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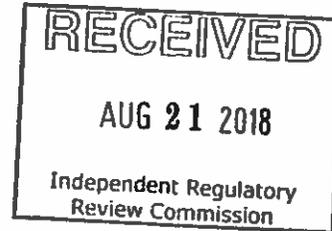
Human Resources

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August 21, 2018

County Commissioners
Joshua G. Parsons, Chairman
Dennis P. Stuckey, Vice-Chairman
Craig E. Lehman, Commissioner

Bryan Smolock
Director, Bureau of Labor Law Compliance
Department of Labor and Industry
651 Boas Street, Room 1301,
Harrisburg, PA 17121



Dear Mr. Smolock:

I am writing on behalf of Lancaster County regarding the Department of Labor and Industry's proposed regulation (Regulation #12-106: Minimum Wage) regarding changes to minimum salary requirements for the overtime exemptions.

The Department indicates that the proposed rule is not expected to have a disruptive effect on Pennsylvania's economy since business can mitigate impact of compliance based on their own decision making, and that there would be no costs and de minimis revenue losses for local government associated with the proposal. On the contrary, there will be additional financial burden to implement this proposed regulation.

In Lancaster County, we have approximately 1875 employees, of which approximately 390 are exempt and 1485 non-exempt. These 390 positions are largely professional and middle management level positions that will remain exempt under the new proposal. In the proposed regulation, the minimum salary requirement for overtime exemption would increase from \$23,660 to \$31,720 annually on Jan. 1, 2020; \$39,832 on Jan. 1, 2021 and \$47,892 in 2022. In Lancaster County this change would currently affect 63 of the 390 exempt positions in the County (16%). Although, this may not seem like a large amount, the resulting financial burden to implement this proposed regulation could cost the County an estimated \$360,000 over the three-year proposed implementation period. This is a conservative estimate as it only accounts for revising the minimum salary requirements for existing employees. The County would incur additional costs as new employees are hired into exempt positions affected by this proposal due to the need to revise the starting salary.

In addition, this proposal will add an administrative burden. The Department also proposes changes to the so-called "duties test" which is used in conjunction with the salary threshold to determine exempt status. These significant revisions create a need to review all employee positions and job descriptions, which could take an extended period of time as well as a need to revise current compensation plans to meet the salary requirements of the proposal.

Pennsylvania counties deliver many services in partnership with the state, including crucial human services that protect the most vulnerable -- among them



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children suffering from abuse, those fighting substance abuse addictions, individuals with mental illness and intellectual disabilities, and seniors in need of long-term care. However, county capacity to meet service needs has already been compromised by a steady decrease in state funding over more than a decade.

Unless the commonwealth appropriates additional funding to cover the increased staffing costs caused by this proposed regulation, it will fall to our county to pick up the difference – and our only source of local revenue is the property tax. This means Lancaster County would face the difficult decision to increase property taxes for our local residents to be able to continue providing these services, or to face the prospect of cutting staffing levels, work hours and ultimately critical programs for Pennsylvania residents.

For counties, a priority for 2018 is re-engaging the administration and General Assembly in understanding and respecting the state-county partnership in service delivery. This includes re-examining county mandates currently in place, and for any proposed new or expanded mandate, such as the Department's proposed increases in overtime thresholds, must reflect state financial commitment and mutual determination of its scope, objectives and administration. Lancaster County strongly urges you to work with counties to conduct a more thorough analysis of the costs of this proposal to accurately understand its impacts and the resources that will be needed to implement it without sacrificing important service delivery to our constituents.

Thank you for considering of our comments on behalf of Lancaster County. Please feel free to contact us if you have any questions.

Sincerely,



Charlette A. Stout
Director, Human Resources
County of Lancaster