



Weekly Report for May 20, 2016

LABOR AND EMPLOYMENT

Overtime Final Rule

The Department of Labor issued its final overtime rule which updates the salary level required for the executive, administrative, and professional (“white collar”) exemption to ensure that the Fair Labor Standards Act’s intended overtime protections are fully implemented. The Final Rule focuses primarily on updating the salary and compensation levels needed for executive, administrative, and professional workers to be exempt. Specifically, the Final Rule: (1) sets the standard salary level at the 40th percentile of earnings of full-time salaried workers in the lowest-wage Census Region, currently the South, which is \$913 per week or \$47,476 annually for a full-year worker; (2) sets the total annual compensation requirement for highly compensated employees subject to a minimal duties test to the annual equivalent of the 90th percentile of full-time salaried workers nationally, which is \$134,004; and (3) establishes a mechanism for automatically updating the salary and compensation levels every three years to maintain the levels at the above percentiles and to ensure that they continue to provide useful and effective tests for exemption.

Additionally, the Final Rule amends the salary basis test to allow employers to use nondiscretionary bonuses and incentive payments (including commissions) to satisfy up to 10 percent of the new standard salary level. The final rule is scheduled to be published on May 23, 2016. Follow this link for the [Fed. Reg. Pre-Publication](#). The final rule is effective December 1, 2016.

PiliroMazza is offering a webinar on June 2, 2016 at 2:00 p.m. and will provide an overview of the Fair Labor Standards Act, including the new rules, and compliance strategies. [More Information](#).

GOVERNMENT CONTRACTS

Simplified Acquisition Threshold for Overseas Acquisitions in Support of Humanitarian or Peacekeeping Operations

DoD, GSA, and NASA are issuing a final rule to amend the Federal Acquisition Regulation to implement a section of U.S. Code which establishes a higher simplified

acquisition threshold for overseas acquisitions in support of humanitarian or peacekeeping operations, [81 Fed. Reg. 30438](#). The rule is effective June 15, 2016.

Basic Safeguarding of Contractor Information Systems

DoD, GSA, and NASA are issuing a final rule amending the Federal Acquisition Regulation (FAR) to add a new subpart and contract clause for the basic safeguarding of contractor information systems that process, store or transmit Federal contract information. The clause does not relieve the contractor of any other specific safeguarding requirement specified by Federal agencies and departments as it relates to covered contractor information systems generally or other Federal requirements for safeguarding Controlled Unclassified Information (CUI) as established by Executive Order. Systems that contain classified information, or CUI such as personally identifiable information, require more than the basic level of protection, [81 Fed. Reg. 30439](#). The rule is effective June 15, 2016.

Improvement in Design-Build Construction Process

DoD, GSA, and NASA are issuing a final rule amending the Federal Acquisition Regulation to implement section 814 of the National Defense Authorization Act for Fiscal Year 2015 that requires the head of the contracting activity to approve any determinations to select more than five offerors to submit phase-two proposals for a two-phase design- build construction acquisition that is valued at greater than \$4 million, [81 Fed. Reg. 30447](#). The rule is effective June 15, 2016.

SMALL BUSINESS

Small Entity Compliance Guide

The Small Entity Compliance Guide has been prepared in accordance with section 212 of the Small Business Regulatory Enforcement Fairness Act of 1996. It consists of a summary of the rules appearing in Federal Acquisition Circular 2005-88, which amends the Federal Acquisition Regulation (FAR). An asterisk (*) next to a rule indicates that a regulatory flexibility analysis has been prepared. Interested parties may obtain further information regarding these rules by referring to FAC 2005-88, [81 Fed. Reg. 30449](#).

Civil Penalties Inflation Adjustments

The Small Business Administration ("SBA") is amending its regulations, as required by the Federal Civil Penalties Inflation Adjustment Act, to adjust, for inflation, the amount of certain civil monetary penalties that are within the jurisdiction of the agency, [81 Fed. Reg. 31489](#). Comments are due on, or before, July 18, 2016 and the rule is effective on August 1, 2016.