

GROWERTALKS

Features

11/30/2016

Wage & Benefit Survey: Under the Overtime Rule

Jennifer Zurko

(To see all of the charts, [go to the digital edition](#) and turn to page 70.)

It's business as usual in our small, but important, world. It appears that we're experiencing a tiny uptick in employers that are looking to hire more people in the coming year, which has been the highest since before 2009. (It's only up one percentage point compared to last year, but the trend is still slowly going upwards.)

Wages are holding steady and are reflecting what we're seeing with regard to minimum wage increases, especially in the western region of the U.S. and in Canada, where the minimum wage is higher in those states/provinces compared to the rest of the country. (Take a look at all of the data on the following pages.)

Last year, we asked about the minimum wage increase and many of you were pretty fired up about it. After a year of dealing with it in some states, it appears that you're either dealing with it fine or the jury's still out. This year's final survey question didn't provide for as much rancor, but it got many of you thinking.

We were wondering if you think the new overtime rule will impact your business and it was nice to see that most of you said that it won't impact you at all or only slightly—either because you only have hourly people, you already pay your salaried people overtime or your salary people are above the exemption. (One person simply said, "We're screwed." Let's hope that that's not the case.) Another person asked, "What overtime rule?" so let's explain it briefly if you're not sure what's involved.

This past May, the U.S. Department of Labor (DOL) issued a final regulation updating overtime rules for white-collar salaried employees for the first time since 2004. The rule raised the salary threshold for employees who are exempt from overtime pay from \$23,660 (\$455 per week) to \$47,476 (\$913 per week). Any salaried employee meeting the DOL's criteria making less than \$47,476 a year and working more than 40 hours a week would be entitled to overtime pay.

It's officially set to go into effect on December 1. To try and soften the increase instead of completely ripping off the Band-Aid, in July, Rep. Kurt Schrader (D-OR), a congressman who AmericanHort has worked with for

many years, introduced a bill that would partially address employer concerns regarding the new overtime changes.

Mr. Schrader's bill, The Overtime Reform and Enhancement Act (H.R.5813), would more modestly increase the current \$23,660 "white collar exemption" minimum salary threshold to \$35,984. Further increases would be phased in over the next three years, eventually bringing the threshold to the level established under the new DOL rule (\$47,476) on December 1, 2019. The bill would also eliminate the automatic indexing that is part of the DOL rule; however, it would retain the authority of the Secretary of Labor to go through rulemaking to update the threshold in the future.

Because the coming year marks a change in administration, it remains to be seen whether or when Congressman Schrader's bill will be considered. So, in the meantime, presume that the rule will be going into effect this December, said Craig Regelbrugge, AmericanHort's Senior Vice President of Industry Advocacy & Research. And since December 1 technically falls in the middle of a pay period, those that have to comply should have done so before then. Even if Mr. Schrader's bill doesn't make it to the floor, Craig said that the new overtime rule may be overturned or softened, but the soonest that would happen is next year.

Right now, there are too many unknowns with how the new administration will function to really gauge how this regulation will go. Make sure you sign up to receive AmericanHort's Washington Impact e-newsletters to get the latest news on the overtime rule and other issues that affect your business from Capitol Hill at www.americanhort.org.

No impact

"Exempt for now! We'll see what happens if we lose the exemption."

"We try to schedule so no one has overtime."

"If they make us money, it is worth it!"

"I have always paid time-and-a-half for overtime, so it does not affect me. My point of view says this is the fair thing to do."

"It will not impact our business, as we rarely work overtime."

"All [of] our employees are hourly; it will not impact us."

"Other industries pay overtime—why should we not be forced to pay overtime? Take care of your staff and they will take care of your business."

"Exempt staff is paid higher than new rule mandates."

"All [of] our employees receive overtime after 40 hours that does not include vacation or holiday pay. Other than the owners, all are paid by the hour. Paychecks are given out weekly. I don't exactly remember what the

new rule is, but I don't think it was going to affect us."

"I will not be affected since I don't [offer] overtime for employees."

"I will hire more employees and cut overtime to zero."

"Minimally. We pay most people hourly anyway since it's such a seasonal industry. That way, people get paid more when they're working more. We find it makes people gripe a little bit (just a little)—less when busy season hits and they actually see the difference in their wallets."

