



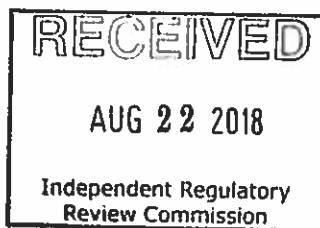
# GREATER PITTSBURGH REGIONAL ADVOCACY COALITION OF CHAMBERS

*A voice for regional business.*

August 22, 2018

George Belwick, Chairman  
Independent Regulatory Review Commission  
333 Market Street, 14th Floor  
Harrisburg PA 17101

Mr. Bryan Smolock  
Director, Bureau of Labor Law Compliance  
Pennsylvania Department of Labor & Industry  
651 Boas Street, Room 1301  
Harrisburg, PA 17121



**RE: 34 PA Code, Chapter 231 Re: Overtime Pay; Minimum Wage #12-106 (IRRC number 3202)**

Dear Chairman Belwick & Mr. Smolock:

The Greater Pittsburgh Regional Advocacy Coalition of Chambers (RACC) is an alliance of local chambers of commerce throughout southwestern Pennsylvania. The purpose of the RACC is to come together and speak with one voice on issues that are important to the common interest of the region's business community. We advocate for public policies that improve the economy for our region. To that end, we are writing to urge the PA Department of Labor and Industry (DLI) to reconsider its proposed rulemaking for 34 PA Code, Chapter 231 re: Overtime Pay. This proposal, which is now under review at the Pennsylvania Independent Regulatory Review Commission (IRRC #3202), would increase the salary threshold required for employee exemption from overtime pay to more than double the current rate set by the federal government. Similar to the proposal put forth by the Obama administration in 2015, the DLI's proposed changes have prompted concerns from PA employers who fear the negative impacts of increased costs and reduced workplace morale, as well as the overall harm inflicted on the Commonwealth's competitiveness.

The Pennsylvania Minimum Wage Act (PMWA) guarantees overtime pay to employees that work more than 40 hours in a work week. While these protections extend to most workers, the PMWA provides exemptions for employees classified as "Executive," "Administrative," or "Professional" based on certain duties tests, and whose pay is at or above a specified threshold. The DLI's proposal seeks to increase this salary threshold in three phases over two years, with the final threshold (\$921 per week or \$47,892 annual) being more than triple the current rate (\$250 per week or \$13,000 annual.) Additionally, the proposal would have the salary threshold be automatically adjusted to match the 30<sup>th</sup> percentile of weekly earnings for full-time non-hourly workers every three years starting in 2023.

If implemented, the negative impact of this rule will be far reaching for Pennsylvania employers, particularly among small businesses, nonprofits, and the health service industry. Many employers covered by the rule will be forced to decide between reducing hours and output or simply eliminating positions to offset overtime costs. In addition, employers will potentially need to purchase and administer costly human resource tracking systems to schedule, track, and monitor employee time as they are forced to shift employees from earning a salary to being paid by the hour. This will not only incur a significant increase in the cost of doing business, but also risks damaging workplace culture and morale. Furthermore, the proposed rule will be an impediment to workplace flexibility and work-life balance, as many employers will have to develop rigid policies for home office work and travel. Finally, the automatic increase in salary thresholds every three years will lead to unpredictability in budgeting, accounting and lead to negative compliance issues.

To be clear, our organizations support increased wages. We believe the way to pursue this, however, is through sustained economic growth and expanding opportunity that leads employers to compete for talent. We also recognize that the PMWA regulation has not been updated since 1977, and we understand the need to make the threshold more reflective of current salaries. However, the drastic and sudden nature of the proposed increase will be extremely burdensome and costly, especially to small businesses and nonprofits. We therefore urge a much more moderate compensation threshold increase that would still benefit lower-wage workers without significantly disrupting an employer's ability to meet compliance and make payroll. The Greater Pittsburgh Regional Advocacy Coalition of Chambers respectfully requests that DLI balance its goal with the realities employers face.

Thank you for your time and consideration.

Sincerely,

**Members of the Greater Pittsburgh Regional Advocacy Coalition of Chambers:**

*African American Chamber of Commerce of Western Pennsylvania*  
*Alle Kiski Strong Chamber of Commerce*  
*Beaver County Chamber of Commerce*  
*Bethel Park Chamber of Commerce*  
*Brookline Chamber of Commerce*  
*Butler County Chamber of Commerce*  
*Greater Latrobe-Laurel Valley Community Chamber of Commerce*  
*Greater Pittsburgh Chamber of Commerce*  
*Indiana County Chamber of Commerce*  
*Mon Valley Alliance*  
*Mon Yough Area Chamber of Commerce*  
*Monroeville Area Chamber of Commerce*  
*Norwin Chamber of Commerce*  
*Pennsylvania Chamber of Business & Industry*  
*Peters Township Chamber of Commerce*  
*Pittsburgh Airport Area Chamber of Commerce*  
*Pittsburgh North Regional Chamber of Commerce*  
*SMC Business Councils*  
*Somerset County Chamber of Commerce*  
*South Hills Chamber of Commerce*  
*The Monongahela Area Chamber of Commerce*  
*The Pittsburgh Metropolitan Area Hispanic Chamber of Commerce*  
*Washington County Chamber of Commerce*  
*Greene County Chamber of Commerce*  
*Westmoreland County Chamber of Commerce*

CC: Corinne R. Brandt (CRB), IRRC  
Fiona E. Cormack (FEC), IRRC  
Jennifer Buchanan Rapach, Pennsylvania Department of Labor & Industry