

NEWS RELEASE

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October 17, 2016

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Chambers Issues 45-Day Alert for New Overtime Regulations

LUBBOCK, Texas – The Lubbock Chamber of Commerce held a news conference today with an important reminder about changes to Federal Labor Standards Act (FLSA) overtime regulations that go into effect on December 1, 2016. Employers have 45 days until new federal overtime rules go into effect unless a federal lawsuit to block the regulations can put a halt to them, but the Lubbock Chamber, who is one of more than 50 plaintiffs in the lawsuit, is urging Lubbock employers to plan for the rule change by or on December 1.

When the new regulations go into effect, currently salaried employees making less than \$47,476 per year will have to punch a clock and be paid time-and-a-half compensation if they work more than 40 hours a week. This new threshold more than doubles the current salary threshold level of \$23,660 and updates the threshold every three years. This higher salary threshold will mean many employers will have to reclassify some employees as hourly employees and pay them overtime as well as deploy time clocks or other time tracking tools and plan for the impact on their business models and services.

“We strongly encourage employers to take action if they have not already done so and begin planning for these changes to take place December 1 due to the drastic change it will bring to many workplaces,” said Beth Bridges, Lubbock Chamber of Commerce Chairwoman. “We continue to contend that the changes to the overtime regulations go much too far, much too quickly, and employers have been given a very short time to prepare for this December 1 deadline.”

The Chamber is part of a broad coalition of business groups in a legal challenge to block the U.S. Department of Labor’s new overtime regulations. The suit charges that, by setting an excessively high salary threshold for determining who qualifies as “executive, administrative and professional employees,” the rule departs from the intent established by Congress in the Fair Labor Standards Act and consistently administered by DOL for more than 75 years. Furthermore, DOL ignored regional and industry differences that have previously been acknowledged, resulting in a “one size fits none” salary threshold. The suit also argues that the provision to automatically update the salary threshold every three years without a rulemaking or



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taking input from affected parties is not authorized by the Fair Labor Standards Act or any other relevant statute.

“For many of our small businesses, and other employers including state and local governments, this will mean a disastrous financial hit, or reducing their ability to serve their customers. These new regulations will likely have a negative effect on workplace flexibility and employee morale. Reclassifying employees will mean they will lose the ability to set their own hours, and to work from home or use electronic technology to handle their work since that time will be compensable and tracking it will be virtually impossible. Many employees who have been reclassified consider it a demotion and resent the change. Even worse, some businesses have said that they will cut their workforce to meet the new regulatory demands,” Bridges said.

The Lubbock Chamber of Commerce represents over 2,000 businesses and over 79,000 employees on the South Plains which accounts for over \$2 billion in annual household earnings in Lubbock and West Texas. The Chamber has twice earned the distinguished 5-Star Accreditation from the U.S. Chamber of Commerce and is a two-time Chamber of the Year recognized by the Association of Chamber of Commerce Executives.

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