3202

Kathy Cooper

From: John Graf <john@thepriory.com>
Sent: Monday, August 13, 2018 3:21 PM
To: IRRC
Cc: John Graf
Subject: Proposed Changes to Exempt Employee Regulations

RECEIVED
IRRC
2018 AUG 13 P 3:29

To whom it may concern:

I am writing to strongly object to the changes to exempt employee regulations being considered by the Department of Labor and Industry. These changes, which more than double the salary level for exempt managerial employees, is going to cause harm not only to employers (particularly small business), but also the currently exempt employees of those businesses. We own several small businesses in the City of Pittsburgh in the hospitality industry, including the Priory Hotel and Grand Hall at the Priory (independent hotel and event facility on the North Side), the Mansions on Fifth Hotel (historic boutique hotel in Shadyside), and Priory Fine Pastries, a commercial and retail bakery on the North Side.

Why the proposed changes are bad for employees:

- It will not have the intended effect of "giving Pennsylvanians a raise," and in fact will harm the people it purports to help. Businesses have payroll budgets, and they need to stick to them unless they want to go out of business. So unless someone is very close to the $48K threshold, salaried employees will not be getting raises to keep them exempt. We saw this in the run up to the implementation of the 2016 federal overtime regulations, which were very similar to those being considered by DLI . This means that employees who are now salaried will be moved to hourly, with their hours closely monitored to avoid overtime. This is in fact deleterious to employees who are suddenly non-exempt, for the following reasons:

    - Employees who are used to a degree of freedom and autonomy will suddenly find themselves monitored very closely. No more coming back from lunch 5 minutes late. No running out to the drug store to pick up a prescription. No more cruising Amazon for a birthday gift during business hours.
    - Employees will in many cases make less money than they were making when salaried. As businesses prepared for the federal regulation in 2016, they began to assign hourly rates to employees which assumed that the employees might be working some amount of overtime every pay period (i.e., a lower hourly rate than taking an annual salary and dividing it by 2,000 hours). This means that they will be making less money paycheck to paycheck than when they were salaried, if there is no overtime work during a given pay period. And unless the employee racks up significant OT in later pay periods, they will not be making that income up.
    - There was a prestige in graduating from an hourly position to salaried, which will be nullified for junior managers.

- It is deleterious for small businesses as well:

    - It changes the relationship with the employee. There's an implicit trust in the salaried relationship – we'll pay you the same no matter how much you work, and we trust that you're going to be productive. This also means giving a little leeway to allow them to do personal things during business hours, with the understanding that the work will be made up at some point. That relationship is severed if the employer has to meticulously watch the amount of time an employee is spending on a given task, and on whether they are being productive.

- It creates a huge and unnecessary expense for businesses in tracking and monitoring hours for managerial employees who previously were paid a set amount every month.
- Small businesses, which employee the vast majority of Pennsylvanians, will be especially disadvantaged, as they lack the wherewithal of large businesses to absorb the increased costs brought on by this change in regulations.

While I think it's reasonable to consider raising the salary threshold by a certain percentage, the more than doubling of that threshold will cause harm to small businesses and their employees. The amendments to the exempt employee regulations should be, as constituted, rejected.

With Kind Regards,

John E. Graf
President and CEO
Priory Hospitality Group
Priory Hotel * The Grand Hall * Priory Fine Pastries
"A Hotels.com Top Ten Hidden Gem"
(412) 224-6305
john@thepriory.com

www.thepriory.com
www.pittsburghsgrandhall.com
www.prioryfinepastries.com