



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 27, 2016
(House Rules)

STATEMENT OF ADMINISTRATION POLICY
H.R. 6094 – Regulatory Relief for Small Businesses, Schools, and Nonprofits Act
(Rep. Walberg, R-MI, and 69 cosponsors)

The Administration strongly opposes H.R. 6094, which would delay implementation of the Department of Labor's overtime rule until the middle of next year, endangering a critical step toward promoting higher pay and undermining efforts to allow workers to better balance their work and family obligations.

Since its creation, the 40-hour workweek has served as a cornerstone of the middle class. Yet over the past several decades, overtime protections have eroded as a result of inflation and lobbyists' efforts to weaken them. Today, only seven percent of full-time salaried workers qualify for overtime based on their pay, down sharply from 62 percent in 1975. This means that more and more low- and middle-income workers are being forced to work extra hours without being paid for them. Despite strong income growth in the last year, most American families have been squeezed by stagnant earnings during this period, and the lack of overtime protections only has put them at a further disadvantage.

The Department issued its new overtime regulation in May and the new rule is set to go into effect on December 1, 2016. The final rule raises the salary threshold, from \$23,660 to \$47,476 a year, under which most salaried workers are guaranteed overtime. In doing so, it will extend overtime protections to 4.2 million additional Americans who are not currently eligible for overtime under Federal law, boosting workers' wages by \$12 billion over the next decade. The rule also will automatically update the salary threshold every three years, to ensure that it does not erode again and to make it harder for employers to misclassify workers to avoid paying the overtime pay they have earned.

The final rule reflects input from hundreds of thousands of public comments and extensive stakeholder meetings with employers, business associations, small businesses, workers, advocates, nonprofit organizations, educational institutions, and state and local governments. The rule provides more than six months for employers to prepare for implementation, more time than was allowed when the rule was last updated with a comparable increase in the salary threshold. Additionally, many employers, including nonprofits, institutions of higher education, and small businesses, are already taking steps to come into compliance. This bill would be disruptive to their efforts and create new uncertainty for employers.

While this bill seeks to delay implementation, the real goal is clear—delay and then deny overtime pay to workers. With a strong economy and labor market, now is a good time for employers to provide these essential protections for workers, who cannot afford to wait.

If the President were presented with H.R. 6094, he would veto the bill.

* * * * *