



Testimony in Support of H-7490 Relating to Overtime

House Committee on Labor

March 18, 2026

Alan Krinsky, Director of Research & Fiscal Policy

The Economic Progress Institute strongly supports **Representative Potter's H-7490**, which would **prevent employers from misclassifying lower-wage workers as salaried workers rather than as hourly wage workers to avoid paying them overtime.**

The Fair Labor Standards Act (FLSA) establishes the federal minimum wage and requires employers to pay overtime (time-and-a-half) for hours worked over 40 in a week. Historically, the FLSA's overtime protections covered both blue-collar and many white-collar workers. However, FLSA exempts bona fide executive, administrative, and professional (EAP) employees from overtime and minimum wage protections. To qualify for this exemption, employees must pass both a "duties test" and a "salary test." Currently, the U.S. Department of Labor (DOL) rules set the salary threshold for overtime at \$684 per week (\$17.10/hour), equivalent to an annual salary of \$35,568.

H-7490 would adjust the state salary threshold for overtime pay up to 1.5 to 2.5 times the minimum wage over the next three years to determine eligibility for overtime pay (with different adjustments for smaller and larger employers).

For example, "managers" in fast food restaurants in Rhode Island can earn \$40,000 per year or slightly below this. An annual salary of \$40,000 works out to \$19.23 per hour, and Rhode Island's current minimum wage is \$16.00 per hour. If such a manager is required by her or his employer to work 60 hours in a typical week, that works out to \$12.82 per hour. At 80 hours, that works out to \$9.61 per hour. Even working 50 hours per week pushed this employee below an effective hourly wage of \$16.

Enacting this proposal would rectify the shortcomings of the federal threshold and offer critical protection for hard-working employees in Rhode Island, providing fairer compensation, improving employee well-being, and increasing equity. It would also do this in steps over three years rather than all at once, allowing time for business to adjust, including giving smaller businesses more time.

The Economic Progress Institute urges passage of this legislation.