



# International Caterers Association

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## Peer to Peer Learning – ICA Roundtable

### *Overtime Pay*

Michael Smith –July 1, 2015

Currently, certain salaried workers who make more than \$23,660 cannot claim overtime; the proposed rule would raise that threshold to \$50,440 per year for those workers now exempt from overtime benefits.

**Q: Without getting into the politics if it... how will you handle this policy change? More part time workers? Higher costs to the client? We don't have a plan yet, obviously, but I think we should all be getting ready. Most of our salaried employees work over 40 hrs and make right around 50k. Even if you don't change their pay, it is another layer of OT to look out for...**

**A: Vijay Goel-** Generally these kind of caps mean we'll turn salaried people into hourly and combined with \$15 min wage in LA, it means we need to get ruthlessly efficient and automated. Makes it hard to put time into career development, team building activities, trainings, stretch projects, etc...in general I see these approaches as being counterproductive to workers at the junior end of the spectrum...much harder to take a chance on them and let them work through their mistakes (as they'll be charging hefty overtime rates to spin their wheels and screw up initial passes at things)

**Carl Clemetson-** Saw this yesterday and had to leave the room.

**Jerry Edwards-** Politics aside, I have consulted for years with small catering businesses. In general many barely make a profit. Most are running on cash flow.

Simply put, they will hire more part time staff and make it harder for salaried team members whose salaries are over the threshold. Those higher paid team members will have to pick up the slack by having less efficient, less seasoned people working with them in support roles.

**Donna Ford-** Hot mess if you have sales peeps that have salary and commissions. And even worst if you have them work events also.

**Carl Clemetson-** Hot mess was my exact words when I walked out of the room

**Olive Chase-** Years ago I put most of my people on hourly. When I hire I give an approximate yearly wage that is x amount of hours at the straight rate and x amount of hours that will be overtime. The hourly rate plus time and a half for the overtime rate generally comes out to the yearly salary we have agreed upon. During the fat months they make big checks and during the lean months I carry less payroll. I learned this many years ago from a very savvy restaurateur who was skilled both in labor law and operating in a seasonal economy.

**Carl Franklin Jones-** It changes the way we do business. Ultimately hurts those he supposedly wants to help. It gets votes, the real objective.

(Without getting into politics lol)

**Margot Jones-** I just read the article. At this point it isn't a regulation, but could be. I saw the email that the ICA headquarters sent out that says that they will be following the developments and keep us posted. They also suggested that we should be involved individually and voice our opinions! I wonder how we can do that? Who would we write or call? Our Congressman or Congresswoman?

**Donna Ford-** Olive Chase I do the same. I do not have any salary workers that work as kitchen staff or for events. I am trying to figure out the Sales. Would the commission put them above the requirement of 50K? Some sales reps work many hours but are rewarded for their effort.

**Margot Jones-** That's my question too, Donna.

**Carl Franklin Jones-** Too many people put workers on salary when they really should not. It can come back on them in time.

**Michael Smith-** One of my issues is that we reward people as we promote them to management, similar to what Olive Chase suggested, but we make it a salary... so that the 45k they earn already includes an additional sum to account for the extra hours. So, yes they work 50-60 hrs a week, but it is accounted for.

**Carl Clemetson-** It's illegal for us to put kitchen staff on salary in our state. We are limited to management, sales and desk job related positions.

**Donna Ford-** I had an employee that thought if she was on salary and we were slow she would still be paid and not have to work! As Olive stated, I love having low payroll during Jan and Feb when we are dead for events, but busy with cakes. But in Jan and Feb sales reps are working a lot.

**Carl Franklin Jones-** That's federal law too I believe Carl Clemetson

**Carl Clemetson-** Our state laws mirror most federal laws but we have a few quirks that go beyond the Fed rules. I check with the state for law requirements as if I'm in compliance with the state, I'm in compliance with the feds

**Julia Kendrick Conway-** Here in California, if you are doing anything other than administrative or supervisory tasks, you cannot be considered an exempt or salaried employee. My Chef de Cuisine/Kitchen Manager was an hourly employee, since she also did prep and onsite cooking rather

than just supervising others doing it. The litmus here is very clear. When I was a department manager at a grocery store, I was could not be considered salaried, as I did basic production and worked the floor.

**Kevin Lacassin-** This would certainly change the way we do business and would be horrific to my business model. I have salaried employees that can work 60-70 hours during the busy weeks but may only work 30 on the slow weeks. I like the salaried model because it helps for employee cash flow. I doubt many of them would save money during the busy time to supplement their income during the slow time. Me giving them a salary is essentially providing them a service for steady income.