

# 4 Options

## for Addressing the Final Overtime Mandates



The U.S. Department of Labor finally issued its new final rule determining which employees can be exempt from the law requiring overtime pay. The new rule, which takes effect Jan. 1, 2020, is expected to make 1.3 million more workers eligible to collect overtime pay of one-and-a-half times their regular rate. As Jan. 1 approaches, business leaders and HR professionals across the country are scrambling to ensure their practices are up-to-date and compliant. Below are 4 strategies to help your organization comply with the overtime mandates and avoid potential legal issues and/or fines.

### OPTION 1

#### Increase Employees' Salaries to Above \$35,568

**Risks:** Could cause salary compression and result in higher-than-expected fix expenses as compensation must be aligned up the ladder.

**Opportunities:** Could improve morale by giving additional compensation, and retention of exempt status. Saves employer time by eliminating the need to track, record, and report hours worked.



### OPTION 2

#### Reclassify Positions that Pay Between \$23,360-\$35,568 from Exempt to Nonexempt



**Risks:** Increases the costs for employers. Could create liability for employer if they fail to track, record, and report all hours worked. Could damage morale as previously exempt positions may carry less flexibility and offer fewer benefits.

**Opportunities:** Could actually improve morale by giving additional time-and-a-half compensation. Promotes the concept that all employees are paid when required to spend time away from family and other non-working activities.

#### Reduce or Eliminate Overtime Hours; Hire Extra Workers

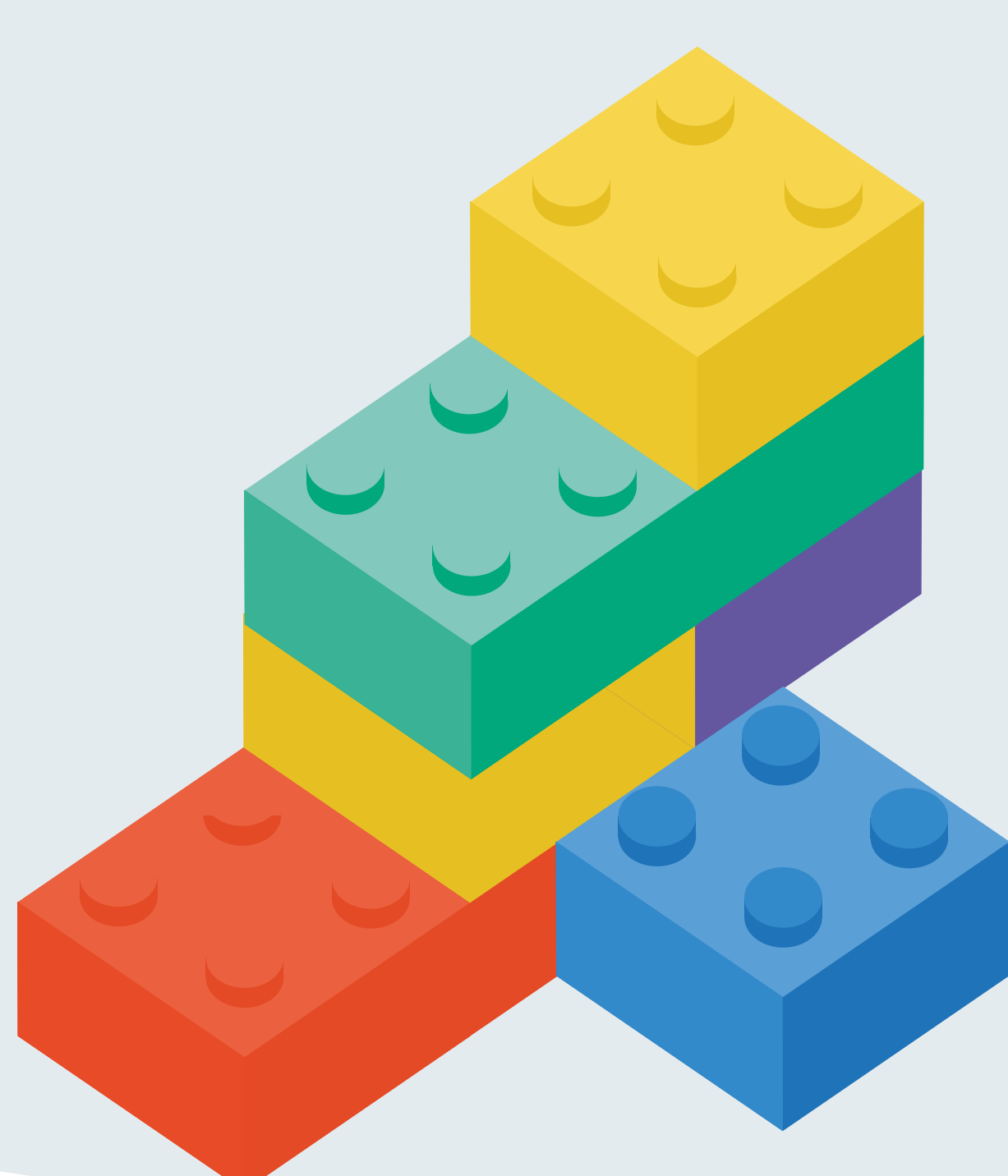
**Risks:** Could lead to loss of productivity. May require training for supervisors of newly non-exempt workers. Could damage morale as previously exempt positions may carry less responsibility, flexibility and offer fewer benefits. Could create liability if employer bans overtime hours but employees work them anyway (Employer must still pay the overtime, but discipline employees).

**Opportunities:** Creates opportunity to reclassify jobs and retool job descriptions and responsibilities. Offers a chance to be more creative and resourceful in how work gets done. Minimizes employer costs so part-time help can be added.



### OPTION 4

#### Restructure the Workforce or Particular Jobs



**Risks:** Could prompt employee concerns about equity and fairness. May require training for supervisors of newly non-exempt workers.

**Opportunities:** Creates opportunity to reclassify jobs and retool job descriptions and responsibilities. Offers a chance to be more creative and resourceful in how work gets done.

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