



How Overtime Rules Would Benefit Millennials

By Sunny Frothingham

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Across the country, Americans of all ages have been left behind. Even as the economy grows and costs of living rise, workers face erratic schedules, long hours, and stagnant wages. Millennials in particular started to look for jobs in a recovering economy, which left them with even fewer options to demand fair pay and reasonable schedules. Workers' rights have eroded over decades, culminating in huge barriers to financial security for Millennials currently paying off debt, launching their careers, and starting families.

Strengthening overtime pay rules—to provide qualified workers time-and-a-half pay for any hours over 40 worked in one week—is one important way to reaffirm worker's rights to fair pay and reasonable hours. Currently, salaried workers are not guaranteed overtime pay unless they make less than \$23,660 per year. If the overtime salary threshold had kept up with inflation since 1975, it would be more than \$52,000 today.¹

On June 30, the U.S. Department of Labor proposed a new rule that would raise the salary threshold to \$50,440.² This rule is especially important for Millennial workers: 4.7 million of them would directly benefit from it.³

Reforming the overtime rule is an important step toward ensuring that workers are earning pay for all the hours that they work, as well as offering the Millennial generation basic opportunities to reach and build up the middle class. The public has until September 4 to submit comment letters to the Department of Labor. Help make sure that the United States has an economy that works for everyone by submitting your comment in support of overtime reform at FixOvertime.org.

Millennial economic statistics

- **Employment.** Sixty-five percent of young adults are employed, down from 69 percent among the same age group in 1980.⁴
- **Unemployment rate.** While the national unemployment rate hit 5.3 percent in June—its lowest rate in seven years⁵—unemployment was more than 12 percent among 16- to 24-year-olds⁶ and 5.6 percent among 25- to 34-year-olds in that same month.⁷
- **Student debt.** Seventy-one percent of students who graduated college in 2015 have student debt, whereas 20 years ago, the majority of students did not take out any

loans.⁸ In addition, the average debt of a student borrower in the class of 2015 is slightly more than \$35,000, making it the most indebted class ever. Even when adjusted for inflation, the amount of debt per borrower has doubled since the early 1990s.⁹

- **Poverty.** One in five Millennials are living in poverty today, up from one in seven among the same age group in 1980.¹⁰
- **Parenting.** In 2014, more than 20 million Millennials were parents, and this number is likely to increase over the next decade.¹¹

Basic facts of overtime reform

Strengthening overtime protections is one of several policies that could put more money in the pockets of hardworking Millennials striving for economic stability and could help create an economy that works for everyone, not just the wealthy few.

- The current rules only guarantee overtime for salaried workers who earn less than \$23,660 per year. In 1975, more than 60 percent of salaried workers were guaranteed overtime pay. Today, only 8 percent are.¹²
- The proposed reform would allow workers with modest salaries to be paid for all the hours that they work. The proposed rule would raise the overtime salary threshold to \$50,440, or \$970 per week.¹³

Overtime reform and Millennial workers

The proposed rule—while important for people of all ages—will especially affect salaried workers under age 35, who are more likely to have salaries that fall below the new threshold.¹⁴

- In 2013, 70 percent of 16- to 24-year-olds with full-time salaries in exempt roles earned less than the proposed threshold of \$50,440.¹⁵
- In 2013, 41 percent of 25- to 34-year-olds with full-time salaries in exempt roles earned less than the proposed threshold of \$50,440.¹⁶
- The overtime salary threshold currently covers 2 million Millennials. Raising the threshold to \$50,440 would directly benefit an additional 4.7 million Millennials, bringing the total number of Millennials covered by the new overtime salary threshold to 6.7 million.¹⁷
- Millennials represent 28 percent of the total salaried workforce but 35.2 percent of the workers who would benefit from the increased salary threshold under the proposed rule.¹⁸

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Endnotes

- 1 Economic Policy Institute and Center for American Progress, "Raising the Overtime Pay Threshold Will Help More Workers Get the Pay They Deserve" (2015), available at <http://www.epi.org/publication/raising-the-overtime-pay-threshold-will-help-more-workers-get-the-pay-they-deserve/>.
- 2 The White House, "FACT SHEET: Middle Class Economics Rewarding Hard Work by Restoring Overtime Pay," Press release, June 30, 2015, available at <https://www.whitehouse.gov/the-press-office/2015/06/30/fact-sheet-middle-class-economics-rewarding-hard-work-restoring-overtime>.
- 3 Lawrence Mishel, "4.7 Million Millennials Would Directly Benefit from Raising the Overtime Salary Threshold to \$50,440" (Washington: Economic Policy Institute, 2015), available at <http://www.epi.org/publication/4-7-million-millennials-would-directly-benefit-from-raising-the-overtime-salary-threshold-to-50440/>.
- 4 Bureau of the Census, "New Census Bureau Statistics Show How Young Adults Today Compare With Previous Generations in Neighborhoods Nationwide," Press release, December 4, 2014, available at <http://www.census.gov/newsroom/press-releases/2014/cb14-219.html>.
- 5 Bureau of Labor Statistics, "The Employment Situation — June 2015," Press release, July 2, 2015, available at http://www.bls.gov/news.release/archives/empsit_07022015.htm.
- 6 Federal Reserve Bank of St. Louis, "Unemployment Rate: 16 to 24 years," available at <https://research.stlouisfed.org/fred2/series/LNS14024887> (last accessed August 2015).
- 7 Federal Reserve Bank of St. Louis, "Unemployment Rate: 25 to 34 years," available at <https://research.stlouisfed.org/fred2/series/LNS14000089> (last accessed August 2015).
- 8 Zeeshan Aleem, "It's Official: The Class of 2015 Has the Most Student Loan Debt in History," Policy.Mic, May 7, 2015, available at <http://mic.com/articles/117644/it-s-official-the-class-of-2015-has-the-most-student-loan-debt-in-history>.
- 9 Ibid.
- 10 Bureau of the Census, "New Census Bureau Statistics Show How Young Adults Today Compare With Previous Generations in Neighborhoods Nationwide."
- 11 Konrad Mugglestone, "Finding Time: Millennial Parents, Poverty, and Rising Costs" (Washington: Young Invincibles, 2015), available at <http://younginvincibles.org/wp-content/uploads/2015/04/Finding-Time-Apr29.2015-Final.pdf>.
- 12 Center for American Progress Action Fund and Economic Policy Institute, "Fast Facts: Updating Overtime" (2015), available at <http://fixovertime.org/assets/dist/img/updating-overtime-factsheet.pdf>.
- 13 The White House, "FACT SHEET: Middle Class Economics Rewarding Hard Work by Restoring Overtime Pay"
- 14 Heidi Shierholz, "Increasing the Overtime Salary Threshold Is Family-Friendly Policy" (Washington: Economic Policy Institute, 2014), available at <http://www.epi.org/publication/increasing-overtime-salary-threshold-family/>.
- 15 Ibid.
- 16 Ibid.
- 17 Mishel, "4.7 Million Millennials Would Directly Benefit from Raising the Overtime Salary Threshold to \$50,440"
- 18 Ibid.