"We have our salaried employees clock in so we can track hours each year. It will not affect us."

"People who work over 40 hours should get overtime."

"Not at all. Only managers making well over the \$45,000 threshold are on salary."

"Already pay overtime, so no biggie."

"We will be restructuring some salaries and positions to make sure payroll can be met and employees are rewarded."

"We will not be affected for as long as the ag exemption is in effect."

"California law already dictates overtime for 8-plus hours daily/40-plus hours a week. We have no salaried employees."

Negatively impact

"We currently work 91/2 hours, six days per week. We will probably hire more workers and reduce our current workers' hours to keep them off overtime. Price increases will also be more frequent to keep up with the wage increases."

"Workers will need to work less hours. They'll be the ones that will feel the most impact—no more 120-hour weeks. We'll need to hire some extra workers so we do not have excessive overtime."

"It will force us to have to renegotiate existing contracts with our top customers."

"It is affecting about 20 employees. [For a] few, we are going to raise [their] salary to meet [the] minimum. [For] others, we are going to switch to hourly at an hourly rate equivalent to the estimated hours they worked, so they are making the same. Most of the employees feel they are being screwed with the new rules."

"It will handicap the business and cause hardship for the employees."

“Will force increase in prices and, if not accepted, closure of business.”

“Biggest impact will be if supervisor-level staff leaves for more pay or less seasonal swing in hours elsewhere.”

“OT in agriculture is wrong, due to the incredible peaks and valleys of worker loads from plant to harvest.”

“Cost more for labor. Increased paperwork and creates more confusion about jobs and responsibilities.”

“It will add more cost that will directly affect potential raises and bonuses at the end of the season.”

“Employees that are currently salaried may have to switch to hourly.”

“It will force our higher level managers to work more hours and it will force us to cut hours from the people who WANT and NEED it most. It will not increase pay for any employee, but rather cause us to hire more employees to do the same work at the same cost.”

Not sure

“Not aware of [the] new rule. Currently in agriculture, we pay no overtime in our wholesale division. In our retail, we are required to pay overtime.”

“Not sure. Most [of] our employees are hourly, not salary.”

“Discussion continues to take place to determine how to proceed. Several employees are close to the new limit, so we will be increasing their wage. A couple of others are still in debate stages to move to hourly or increase wage. It will have an impact, [but] not sure how much until final decisions are made.”

It's Not Just About the Money

By Bob Zahra

A senior industry leader emailed recently to request advice on “compensation continuity among leadership in the larger industry companies.” She was thinking in terms of ensuring a competitive compensation package for employees within her own company. I wrote back that I was struggling with her premise, because I don’t see a great deal of compensation continuity in any part of our industry—maybe because compensation doesn’t impact Florasearch's world with the same force as company culture, geography, housing, schools, etc.

Compensation is noisy. People use more money as an excuse to leave companies, but it’s almost NEVER all about money. People will accentuate the compensation variable during negotiations, but money is almost NEVER the primary motivating factor in accepting a position. On those rare occasions when it IS all about money, the warning flags unfurl and the seatbelts go on.

With all that said, many of our industry's strongest people are compensated at midrange, but they're working at a company where their contribution is recognized and appreciated, and they're living in a geography that's at least acceptable to their families and themselves. Let their community become less desirable, employer turn dismissive or disrespectful, and the employee's unsettledness won't be assuaged with money alone.

Good people value those old verities that touch the heart: home, loved ones and family. They want to contribute to a company that's making a difference and know that their contribution is helping to make that difference. Good people want to live in peace in a comfortable community with the individuals they value and love.

I know there are significant industry contributors reflected in this survey who, in terms of their contribution, are woefully underpaid—due to geography alone. (You know who you are!) For one very good reason or another, you're simply unable to relocate at this time. You skew the survey. You could be making your significant contribution in a company that's making an even bigger, collective contribution while living in a new geography that brings more total value to you and those you love. And, as you know only too well, you certainly could be earning more income.

Geography outweighs compensation. Corporate culture outweighs both geography and compensation. Nothing outweighs a corporate culture that cultivates a personal contribution, which is recognized and appreciated by employer, industry colleagues, friends and family. In other words, people will seek opportunities where their contribution is real and appreciated. Within the constraints of compensation and geography, good people will leave those companies that don't foster a sincere, rewarding corporate culture.

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