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Kathy Cooper

From: Brad Hollabaugh <brad@hollabaughbros.com>
Sent: Thursday, July 26, 2018 4:01 PM
To: IRRC
Subject: Comment on proposed overtime salary threshold increase



Dear Director of Labor Law Smolock,

As a small business owner in Pennsylvania, I am writing in opposition to the Department of Labor and Industry's proposal to more than double the salary threshold for employee overtime eligibility.

As an Agricultural Employer, we are accustomed to see the state to create regulations that completely ignore the economic realities in the Ag sector. The income level proposed for this change in the overtime rules is unreasonable in production agriculture and likely in most small businesses.

We have always been very careful about overtime rules and have only a few persons working on a salaried basis. The proposed change would be a disruption to our current policy.

Regulations of this sort fail to acknowledge two important facts:

- 1) employees always have the right to refuse a position or to quit a position if they find that it is not a good fit for their time and talents. When a salaried employee is hired, extensive disclosures are made so that they understand the work and time involved for a given position. If an prospective employee doesn't want to accept a position because their perception is that the compensation is not equal to the job, an employer cannot force them to take the position.
- 2) Labor is very market driven and wages / salaries are strongly influenced by market demand. We carefully measure the job description and hours requirements prior to setting a salary so that any "extra" time is already accommodated in the employment agreement.

Presuming to know that a given salary level is automatically "too low" or "unfair" may be a popular political statement, but rarely is a reflection of reality. Further, in our company, the salary or wage level at which one is hired is and has been progressive over a long period of time. The state may set a "minimum wage" but that doesn't mean that an employer only pays the minimum wage to all new employees.

For salaried individuals, the same relationship exists. Again, if an employee is so dissatisfied with their job description or rate of compensation, they always have the opportunity to communicate such sentiments with their employer or simply provide notice of departure.

Forcing small businesses to arbitrarily and substantially raise the salary threshold for overtime exemption will create addition management costs, tend to instill dissatisfaction among workers, and potentially change the way workers are hired. There is a psychology involved with "salary" versus "hourly wage" among many workers and a reversion to an hourly wage can be viewed as a negative pathway.

The proposed increase in the state threshold from an annual salary of \$23,660 to \$47,892 over three years will limit the flexibility we can offer employees now with hours, benefits, and pay. Further, a very real outcome may be that employers will reduce the hours and pay of the very employees the change is intended to help.

I strongly oppose this rule change and hope that we won't have to add this proposed rule to the long list of unfunded mandates already in place by our state and federal governments.

Sincerely,

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