

Health and Labor Update

September 2015

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**MANUFACTURING
MAKES AMERICA
STRONG**

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
 - 40th Percentile of all incomes
 - Proposes automatic increases annually
 - Consumer Price Index (CPI-U)
 - Wage Percentile (40th percentile)
 - 10 percent can be comprised of non-discretionary bonuses and commissions



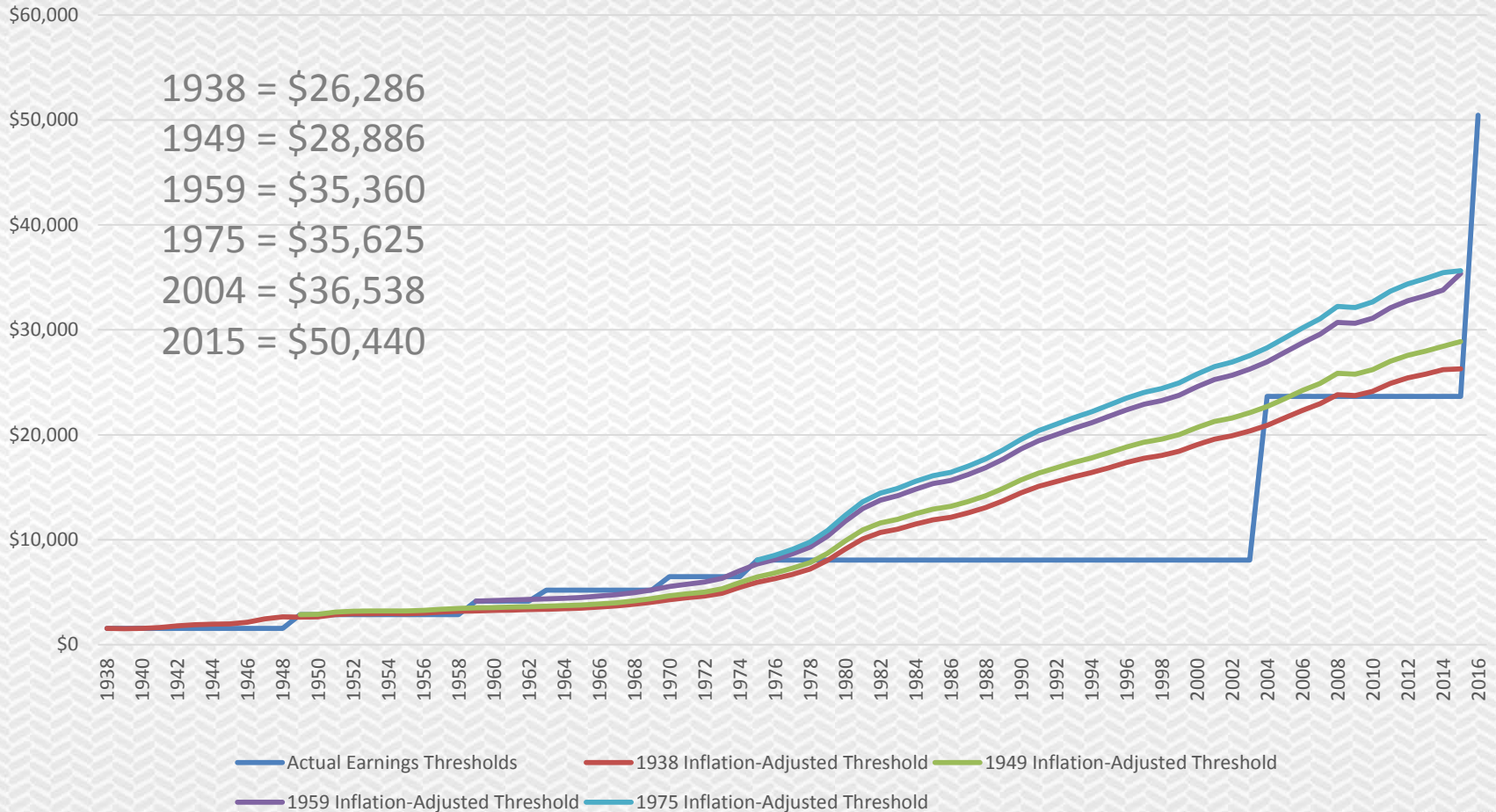
Impact of Overtime Changes

- 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



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

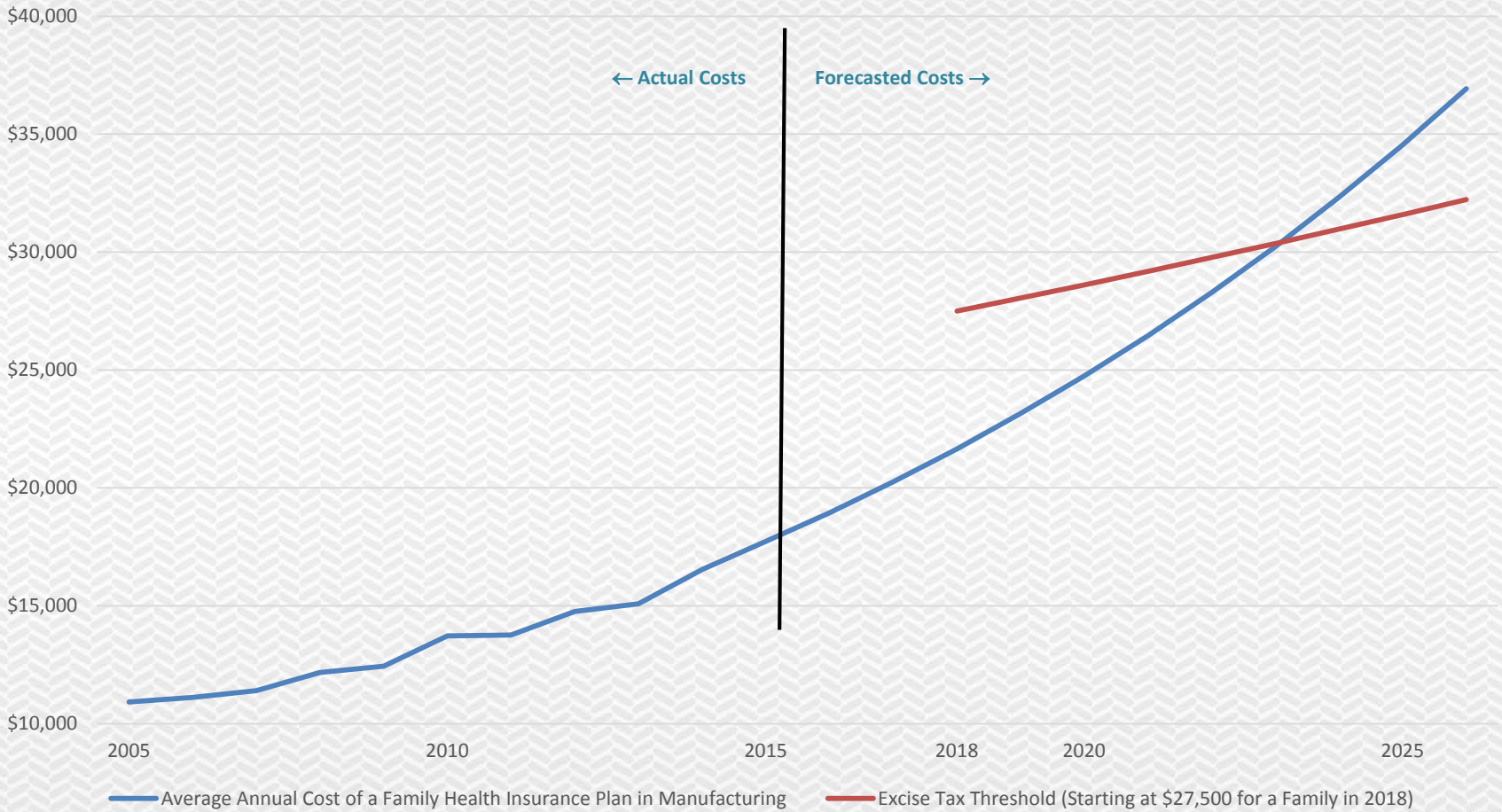


Manufacturers and Healthcare

- 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%



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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