

From: Smolock, Bryan <bsmolock@pa.gov>
Sent: Thursday, August 16, 2018 8:20 AM
To: Kathy Cooper; IRRRC
Cc: Rapach, Jennifer Buchanan; Schramm, Robert (LI-OCC); Lengel, Michelle
Subject: FW: Impact to Local Organizations of Proposed Changes to PA Overtime Regulation

-----Original Message-----

From: Sonia Caso [<mailto:scaso@pkbenefits.com>]
Sent: Wednesday, August 15, 2018 12:37 PM
To: Smolock, Bryan <bsmolock@pa.gov>
Subject: Impact to Local Organizations of Proposed Changes to PA Overtime Regulation

Sonia Caso
105 Forest Hills Acres
Hazle Township, PA 18201

August 15, 2018



Dear Bryan Smolock,

I am a local human resource professional and am concerned about the impact that changes to the overtime regulations will have on my organization and our employees.

Adopting regulations for Pennsylvania that dramatically increase the salary threshold and set it at the 30th percentile of weekly earnings of full-time salaried workers in the Northeast, in addition to updating the salary threshold every three years, will have a significant negative impact on the labor costs for my organization.

This proposal will also have a negative impact on employees as we adjust our workplace rules in order to control our overtime costs. This may include limiting the ability to work overtime and reducing workplace flexibility.

The Labor Department's proposal would increase the current existing salary threshold to \$921 per week within two years and require automatic adjustments every three years. This proposal more than doubles, in a short period of time, what is the current federal salary threshold. As a legal matter, this dramatic increase in the minimum salary will have the effect of rendering the minimum salary the sole arbiter of exempt status for most positions, the precise reason the proposed federal rule was struck down.

The threshold on Salaries in the Northeast Census Region: Using Northeast census data is unfair to Pennsylvania workplaces which cannot meet the higher salary demands of other Northeast cities such as Boston, New York City and Washington, D.C. It will have a particularly harsh effect in rural areas where the cost of living and salaries are lower than Pennsylvania cities.

Employers monitor labor costs closely and cannot easily pass on additional cost and remain competitive. For this reason, employers will likely cap or eliminate access to overtime work or even adjust salaries to make sure that total wages remain the same. In fact, based on a survey of SHRM members conducted in anticipation of the 2016 federal proposal, 70 percent indicated they were "very" or "somewhat likely" to reduce employee overtime. Changes to the overtime regulations will not, therefore, result in a windfall of overtime hours for newly classified non-exempt employees.

While employers may raise salaries of some employees above the new minimum salary to preserve their exempt status, more employees are likely to be reclassified as non-exempt resulting in the loss of flexibility they currently enjoy as they are required to start tracking their time and working less flexible schedules.

We ask that the Labor Department defer its rulemaking until the federal DOL publishes its new rule and align the Pennsylvania regulation to accord with the new federal rule. In the alternative, we request the Department modify its proposed rule to provide that white-collar exemptions under federal and Pennsylvania law are the same in all respects.

Please take my concerns into consideration as you evaluate these rules.

Sincerely,
Sonia Caso