

Legislate[®]

Key Legislative Developments Affecting Your Human Resources

Volume 6 | Issue 3 | January 23, 2015

State of the Union Includes Employment-Related Proposals

President Barack Obama delivered the annual State of the Union address to Congress and the nation on Tuesday. The speech included several significant employment-related proposals. Further details on the president's agenda for the year will be revealed as part of the FY 2016 budget — scheduled to be unveiled in the first week of February.



Employment and Labor

The president's [State of the Union address](#) set out a number of broad policy proposals that would impact employers and employees. Key employment-related provisions included:

- Making quality child care more available and affordable to lower- and middle-income American families by tripling the child care tax credit
- Requiring employers to provide seven days of paid sick leave per year
- Helping states adopt paid sick leave laws of their own
- Passing legislation to ensure equal pay for women — likely a veiled reference to the Paycheck Fairness Act that would have made it easier for employees to successfully bring pay disparity claims had it not stalled in the Senate last year (see our [April 11, 2014 Legislate](#) for more information)
- Ensuring that employees receive “the overtime they’ve earned” — likely a reference to the expected extension of eligibility for overtime pay in regulations that will soon be proposed by the DOL as well as aggressive enforcement of wage and hour laws by its Wage and Hour Division. (see our [March 7, 2014 Legislate](#) for more information on the president's budget for FY 2015 that included significant amounts of new resources for enforcement)
- Hiking the federal minimum wage

The president also maintained that the nation needs laws that strengthen — not weaken — unions. (For information on labor topics likely to be of interest to Congress in the coming year, see our [January 16, 2015 Legislate](#).) Finally,

the president asked employers to provide more education benefits and paid apprenticeships, and to hire more veterans — perhaps foreshadowing the expansion of tax credits to provide those opportunities.

Healthcare

There was little mention of the Affordable Care Act (ACA) in the speech — the president referenced briefly the increase in the number of insured Americans and promised that he would veto legislation that puts the security of families at risk by taking away their health insurance.

Retirement

Retirement was mentioned only in passing — with the president noting that middle class families are struggling to save for retirement while also paying for child care, housing, and education. The president stated that his budget would include proposals addressing this issue.

President's FY 2016 Budget

The president noted that more concrete proposals would be included in his FY 2016 budget — scheduled to be released during the first week of February. A number of proposals from past budgets are likely to resurface in the FY 2016 budget, such as:

- Capping aggregate savings in tax-preferred retirement savings vehicles, with the cap applying at the individual taxpayer level. The proposed cap would be equal to the maximum annuity that may be paid from a pension plan — for 2015, \$210,000 per year. Depending on interest rates, the aggregate savings cap would range from \$3.2 to \$3.4 million for a person age 62.
- Limiting the value of certain tax deductions and exclusions for high earners to the 28% tax rate. Employer-provided health and salary deferrals made to defined contribution retirement plans would be included.
- Requiring employers who do not offer retirement plan coverage to auto-enroll their employees in payroll deduction IRAs at a 3% of pay contribution rate, unless the employee opts out.
- Permitting the PBGC to set its own premiums.

Please see our [March 7, 2014](#) *Legislate* for more information on these and other proposals expected to be carried forward from the president's FY 2015 budget.

Authors

Drew Crouch, JD, LLM

Nancy Vary, JD

Produced by the Knowledge Resource Center of Buck Consultants at Xerox

The Knowledge Resource Center is responsible for national multi-practice compliance consulting, analysis and publications, government relations, research, surveys, training, and knowledge management. For more information, please contact your account executive or email fyi@xerox.com.

You are welcome to distribute *Legislate*® publications in their entirety. To manage your subscriptions, or to sign up to receive our mailings, visit our [Subscription Center](#).

This publication is for information only and does not constitute legal advice; consult with legal, tax and other advisors before applying this information to your specific situation.