Health and Labor Update

September 2015

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The Landscape

• Overtime Regulations
• Federal Contracting Changes
• Ambush Elections
• OSHA Activity
  – Injury and Illness Reporting
  – Five-year Fines Rule
• Quick Healthcare Update
  – Employee Benefits Tax
Overtime

• Raises income threshold
  – $23,660 to $50,440
  – 40\textsuperscript{th} Percentile of all incomes
  – Proposes automatic increases annually
    • Consumer Price Index (CPI-U)
    • Wage Percentile (40\textsuperscript{th} percentile)
  – 10 percent can be comprised of non-discretionary bonuses and commissions
Impact of Overtime Changes

• 5 million workers newly eligible for overtime
  • Largest mass demotion in American history
• Up to another 6 million workers’ rights will be strengthened
  – Non-exempt workers who earn more than $50,440
    • Equivalent to the stimulus “creating or saving jobs”
• Workers will earn more
  • Some may, but most will just have less flexibility in their schedules
Historical Context

Annual Earnings Thresholds for Executive Employees, 1938–2016

- 1938 = $26,286
- 1949 = $28,886
- 1959 = $35,360
- 1975 = $35,625
- 2004 = $36,538
- 2015 = $50,440
The “Blackmail” Rule

• Applies to new contracts over $500,000
• Requires bidders to report violations of 14 federal labor laws and state equivalents
  – Must also capture sub-contractor violations
  – Report every 6 months
• Creates ‘Agency Labor Compliance Advisors’
  – ALCA makes responsibility determination
    • Responsible, Responsible with LCA, not-responsible
• Paycheck transparency provisions
OSHA Activity

• Injury and Illness Reporting –
  – Final rule?

• Five-year Fines Proposed Rule
  – Direct contradiction to federal court ruling
DoL Grab Bag

• NLRB Joint Employer
  – McDonald’s Complaint
  – Browning-Ferris Decision
• Wage and Hour RFI on smart phone usage
• DoL Persuader regulation
• OFCCP Pay Data Tool
• Noise Interpretation
Manufacturers and Healthcare

- Manufacturers offer coverage at a high rate
  - 92 percent
- Employees take up health insurance at a high rate
  - 82 percent take up
- NAM members roughly 35 percent self-insured and 65 percent fully-insured
  - Market may determine what choices are made
Employee Benefits Tax – 40%

Average Annual Cost of a Family Health Insurance Plan in Manufacturing

Excise Tax Threshold (Starting at $27,500 for a Family in 2018)
Healthcare Policy Goals

• Lower Costs
  – NAM members expect 7.2 percent increase in plan costs next year

• More Options
  – Innovations in coverage and ownership

• Better Information
  – Easily digested information about healthcare products and services
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