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Kathy Cooper

From: Rich, Leonard <lrich@lcv.tec.pa.us>
Sent: Tuesday, June 26, 2018 8:57 AM
To: IRRC
Subject: objection to Wolf Administration Proposed Overtime Eligibility Changes

As an employer, we object to the proposed changes to overtime eligibility standards. The Governor's proposed changes are similar to a proposal put forth by former President Obama in 2015 which was widely opposed by the employer community and ultimately struck down by a federal court.

In January 2018, the Wolf administration announced its intent to implement changes to the Commonwealth's overtime eligibility rules for employees. The proposal, released this week, would dramatically change overtime eligibility rules imposed on Pennsylvania employers by requiring a wage threshold for "exempt status" that is more than double the current rate set by the federal government. The proposed changes further include significant revisions to the so-called "duties tests," which are also used to determine eligibility. Finally, the rule establishes an automatic update to the salary threshold every three years beginning in 2023.

When President Obama proposed this rule in 2015, the response from employers was swift and deeply negative, particularly among small businesses, nonprofit organizations, higher education institutions and the health service industry, among others. Employers not only described significant increases to the cost of providing services or doing businesses, but also the reality that this dramatic change would damage workplace culture and morale, as employers would be forced to shift employees from earning a salary to being paid by the hour. This transition typically requires employees to start clocking in and out, along with more burdensome record-keeping, less flexibility, a rigid work schedule and fewer training opportunities and benefits.

Governor's Wolf's proposal has prompted the same concerns; and since it would only apply to Pennsylvania, it would further harm the Commonwealth's competitiveness in relation to other states

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