Important People Stuff. Yes, now that I have your attention, there have been several recently passed employment rules and regulations that may have been lost in the massive amount of information we parse through daily. These are the ones to note as one is a people stuff item that will affect all employers and the rest have possible long term

**New Overtime Rule**

The salary threshold for the executive, administrative, and professional exemptions under the Fair Labor Standards Act (FLSA) will increase to $648 per week, or $35,568 annually. This new threshold goes into effect Jan 1, 2020 and replaces the infamous 2016 rules (a threshold of $47,00) that never went into effect due to a court order. Additionally, the Highly Compensated Employee exemption will rise from $100,000 to $107,432 annually.

If you are asking yourself, should I consider if these rules too will be dismissed? After all, many employers spent time and money preparing last time only to have the rules overturned just days before going into effect. Most HR experts including SHRM and employment attorneys say no, not this time. Why? The 2016 threshold doubled the salary amount, was seen as expensive, an over-reach by the DOL and not sustainable. This new amount has already been proposed from 2016 as a more reasonable amount.

Remember, salary is not the only test for exemption, the position must also pass at least one other test so merely giving out raises may not be sufficient.

**California Contractor**

AB 5, which goes into effect on January 1, 2020, established a “ABC” test to determine independent contractor status. Under the “ABC” test,  a worker is NOT an independent contractor unless ALL of the following exist:

(A) The person is free from the control and direction of the employer in connection with the performance of the work, both under the contract for the performance of the work and “in fact.”

(B) The person performs work that is “outside the usual course of the hiring entity’s business.”

(C) The person is customarily engaged in an independently established trade, occupation, or business of the same nature as that involved in the work performed.

There are exemptions including doctors, dentists, psychologists, veterinarians, lawyers, architects, engineers, accountants, private investigators, and registered securities broker-dealers and investment advisors as well as HR consultants.

Who is not exempted? Gig workers, meaning Uber, Lyft, DoorDash for example. With this rule, national companies may be forced to apply this test to contractors across the country, depending on response from contractors in other states. Many have been openly frustrated with the inability to gain access to employer benefits and overtime pay and may push to get them.

**Surprise Billing**

Earlier this year Texas joined several other states in passing legislation banning [surprise medical billing](https://khn.org/news/texas-is-latest-state-to-attack-surprise-medical-bills/). Congress is now debating the passage of a federal law banning the practice. Versions of the bill also include transparency in broker fees and commissions. We will keep an eye on this one as it may create opportunities for small employers’ options and cost of providing healthcare insurance.

As always, we are keeping up to date on all things people related for our clients.

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