

Get Prepared for the New Overtime Rule

On May 18, 2016, the publication of the Department of Labor's final rule updating the overtime regulations was announced. **The rule raises the salary threshold at which white-collar workers are exempt from overtime pay from \$23,660 to \$47,476 annually, or from \$455 to \$913 per week.**

These workers include executive, administrative, professional and outside sales employees. To qualify for exemption, employees generally must meet certain tests regarding their job duties and be paid on a salary basis at not less than \$455 (currently) per week.

The effective date of the final rule is December 1, 2016. The initial increases to the standard salary level will be effective on that date. Future automatic updates to this threshold will occur every three years, beginning on January 1, 2020.

In preparation for potential impacts the overtime rule may have, here are five workflow recommendations you, as a business owner, should consider:

1. Review and identify employees.

Certain employees may not be impacted by the changes, but it is important to review and confirm employees who are currently classified as exempt from the overtime protections meet the duties test for their exemption. Review your payroll and identify exempt employees with current salaries below or very close to the new proposed salary thresholds for executive, professional and administrative white collar exemptions.

2. Determine which positions will transition to non-exempt status.

Once you have confirmed the exempt status of employees most likely to be impacted by the rule, you will need to decide, by position, how to proceed. Employers have two options: increase the salary level to maintain exempt status, or transition the position to non-exempt status.

If you choose to transition positions to a non-exempt status, you will need to determine the basis for pay (hourly or salaried) and ensure they meet the minimum wage requirement for the number of hours the employee is expected to work. You should also consider whether overtime will be necessary and permitted. Keep in mind: consistency within each position can be crucial to mitigating exposure to discrimination lawsuits.

3. Update timekeeping policies.

Updating recordkeeping requirements and procedures can be critical to ensure full compliance with the Fair Labor Standards Act and applicable state wage and hour laws. If you do have employees who you will transition from exempt to non-exempt status, you will need to begin tracking all time worked for these employees, including overtime hours. Review your time-tracking methods and evaluate the need for more automation. Should the new

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rule significantly impact the number of employees who need to track their hours worked, an alternative method of tracking, such as time and attendance software, may better suit your needs.

You should also establish clear, written employee policies for recording time worked and overtime. These should include the procedure for recording time, what is considered time worked, how overtime is approved and by whom, and the potential disciplinary action for failing to follow the company's policy. This information should be distributed to all employees and published in an employee handbook.

4. Develop training procedures.

Once recordkeeping and overtime policies have been updated, educate your staff on the company timekeeping and overtime approval procedures. This should be done for supervisors, managers and newly impacted employees. Also, consider a refresher for current non-exempt employees to ensure the policy is consistently applied. Deliver this training as soon as possible, with supervisors performing regular audits of time records.

5. Create and execute a communications plan.

Develop a communications plan for announcing the changes internally. The plan should introduce the procedures for reporting hours worked, as well as when and where you will communicate the change to supervisors, managers and employees. One option is to speak first with managers and supervisors, and then to impacted employees individually. Or, discussing the changes in job classifications or time-tracking procedures with the entire staff might be more appropriate. However you decide to do it, be sure that your overall message is consistent to reduce confusion and potential compliance issues in the future.

From 1925: Reflections on 60 Years of Medical Progress

(Wisconsin Medical Society) In 1925, Charles S. Sheldon, M.D., of Madison, who was then 83 years old, shared his perspectives on the advancement of medicine over the previous 60 years.

Commenting on the sharp contrast of the medical profession from 1865 to 1925, Dr. Sheldon, who had served as secretary and then president of the Wisconsin Medical Society, said the 19th Century physician had no medical aids for treating and diagnosing diseases—only his wits. The microscope might have been in use back then, but it “was only a toy for the curious.”

“Surgery, in the modern sense, did not exist,” Dr. Sheldon said. “With no knowledge of asepsis (prevention of infection), the cranial and abdominal cavities were sacred precincts, never to be rashly invaded except at the risk of life itself.

“We hardly knew the appendix existed and we called appendicitis ‘peri-cecal abscess’ and ‘inflammation of the bowels,’ he continued. “As to the teeth and the tonsils and several other features of the anatomy, we knew that we had them and that was about all. We had no trained nurses nor training schools for nurses, no laboratories, no specialists except in large cities and, of course, no modern clinics.”

However, “tremendous progress” was made in pathology, diagnosis and surgery; the discovery of bacteriology alone revolutionized medicine, according to Dr. Sheldon. And unlike their 19th Century counterparts, physicians in 1925 had the X-ray machine; antitoxins for diphtheria, rabies and tetanus; control over typhoid, yellow and scarlet fever and syphilis; better equipped hospitals and laboratories and more rational notions about the nature of disease. But as much as this helps the physician, he said, Dr. Sheldon also cautioned his colleagues to guard against complacency.

“If we depend too wholly upon our machinery is there not danger of a mechanical—a machine-like profession?” he said. “For machinery cannot and must not take the place of our minds.”