
Regulatory Relief for Small Businesses, Schools, and Nonprofits Act

BACKGROUND

The *Fair Labor Standards Act* establishes important protections for America's workers. For example, certain workers are entitled to overtime pay, which is defined as time-and-one-half the employees' regular rate of pay for hours worked in excess of 40 hours a week. Workers who are exempt from overtime must be paid above a minimum salary threshold and perform certain duties. However, despite the importance of these protections, the regulatory structure implementing the law is overly complex, burdensome, and outdated. As a result, basic worker protections are often undermined and law-abiding employers are forced to confront costly litigation.

Republicans have repeatedly called for a responsible effort to modernize overtime rules. Nonprofits, small businesses, and colleges and universities nationwide have also urged the administration to pursue a balanced approach. Unfortunately, in May 2016, the Department of Labor finalized an extreme and partisan rule that does nothing to improve the existing regulatory maze. Instead, the rule doubles the salary threshold for overtime eligibility to \$47,476 per year and requires automatic adjustments every three years. To make matters worse, the department will implement the rule on December 1, 2016, providing workplaces, schools, and organizations across the country just six months to make significant changes. This rule will lead to more harm than good by:

- Stifling workplace flexibility by shifting employees into hourly status and requiring them to track their hours.
- Limiting upward mobility by forcing employers to eliminate entry-level management positions and reduce opportunities for career advancement.
- Hurting young Americans who will face higher college costs, and jeopardizing important services for individuals in need by increasing costs for nonprofit organizations.
- Creating new hurdles for small business owners who have limited resources to comply with this costly mandate and will continue to confront a complex regulatory scheme.

PROTECTING WORKERS, STUDENTS, SMALL BUSINESSES, AND VULNERABLE INDIVIDUALS

Rep. Tim Walberg (R-MI) introduced the *Regulatory Relief for Small Businesses, Schools, and Nonprofits Act* (H.R. 6094), legislation to require a six-month delay in the effective date of the Department of Labor's new overtime rule. To prevent the rule's harmful consequences, the department should withdraw the rule and work to modernize our nation's overtime rules without limiting upward mobility and imposing significant burdens on small businesses, nonprofits, and colleges and universities. However, since the department has refused to heed these concerns and plans to implement the rule on December 1, 2016, Congress must act. H.R. 6094 will provide small businesses, nonprofit organizations, and colleges and universities more time to prepare for dramatic changes, as well as mitigate the challenges facing students, workers, and vulnerable individuals.