

**As Summarized for Members of the
Partnership to Protect Workplace Opportunity (PPWO)**

Overtime Reform and Review Act

- Modified version of the House Democrats' bill (H.R. 5813- Rep. Schrader).
- Slow the current rule's increase to 4 steps over a 5 year period.
- Create a "pause year" after the first, substantial increase so that the impact can be absorbed, reviewed and measured.
- Mandates a comprehensive GAO study after first increase.
- Exempts non-profit, Medicaid and Medicare dependent providers and state and local governments after the first 2016 increase unless Administration certifies that the increase did not increase part-time work, or negatively impact workplace flexibility, benefit structures, career advancement opportunity or job growth.
- Clarifies that the rule's automatic increases are not permitted under the FLSA.

Overtime Reform and Review Act
Section by Section

Section 1. Title

Section 2. Definitions

Section 3. Phase-in

- Sets four incremental salary threshold increases over a five-year period, eventually reaching the \$47,476 level from the final rule.

| Year | Previous Level | New Level | Percent Increase |
|-------------|-----------------------|------------------|-------------------------|
| 2016 | \$23,660.00 | \$35,984.00 | 52% |
| 2017 | | | NO INCREASE |
| 2018 | \$35,984.00 | \$39,780.00 | 11% |
| 2019 | \$39,780.00 | \$43,628.00 | 10% |
| 2020 | \$43,628.00 | \$47,476.00 | 9% |

- Creates a “pause year” after the first increase to provide the opportunity for employers to adjust to the first increase and allow the Government Accountability Office (GAO) time to review and measure the impact.
- Prohibits the 2018 increase from occurring for certain groups if GAO, Department of Labor (DOL), and Small Business Administration (SBA) Office of Advocacy fail to certify that the 2016 increase did not increase part-time work, or negatively impact workplace flexibility, benefit structures, career advancement opportunities, or job growth.
 - The groups include:
 - Non-profit organizations (including colleges and universities);
 - Medicare and Medicaid dependent providers; and
 - State and local governments.

Section 4. GAO Study

- During the “pause year” GAO will conduct a study of the 2016 salary threshold increase.
- GAO must take a look at the following in the study:
 - Number of affected small entities;
 - Impact based on regional, state, metropolitan, and non-metropolitan salary data and cost of living differences;

- Percentile of full-time salaried workers affected including disaggregation by:
 - State;
 - Industry subsector;
 - Small organizations;
 - Small governmental jurisdictions;
 - Non-profit organizations;
 - Non-profit schools, colleges, and universities;
 - Medicare or Medicaid dependent health care providers; and
 - Small businesses.
- Management and human resource costs for all employers;
- Impact on lower-wage industries, including by geographic area;
- All non-financial costs, including impact on employment, workplace flexibility, employee benefit structures, career advancement opportunity, new business formation and termination, and loss of market share to foreign competition; and
- Impact on the number of Americans who are “marginally attached” or “discouraged” as defined by the Bureau of Labor Statistics.
- After completing the study, GAO, DOL and the SBA Office of Advocacy must look at the impact of the 2016 salary threshold increase on:
 - part-time work;
 - workplace flexibility;
 - benefit structures;
 - career advancement opportunities; and
 - job growth.
- The study must be completed by March 1, 2018.

Section 5. Enforcement

- Makes clear that if the rule is in effect on the date of enactment of the act, the rule is not enforceable and there are no legal rights of action under the rule.

Section 6. FLSA Clarification

- Makes clear the FLSA does not give the administration authority to automatically increase the overtime threshold.

Section 7. Rule of Construction

- Includes a rule of construction that the Secretary of Labor may issue a new proposed rule to update the salary threshold after the final salary threshold increase.