

The Impact of the Overtime Rule for Workers and Families in Wisconsin

"I, myself, have been taken advantage of in the past and required . . . to work 50 to 55 hours per week minimum with no overtime pay. This was not a situation of 'work until your work is done' but rather, 'you are not allowed to work less than 50 hours.' Employers have been taking advantage of the overtime and exempt rules for years and it is about time that the rules are updated to increase fairness in the workplace."

–Miguel M. from Soldiers Grove, WI

The nation's overtime rules protect working families by guaranteeing "time-and-a-half" pay when employees work more than 40 hours a week. But these rules have not been meaningfully updated in 40 years – and they are showing their age. Today, more than 90% of full-time salaried workers fall outside the salary range that guarantees overtime pay. The outdated salary threshold of \$23,660 is so low that a worker supporting a family of four could be living in poverty and still be considered to be earning "too much" to be guaranteed overtime pay.

It didn't used to be this way. In the 1970s, two-thirds of salaried workers were guaranteed overtime pay. But, eager to keep costs down and profits soaring, employers discovered an exemption in the law for employees classified as "managers" and have abused this exemption to avoid paying many salaried workers the overtime they are entitled to receive. By using the "managers' loophole," employers are able to classify anyone with a salary above \$23,660 a year – including a fast food worker or a janitor or grocery store clerk – as a "manager" and not pay them a penny for their extra work.

Updating the rules to raise the salary threshold for guaranteed overtime pay would close this loophole for anyone earning less than \$50,440 a year, benefiting 13.5 million workers nationwide and providing American workers with an additional \$1.4 billion in wages in the first year alone.

- Over half of these workers – 6.9 million – are women and 4.6 million are parents.
- Updating overtime rules would also disproportionately benefit African American and Hispanic workers, young workers, and workers without a college degree.

"My husband works at least 60 hours a week, but is salaried so he only gets paid for 40. We have a hard time paying all the bills, and overtime pay would really help with that."

–Diane L. from Waunakee, WI

In Wisconsin, the new rules would mean that:

- There would be a more than fivefold increase in the number of workers covered by the overtime salary threshold in Wisconsin. This number would rise from 48,000 to 251,000.
- More than half of Wisconsin workers benefiting – 106,000 workers (52%) – are women, while 97,000 (48%) are men.

"Each hour of each day, I think about my family. I worry about them. I go to work each day so I can make the money it takes so I can spend time at home with my family doing the things I enjoy doing. If I have to stay away, they and I feel it. I always believed that if I spend over 40 hours on the job I should get paid extra time for that. That would be fair."

– David F. from Milwaukee, WI

Sources: State data for 2015 from unpublished estimates by the Economic Policy Institute. Subtotals may not sum due to rounding. Quotations from public comments submitted to the Department of Labor.