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United Way
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Dear Independent Regulatory Review Commission,

United Way of Pennsylvania appreciates the opportunity to comment on the proposed regulation that addresses overtime eligibility and expands the minimum salary threshold for non-exempt employees.

As strong advocates for financial stability, we are supportive of finding new avenues to ensure every Pennsylvanian is paid equitably and with a living wage. However, we also are well-aware of the lack of resources some employers face, particularly those in the nonprofit sector. As a nonprofit that is responsible for representing 52 local United Ways across the commonwealth, we felt it necessary to bring to your attention the impact this expansion will have within the nonprofit community.

Many of our local United Ways operate with budgets less than \$1 million per year and allocate a significant portion of those funds back into the community for programs that align with advancing the common good in health, education, and financial stability. As human services organizations, we are intimately familiar with the varying needs faced by those in our communities and work endlessly to find solutions to make lasting positive changes to their lives. However, by spending the larger portion of our donated funding in the community, we are often left with few resources for our overall operations. Thus, expanding the threshold for non-exempt employees to \$45,500 annually would have large impacts on our ability to continue with our normal course of business. For example, this expansion would impact how many United Ways hire employees, forcing some to convert existing positions and future positions to hourly compensation. Further, many nonprofits would be forced to strictly monitor employee hours, which in a nonprofit organization tasked with being present in the community, can be extremely challenging. Nonprofit work is typically not a traditional 9am-5pm job. There is often cyclical and seasonal work, with many evening or weekend hours needed. With that time being outside the normal work hours, nonprofits would be either unable to hold events in these off-hours or would lose personnel for the day-to-day business needs during normal business hours. If a nonprofit employer would need to pay for overtime for employees to participate in events such as these, this proposed rule would effectively reduce resources available to invest back into the community.

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United Way of Pennsylvania understands the need to offer solutions that would benefit more Pennsylvanians along their path to financial stability. However, as nonprofits working with already tight budgets and growing community needs, allocating additional personnel costs would diminish the impact we are able to make in the community, which could potentially harm more individuals than it would help.

We feel there are some steps the Department can take to help reduce the impacts felt by nonprofits by expanding the overtime eligibility threshold. Some of these steps include:

1. United Way of Pennsylvania asks for an amendment allowing nonprofits who have minimal revenue to be exempt from this rule. A suggested revenue threshold would be \$750,000. Proposing for all nonprofits to comply with this rule could possibly mean the closing of doors to many nonprofits who are already struggling to meet the demand of needs in their community with their current revenue. This rule may require these organizations to pay more to their employees than the aid they are able to provide.
2. United Way of Pennsylvania asks for the consideration of a longer phase-in period for nonprofits above the exemption threshold mentioned in point 1 to help mitigate financial impacts in an already challenging time for service providers. This phase-in period will be used to assess any operational changes that need to occur.
3. United Way of Pennsylvania urges the Department to consider the different costs of living and different wages throughout the various communities in the Commonwealth. There are considerable differences amongst rural and urban communities, as well as regionally. Please reference www.uwp.org/alice for a statewide map showing basic household needs budgets for each county in our state.
4. If any version of a new overtime rule moves forward, United Way of Pennsylvania asks the Department to consider the need for technical assistance in understanding and implementing the rule specific to nonprofits. We request assistance for nonprofits in the planning stages of the implementation.
5. United Way of Pennsylvania asks the Department to consider exempting nonprofits from the mandatory three-year automatic increase and instead define longer increments between automatic escalators for nonprofit organizations, as well as their ability to comply with those increases.

United Way of Pennsylvania appreciates the opportunity to voice our concerns with the proposed rule change and welcome further discussion with the Department to further understand the impacts to nonprofit organizations. We are committed to forward progress within our state for all individuals when it comes to financial stability but also understand the unique position nonprofits are in when they must allocate a substantial amount of funding back into the communities in which they operate, thus reducing their ability for growing administrative costs.

Sincerely,



Maggie E. Livelsberger

Director, Public Policy

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