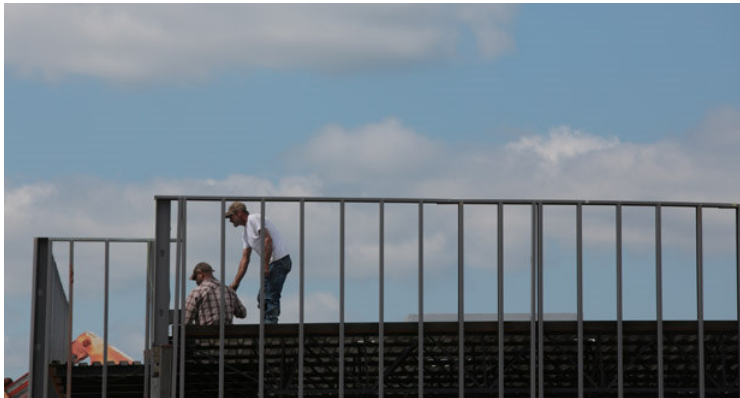


## Employers face decisions about increasing salaries or paying overtime

By: Molly M. Fleming The Journal Record May 18, 2016 0



A new rule issued Wednesday by the U.S. Department of Labor will extend overtime pay to salaried employees making \$47,476 or less per year. Hourly workers would continue to be mostly guaranteed overtime. (Photo by Brent Fuchs)

TULSA – McNellie’s Group Chief Operating Officer Jim O’Connor said the restaurant company was anticipating a change in wage laws, but it was expecting something a little different.

“We were surprised there wasn’t a cost-of-living adjustment,” he said. “The cost of living on the coast is definitely different than in Oklahoma.”

The U.S. Department of Labor announced the anticipated change in employee wages Wednesday. Starting Dec. 1, the salary threshold for overtime pay

will be \$47,476, almost double the existing threshold of \$23,660. Anyone who makes less than that limit must receive time-and-a-half for working more than 40 hours a week. The rate is the 40th percentile of earnings of full-time salaried workers in the lowest-wage census region, which is the South.

O’Connor said the change will affect the company’s starting managers the most. Systemwide, McNellie’s Group has 750 employees, and only 10 percent are salaried, he said.

“We have some stuff to work through between now and Dec. 1,” he said. “The logical impact is we’re going to have to move some people from salary to hourly.”

Gable Gotwals attorney Paula Williams said O’Connor won’t be the only one who has to reclassify his employees.

“It will create an increased cost to employers as they make the decision to increase some salaries or start paying overtime,” she said.

Williams said the previous threshold kept many small companies from having to pay overtime to their administrative staff. With the new higher amount, that won’t be the case. She said those companies will have to raise employees’ salary to meet the exemption, because paying overtime isn’t easy.

“When you start paying overtime, it’s easier said than done,” she said.

Paycom Chief Operating Officer Stacey Pezold said the company has been educating its clients about the upcoming change. The company offers historic data to its clients so it can see how much wages it pays and if it’s best to make the switch from one pay style to another. It also offers a salary overtime calculator to see if it’s best to pay overtime for hourly employees, or increase their salaries.

But not every small business is worried about the change. At Stash in Norman, owner Rebecca Bean said her employees are all part-time, and they rarely work 40 hours a week, except for the holiday season.

She said some small businesses may have to change their employee count.

"It might lead to people opting to hire more part-employees," she said. "It depends on the business they have. My business is well-suited for part-time work."

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