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**Department of Labor's Overtime Rules will Unintentionally Harm Employees**

*By David Chavern, president & CEO, NAA*

In June, the Department of Labor (DOL) proposed increasing the salaries test used to determine if an employee is eligible for overtime from the current threshold of $23,660 to $50,440 annually. This means that employees – such as managers, supervisors and other professionals who are exempt under the Federal Labor Standards Act – would need their annual salaries elevated to $50,440 or be treated as hourly employees that are eligible for overtime. This proposal, which more than doubles the current standard, would set the salary threshold at a level that is nearly $10,000 and $15,000 higher than what is mandated by the state laws in California and New York – states where the cost-of-living is relatively high compared to the rest of the country. What works in New York City or San Francisco doesn't necessarily work in Rapid City, South Dakota or Ames, Iowa. Let me be clear, the current salaries test – which hasn’t changed since 2004 – should be increased. But, addressing a decade of inaction with an immediate 113 percent increase in the salary threshold will result in unintended consequences that will ultimately hurt current employees.

A recent survey of NAA member newspapers found that the newspaper industry would have to spend more than $130 million annually to raise the salaries of exempt employees. Such a drastic and sudden increase in the salary threshold also would significantly and unfavorably impact our local retail advertising customers. According to the National Retail Federation, retailers would experience a $745 million impact with more than two million employees affected. Given the well-documented financial challenges of our industry, many newspapers will not be able to meet the new standard. According to the NAA survey, most newspapers said that they would either have to replace full-time employees with those working part-time or convert current exempt employees to an hourly wage.

The unintended consequence of the proposed rule is that employees would see a reduction in benefits and workplace flexibility and would be required to fill out timesheets to track hours. This is particularly challenging for journalists and editors who need flexibility to cover news stories in their communities that are not constrained by timetables. News happens when it happens. If this proposal becomes a reality, it would reduce the journalistic resources needed to keep local communities informed.

A change to current salary threshold is welcomed and supported if it can, in fact, sustainably meet the needs of both the employees and businesses. A final rule that is reasonable and phased-in will actually meet the objective of this effort – encourage businesses to raise salary levels for exempt employees. But a rule that goes too far, too fast, will simply force businesses to restructure operations to avoid unsustainable costs. This will hurt existing employees. The proposal is currently being reviewed by the Office of Management and Budget. Congress should urge the OMB and the Obama Administration to recalibrate this rule into one that is practicable, particularly in light of continued headwinds in our nation’s economy.