of them in North Carolina) fall in between those two figures and will now have overtime protection. The left-leaning Economic Policy Institute (EPI) puts that number at 12.5 million. But not all of those employees work overtime.

What effect will the new rule have? Some employers will get more out of their lower-paid salaried workers and make sure they stay under 40 hours.

Some will raise salaries near the new threshold to just above it. Some will start paying overtime to the newly covered workers. And others will hire new employees.

The new rule will put more money in workers' pockets, and in this respect, it mirrors attempts to increase the minimum wage. It too will be a transfer from employers to employees, and the macroeconomic effect will be more spending. At a time when our biggest economic impediment is paltry consumer spending, this will create jobs.

How many jobs? Organizations as diverse as the National Retail Federation, Goldman Sachs, and EPI project a net gain of at least 120,000 jobs. That's not huge, given that U.S. payroll employment is about 144 million. But it also implies that the costs to employers will be manageable.

The new rule is a statement by the Obama administration that government has a role in supporting incomes. Obviously, not everyone agrees with this. But for years, while the minimum wage and overtime salary threshold were allowed to decline in real terms, wages languished.

No one believes that these rule changes will reverse that trend all by themselves. But there's a growing sense that government can't be left out of the equation. In that respect, this rule change doesn't break new ground, but rather restores something from the past.

► GAINERS & LOSERS



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▲ GOVERNOR HUNT

Helen, not Jim, that is. Actress Helen Hunt will play the Governor of North Carolina in an upcoming television series. "Shots Fired," which has filmed some scenes near Charlotte, will be shown on the Fox television network beginning sometime in 2017.



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▼ SPORTS AUTHORITY

The once-mighty sporting goods chain that filed for bankruptcy protection in March now plans to close all its 450 remaining stores, where going-out-of-business sales started this week. You'll have to go to Virginia to get a deal though: The chain has already closed all its Triad and North Carolina stores.



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▲ DIVERSE LEADERSHIP

Diversity is still lacking in many corporate C-suites, but with the naming of Dr. Laura Gerald to lead the Kate B. Reynolds Charitable Trust, coupled with the earlier appointment of Mo Green as executive director of the Z. Smith Reynolds Foundation, the Triad's two largest foundations are led by African-Americans.



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▼ N.C. WAGES

Though there have been some recent gains, the median income in the state remains nearly 6 percent below pre-recession levels, according to a new report from the U.S. Congress Joint Economic Committee.