Katie Poehling

GERHARDS
THE KITCHEN & BATH STORE

KOHLER.
Signature Store

Three Options

1. Raise Salary
2. Pay Overtime Premium
3. Limit Employees to 40 Hours

Pros & Cons in Retail Setting

Pros

+Raise salaries across the board

+Allow more free time

+Hire more workers to complete the work

+Improved morale

Cons

-Reduce base pay leaving pay unchanged

-Reduce hours to avoid overtime pay

-Increase administrative burden of compliance and "clock punchers"

-Decreased morale in move from salary exempted to hourly

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THE HIDDEN COST OF OVERTIME EXPANSION

The U.S. Department of Labor has proposed changing the rules that govern overtime wages. The proposed increase of the overtime exemption threshold to $970 a week from the current $455 is likely to **reduce job-advancement opportunities** for workers, increase the use of part-time workers, **cut the hours of full-time workers** and **increase the overall costs** of doing business.

A study by Oxford Economics conducted with the threshold of $970 in 2016:

2,189,600 **retail and restaurant workers would be affected**

32% would be **converted to hourly** from exempt salaried

21% would earn about $11,600 more in overtime pay on average; however, employers would lower base wages so **workers will not see any real income gain**

11% would have their **hours reduced**, a loss of $2.32 billion to management/supervisory workers

5% would have their salaries raised though overtime, but would see an equal **reduction in their bonuses and benefits**

117,100 **part-time workers would be hired** to fill the labor needs of businesses

$745 million **cost for retail & restaurant businesses to comply** with new federal regulations

NRF NATIONAL RETAIL FEDERATION

Download the full study at nrf.com/overtimestudy

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Three Exceptions to the Regulation

1. Retail Exception
2. Outside Sales Exception
3. Highly Compensated Employee (HCE) Exception

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Action Plan

1. Evaluate Current and Projected Employment Needs

   Time Frame : 60 Days

2. HR & Operations Workshop

   Time Frame : Four Hour Session

3. Employee Roll-Out

   Time Frame : 60 - 90 Days

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