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To: IRRC Members
From: Rob Wonderling, President & CEO, The Chamber of Commerce
for Greater Philadelphia
Re: Pennsylvania's Proposed Overtime Eligibility Rule
Date: June, 27, 2018

On behalf of the Chamber of Commerce for Greater Philadelphia, representing 600,000 employees from thousands of member companies in southeastern Pennsylvania, southern New Jersey, and northern Delaware, I strongly urge you to oppose Pennsylvania's proposed rule by the Department of Labor and Industry to change the Commonwealth's overtime eligibility rule.

As written, the proposal requires a wage threshold for "exempt status" that is more than double the current rate set by the federal government and includes significant revisions to the so-called "duties tests," which are used to determine eligibility. The rule also establishes an automatic update to the salary threshold every three years beginning in 2023.

When a similar proposal was introduced at the federal level in 2015, employers and civic organizations around the country expressed concern about the significant costs to comply with the rule, but also the damage the rule would have on workplace culture and morale, as employers would be forced to shift employees from earning a salary to punching a clock.

Governor 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.

In addition, to ensure compliance with the rule, employers must consider purchasing and administering costly systems to schedule, track and monitor employee time. Workplace policies may need to be written or amended while employees and supervisors undergo training. In addition, the rule's provision to automatically raise salary thresholds every three years could create further obstacles in business planning.

These business decisions will not only affect our membership and regional economy, but it would also directly impact our Chamber as a nonprofit organization and employer. The Chamber has almost 100 employees of which a significant fraction would be affected by the rule as proposed. We have excellent employees and we pay them very fairly while providing outstanding benefits, annual bonuses, and paid time off. Their pay is reflective of the quality and value of the work that they perform. Yet, the rule as written could have a tremendous negative effect on our organization and force us to make difficult changes as a result.

The limited resources available to nonprofits, like the Chamber, present challenges for the sector's ability to hire more workers or offer salaries above market wages. Given these challenges, nonprofits have been successful in attracting talent through the organization's mission and social impact as well as offering opportunities to interact with people in the industry.

As an organization that works to attract, retain, and grow jobs for companies and residents of the region, the Chamber receives tremendous interest from individuals that want to contribute towards achieving this goal. Many of our employees are young professionals, who value working for an organization that can serve as a springboard to other opportunities throughout the region. We strongly encourage our employees to attend external meetings and events on behalf of the Chamber and outside of the office so that they can expand their network and meet new people as part of their professional development. We have found that talented, creative, and ambitious staff will find a way to respond to these incentives that we provide.

Unfortunately, the rule could significantly limit employees from leaving the office for reasons secondary to work, diminish their opportunities to volunteer in the community or pursue professional development opportunities outside of the office, and lead to the unintended consequence of impacting their motivation. Young professionals especially would be limited in their ability to demonstrate their dedication and motivation beyond the fundamental job expectations because their employers' need to manage overtime costs. This will reduce their opportunities for professional growth and advancement.

Despite all of the challenges the proposed rule would create for employers, we understand the state's well-intended motives. However, we find the proposed rule very burdensome. We firmly believe that businesses and organizations would face significant operational and financial challenges from a mandate affecting a potentially large fraction of the workforce. We therefore urge your opposition to the proposed rule.

Thank you for your consideration.