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FOR IMMEDIATE RELEASE  
May 6, 2016

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## Federal Overtime Rules Could Cost State Budget \$13.7 Million

*Rep. Steffen joins diverse coalition of nonprofits, charities, local governments, universities and small businesses calling for changes to the proposal.*

(Madison) – State Representative David Steffen released an analysis from the Legislative Fiscal Bureau today showing that a controversial proposal being pushed by the federal Department of Labor (DOL) could cost the state of Wisconsin’s budget as much as \$13.7 million a year.

The DOL has proposed updating the salary threshold under the Fair Labor Standards Act (FLSA) for when an employee can be considered exempt and paid a salary rather than an hourly wage. Currently, workers must make above \$455/week or \$23,660 annually. The DOL’s proposal increases that level by 113 percent to \$970/week or \$50,440 annually. There is no accommodation for the differences in cost of living found throughout the country.

According to a memo requested by Steffen, the Legislative Fiscal Bureau calculates that nearly 2,000 state employees would be impacted by the change at a potential cost of \$13.7 million to state government. That number does not include the University of Wisconsin System, the Legislature and the Courts – making the actual impact to state taxpayers even greater. In fact, the [UW System has estimated](#) that it has over 5,000 employees who could be impacted by the change.

“This ill-advised rule creates a huge unfunded mandate from Washington that will make it harder for my colleagues and I to invest in Wisconsin priorities,” said Steffen. “A reasonable increase in the salary threshold may make sense, but more than doubling it does not. And, it looks like the bureaucrats in Washington don’t understand that \$50,000 in Green Bay means something different than \$50,000 in New York City.”

The DOL rule has drawn widespread and diverse opposition from nonprofits, charities, local governments, universities and small businesses.

“When a diverse coalition that includes the National Association of Cities, Habitat for Humanity, National Federation of Independent Business and the Association of American Universities, to just name a few, is asking for changes, I would hope our leaders in Washington are listening,” said Steffen. “The rule needs to be reworked and if the Obama Administration won’t make change on its own, Congress needs to step in.”

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Note: A copy of the Legislative Fiscal Bureau memo is attached.