

## — TOP TAKEAWAYS — Overtime Pay

Workers want to negotiate the salaries and schedules that meet their needs. Government compensation regulations, such as raising the salary threshold to expand overtime pay to more workers, could backfire reducing pay, benefits, and opportunity for workers.



### COSTS OF OVERTIME MANDATES

- Expanding overtime pay to over one million workers will impose direct costs:
  - An average of **\$120.5 million** per year in direct costs over the first ten years.
  - Approximately **\$429.4 million** per year transferred from employers to employees over the first ten years.
- Employers may also face compliance and litigation costs.

### LOST PAY, BENEFITS & OPPORTUNITY

- Workers may see base pay rates reduced as employers factor overtime pay into overall compensation to leave it unchanged. According to one **study**, employers covered up to 80 percent of overtime costs by lowering wages.
- Employers may limit employees' hours requiring them to complete the same work in less time. Retail and restaurant managers and supervisors would have lost **\$2.3 billion** under a previous expanded overtime proposal.
- Reclassified workers may lose fringe benefits such as health, dental, and vision coverage, paid time off, and disability benefits.
- In the short term, employers may hire more part-time employees to avoid paying overtime, but in the long term, they may replace workers with automation.

### A BETTER SOLUTION: GREATER WORKPLACE FLEXIBILITY

- Workers increasingly desire flexibility even more than higher pay. **Over half** of U.S. employees say they would change jobs for one that offered them flextime.
- Flexible work arrangements are on the rise. From 2005 to 2015, the number of U.S. workers who worked remotely at least 50 percent of the time grew **115 percent**.
- Telecommuting increases performance, productivity, and job and life satisfaction among employees while also reducing unplanned absenteeism and turnover.
- Federal policies should make it easier, not harder, for employers to offer flexible work arrangements.

*Click [here](#) to read the full policy focus and learn more about the risks of expanding overtime pay.*