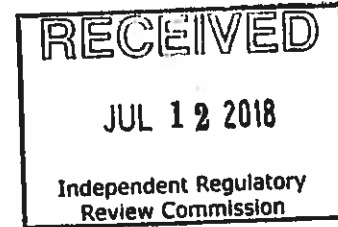


3202
**HARRISBURG REGIONAL
CHAMBER & CREDC**



POSITION STATEMENT

Pennsylvania Department of Labor and Industry's Proposed Overtime Regulations Regulation #12-106: Minimum Wage IRRC Number 3202 July 2018

To: IRRC Members

From: The Harrisburg Regional Chamber & CREDC

Background:

In January 2018, the Wolf administration announced its intent, through an executive order, to implement changes to Pennsylvania's overtime eligibility rules for employees. On June 12, 2018, the Pennsylvania Department of Labor and Industry (DLI) submitted proposed rulemaking announcing proposed revisions to the Pennsylvania Minimum Wage Act overtime exemptions.

The proposed revisions increase the minimum salary needed to qualify for the Pennsylvania Minimum Wage Act's (PMWA's) administrative, executive, and professional exemptions (the "white collar exemptions") to annually increasing levels that far exceed the current salary thresholds under the PMWA. This proposal is estimated to affect over a half million workers in the Commonwealth.

The proposal would nearly double the salary threshold below which salaried employees must be paid overtime. The threshold would increase from \$24,000 to \$48,000 over the course of three years.

The Department of Labor and Industry's proposed rule would permit up to 10% of the minimum salary levels to be satisfied by nondiscretionary bonuses, incentives, and commissions paid quarterly or more frequently.

Chamber Position:

The Harrisburg Regional Chamber & CREDC opposes the Pennsylvania Department of Labor and Industry's (DLI) proposed regulation and revisions to the Pennsylvania Minimum Wage Act overtime exemptions.

- The proposed regulation, if enacted, would impose a significant burden on Pennsylvania employers and employees with additional costs to closely monitor employees' time and update their human resource systems.
- This proposed rule does not reflect the nature of the workplace today. In today's culture where more businesses and individuals (particular technology companies, accounting firms, law firms and other professionals) work flexible schedules that allow more than 40 hours in one week due to deadlines, project goals, events and other activities, may also experience the opposite where they may require fewer than 40 hours in subsequent weeks.
- This regulation would have a significant negative impact on today's workplace culture and employee morale due to the fact that employees would be shifted from earning a salary to being paid by the hour. The regulations would require employees to start clocking in and out, fewer opportunities for flexibility in the workplace, a potential for employers to cut hours and burdensome record keeping.
- This proposed regulation would be a detriment to Pennsylvania's economic competitiveness and does not account for wide differences in cost of living throughout the Commonwealth. This proposed regulation would be particularly difficult on rural areas in Pennsylvania actively seeking new age jobs and population growth.
- Due to the importance and significance of these regulations, the proposed regulations should have proceeded through legislative process, not executive order.

- As a Commonwealth, both salaried workers and businesses need workplace flexibility and opportunity that reflects the creative workplace of the 21st Century inspires creativity and supports a pro-growth business agenda that enhances Pennsylvania's competitiveness.

This position statement was passed by the following committees and board:

<i>Date</i>	<i>Committee/Board</i>	<i>Chair(s)</i>
July 10, 2018	Harrisburg Regional Chamber Executive Committee	Sheilah Borne (Chair) of Penn State Health, Barb Bowker (Vice Chair) of PSECU, Tom Sposito (Vice Chair) of S&T Bank
July 11, 2018	Harrisburg Regional Chamber Board	Sheilah Borne (Chair) of Penn State Health
July 12, 2018	Harrisburg Regional Chamber Government Relations Committee	Kara Beem (Co-Chair) of Greenlee Partners, Dave Kerr (Co-Chair) of AT&T