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Kathy Cooper

Independent Regulatory
Review Commission

From: Jodie Stetz <jstetz@redrobinpa.com>
Sent: Monday, July 23, 2018 3:14 PM
To: IRRC
Subject: Proposed Rulemaking: Title 34 Labor & Industry Regulations for Min Wage 34 Pa. Code, Pt XII, Ch 231

Dear IRRC Review Commission,

I am writing on behalf of Mike Axiotis, the owner/operator of Lehigh Valley Restaurant Group, Inc. and myself, Jodie Stetz, Sr. Director of HR. We employ over 2000 people and by virtually any definition are considered a small business owner in the state of Pennsylvania.

I am writing to express my deep concerns with the proposed rulemaking by the Department of Labor as it pertains to the salary threshold for exempt employees in Pennsylvania. By the Department's own admission, there was no effort to meet with the thousands of business owners in this Commonwealth to obtain feedback and no consideration given to the geographical make-up and different costs of living that vary throughout the Commonwealth.

An increase in the threshold in Pennsylvania to \$921/week over two years would hurt my team members and my business. While the current threshold may need to be increased to take into consideration changes over the years, an increase of over 200 percent, even if over the course of a few years, is well beyond what an increase based on inflation should be.

This change would force me to take employees that are currently in a leadership position and make them hourly, which could mean a loss in pay and bonus, but more importantly take away the flexibility to make their own hours and the leadership they have earned in their salaried position in the first place. Employees often perceive reclassifications to non-exempt hourly positions as demotions, so if we take this avenue, it would hurt the morale and engagement of my team. In my experience, employees look forward to making the jump from hourly to salaried and reclassifying them will undoubtedly be viewed by many as a step backwards in their careers.

If we decide to raise the salaries to meet the new threshold, we would have to raise the salaries of the more tenured managers above them as well to keep those salaries competitive and fair to experience. These changes could force us to reduce our overall headcount to cover the cost of increased salaries.

Pennsylvania needs to continue to be competitive to ensure that I can grow my business and we can attract more businesses to our state. The U.S. Department of Labor is likely to change the threshold on a national level, and I would urge the state Department to wait and consider the newly proposed regulations that the federal Department will release.

To that end, I do support changing Pennsylvania's duties test to be identical to the federal duties test. Unfortunately, the proposed regulation purports to do that but actually doesn't. Pennsylvania has a significant number of gray areas as it pertains to our current regulation and aligning with the federal guideline would once again provide the consistency and clear guidance the business community needs.

The regulation as proposed will hurt my business as it currently operates and my ability to grow my business. Changes may need to be made as it pertains to the salary threshold, but the Department should take into consideration the multiple variables at play in Pennsylvania instead of relying on one-sided studies and political rhetoric.

Sincerely,

Jodie Stetz
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