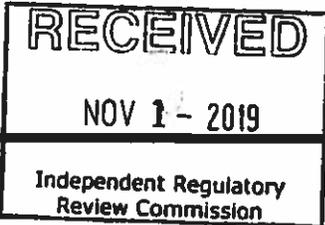


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Kathy Cooper

From: Robert McCafferty <digger@northcountrybrewing.com>
Sent: Thursday, October 31, 2019 8:44 PM
To: IRRC
Subject: Final Rulemaking: Title 34 Labor & Industry Regulations for Min Wage 34 Pa. Code, Pt XII, Ch 231

Dear IRRC Review Commission,

My name is Robert McCafferty. I am the owner/operator of North Country Brewing Co. LLC. I employ 185 people and by virtually any definition am considered a small business owner in the state of Pennsylvania. I have many part time workers now, due to changes made to my business through the ACA mandate. The ACA Mandate would be another example of how great intentions had such negative impacts, that now apparently will never be righted.

I am writing to express my opposition to the Final Form Regulation by the Department of Labor as it pertains to the salary threshold for exempt employees in Pennsylvania. It is also disappointing that, after receiving hundreds of comments on the proposed rule and holding roundtables around the state, the Department has barely budged from its initial proposal. I personally testified in front of the Senate on the Federal Level when President Obama proposed this same ruling, and then again on the State Senate level when Governor Wolf picked up the same torch. I've attended many round tables where I listened to everyone's real life problems with this proposal, from nonprofits to universities and government ran care facilities. Math doesn't lie, numbers don't lie.

An increase in the threshold in Pennsylvania to \$875/week over a mere two years would hurt my employees and my business. This change, which means an increase of over \$5,000 a year after the initial compliance with the federal salary threshold, does not reflect the realities of running a business that operates on slim margins as it is. It would force me to take employees that are currently in a salaried leadership position and make them hourly, which could mean a loss in pay but more importantly take away the flexibility to make their own hours and the leadership they have earned in their salaried position in the first place. Employees often perceive reclassifications to non-exempt hourly positions as demotions. In my experience, employees look forward to making the jump from hourly to salaried and reclassifying them will undoubtedly be viewed by many as a step backwards in their careers. Many of them are first time managers, where we train them up to job codes from high school degrees, and we are proud to grow their careers. The reality is, an executive chef starting salary is \$48,000/year and they have all worked hard to establish that career. Starting everyone at that threshold negates years of growing through all kitchen stations, to sous chef position and all of the knowledge and talent that is on the job acquired.

The automatic increase included in the regulation is also extremely problematic. A salary threshold is supposed to be the minimum amount that a salaried employee should make, but the Department's proposal does not take into consideration the different economies and costs of living that make up Pennsylvania and almost goes to the point of legislating a wage not based on actual reality in the Commonwealth. The proposed \$45,500/year is already exorbitant, and tying it to inflation every three years only exacerbates the problems I will have to face for my business. In fact, this proposal would put Pennsylvania at one the highest thresholds in the country, up there with states like New York, California and Alaska. I think we can all agree that ranking is not the reality of our current economy.

Pennsylvania needs policies that allow us to compete with other states when it comes to fostering existing business growth and attracting new businesses to our state. The U.S. Department of Labor recently announced an increase in the federal threshold, which will take effect on January 1, 2020. This new level of \$35,568 is a reasonable update to the existing level that ensures a uniform standard across the entire county. But Pennsylvania's final regulation will put businesses in our state at a tremendous disadvantage. The state threshold of \$45,5000 by 2022 is significantly higher, and the automatic updates thereafter will only make that disadvantage worse.

I'm disappointed that the Department's final regulation did not take into account the many comments and concerns made by small business owners like me since the initial proposal. The new regulation still does not conform the state duties test to the federal test, and the gross disparity between the updated federal regulation and the Pennsylvania proposal adds to the confusion of differing regulations while hurting Pennsylvania's ability to grow and thrive economically. I urge IRRC to reject the final regulation as proposed. As with every anti business regulation that started ten years ago, I suppose the government will do what it wants, but again, business will have the choice of keeping their doors open and offering jobs at all, or severely changing their concept where everywhere is a Panera big box grab your bag at the counter. I know that I personally will have to eliminate 6 management positions if you tie it to inflation. There is no budgeting tying pay to inflation. No budget no business.

Sincerely,

Robert McCafferty  
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