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Mr. Bryan Smolock
Director, Bureau of Labor Law Compliance
Pennsylvania Department of Labor & Industry
651 Boas Street
Harrisburg, PA 17121

July 20, 2018

Re: PA Department of Labor & Industry Regulation #12-106, amendments to 34 Pa. Code Chapter 231 with respect to Overtime Pay.

Dear Mr. Smolock:

In order to ensure appropriate and full compliance with any new requirements, Haverford College has followed the Pennsylvania Department of Labor & Industry proposed overtime rules, specifically PA Department of Labor & Industry Regulation #12-106, amendments to 34 Pa. Code Chapter 231 with respect to Overtime Pay.

Haverford College, a small college founded in 1833 by the Quakers, sits in Delaware and Montgomery counties. As has been part of its long history, Haverford is fully supportive of reasonable salary increases for all employees, having voluntarily raised the College's base hourly rate for non-exempt employees to first \$14.00 per hour last year and then further to \$14.35 per hour this year. The College also provides significant benefits that also further support employee compensation.

Nonetheless, the College was dismayed at the large proposed increase in the minimum salary for exempt employees and is also concerned about proposed regulations to clarify the existing FLSA duties test for executive, administrative, and professional employee exemptions.

You may know that Haverford College is tuition-driven, like many other colleges and universities in Pennsylvania. The majority of the College's revenues is generated from tuition, fees, room and board from our undergraduate students, even after discounting the cost with generous financial aid packages. Since the economic crisis in 2008-09, the College has moderated its annual price increases, with a focus on affordability and providing significant financial aid to meet the full need of all admitted students. Budgets have been constructed in an ongoing challenging environment, with this focus on affordability and the need to provide resources to support excellent academic and student programs. More than half of the College's operating budget is spent on personnel costs, including salaries, wages and benefits.

As such, two truisms must be acknowledged: first, any non-market driven increases in compensation will undoubtedly add pressure to tuition and fee levels; and second, increased costs at Pennsylvania institutions will put colleges and universities in the Commonwealth at a

competitive disadvantage when matched against the large number of excellent colleges and universities in other states.

Of additional concern is the proposed change in duties tests for white-collar exemptions. Although L&I indicated that the duties tests will align with the current FLSA tests, the definitions are not identical and will likely require the reclassification of current exempt employees to non-exempt. This may lead to morale issues, as mid-level professionals will be treated as hourly workers and will be likely limited in such things as travel, training, and professional development, which are cornerstones of higher education employment. It may result in work restrictions for campus employees, many of whom interact with students in a professional capacity after they have already worked 40 hours. Some of these students have a need to talk with our employees at all times of the day (or even in the evening) and we would never want to shortchange that supplemental support that is so beneficial.

The College employs nearly 600 full time equivalent employees. Most of the College's employees are in exempt positions, excluding all student employees. Being community-oriented, Haverford would not want to see a regulation that might, unintentionally, dampen its ability to increase the number of attractive positions it can offer due to a new, higher minimum threshold for exempt employees and other aspects of the proposed regulation.

Thank you for listening to our thoughts. Please remain assured, Haverford College is earnest in its commitment to provide higher wages and a strong benefits program that supports employees, providing them not only strong compensation but also training and professional development that enhance employees' long-term earning power. The proposed regulations unfortunately may have an unintended detrimental effect on the College's ability to remain competitive and to offer the desired education at a competitive price, factoring in the financial aid provided by the College's own resources.

Sincerely,

Kim W. Benston,
President
Haverford College

cc: Independent Regulatory Review Commission (IRRC) electronically at irrc@irrc.state.pa.us.
Thomas P. Foley, President, AICUP