



MAINE AFL-CIO

A Union of Unions Standing for Maine Workers

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Testimony of Adam Goode, Maine AFL-CIO Legislative & Political Director, In Support of LD 599, "An Act to Codify the Federal Salary Threshold for Overtime Pay"

Senator Tipping, Representative Roeder and members of the Joint Standing Committee on Labor, my name is Adam Goode. I'm the Legislative and Political Director of the Maine AFL-CIO. We represent 40,000 working people in the state of Maine. We work to improve the lives and working conditions of our members and all working people. We testify in support of LD 599.

Nearly a century ago we made the good decision to pass labor laws protecting the 40 hour workweek and ensuring extra pay for extra work by creating overtime pay for all workers, except those that are highly paid. It is common understanding that hourly workers receive overtime when they work more than 40 hours. Salaried workers who earn less than a "salary threshold" set by overtime regulations are also due time and half pay for overtime. That salary threshold is now \$43,950 a year.

The federal Fair Labor Standards Act (FLSA) is supposed to ensure that low-wage workers are automatically eligible for overtime. The salary threshold is a tool to do that. Unfortunately, the impact of the threshold has gone down in recent decades. LD 599 codifies the federal paid overtime salary threshold for a salaried employee by adding the salary level of \$58,656 per year and the 35th percentile of weekly earnings for full-time salary workers in the lowest-wage census region as published by the United States Department of Labor, Bureau of Labor Statistics, or its successor agency, to the existing provision that details the compensation amounts in order for a salaried employee to be exempt from the laws governing minimum wage and overtime pay. This would mean that no worker would be made to work long hours without either receiving overtime pay or a living wage¹.

Working people should be compensated for their labor, and should not be expected to work for free. If you are currently an assistant store manager at the Dollar General or Best Buy and you make \$44,000 a year, you could very well be working 50 hours a week. This means you are working 10 hours each week for free. If you work 60 hours a week, you are working 20 hours for free.

The last time this tool was significantly updated was 1975. At that time, 62% of salaried Americans earned below the threshold amount², and were therefore eligible for overtime. A broadening of the categories of salaried workers ineligible for overtime has resulted in only 11% of salaried Americans below the threshold as of 2013.

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¹Glasmeier, Dr. Amy K., "Living Wage Calculator." Massachusetts Institute of Technology. Accessed March 18, 2021. <https://livingwage.mit.edu/states/23>

²<https://www.epi.org/publication/ib381-update-overtime-pay-rules/>

LD 599 restores the intent of the FLSA. Work has changed, and workers are increasingly expected to respond to work tasks at any time of day. This pressure from employers puts strain on the work-life balance of working people.

This bill helps people who are generally supervisors and low-level managers whose jobs currently qualify them as overtime exempt. They earn below \$60,000 a year, making them generally middle-class workers who shouldn't be expected to work long hours without extra pay.

It will likely be argued that these changes will have a cost impact on business. If a business wants to avoid costs incurred by this change, they can move away from expecting employees to work unpaid hours when they are not technically at work. If a business finds themselves with workers who are working a lot of overtime, they could also provide a salary above the threshold.

We urge you to vote ought-to-pass on LD 599.