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Independent Regulatory
Review Commission

Kathy Cooper

From: Jeff Cohen <user@votervoice.net>
Sent: Friday, November 1, 2019 11:31 AM
To: IRRC
Subject: Final Rulemaking: Title 34 Labor & Industry Regulations for Min Wage 34 Pa. Code, Pt XII, Ch 231

Dear IRRC Review Commission,

My name is ____Jeff Cohen_____. I am the owner/operator of ____Wedco inc & Smallman Street Deli located in Pittsburgh Pa._____. I employ ____30__ people between both of my companies.

I am writing to express my opposition to the Final Form Regulation by the Department of Labor as it pertains to the salary threshold for exempt employees in Pennsylvania. It is also disappointing that, after receiving hundreds of comments on the proposed rule and holding round tables around the state, the Department has barely budged from its initial proposal.

An increase in the threshold in Pennsylvania to \$875/week over a mere two years would hurt my business and even more so my current employees. By the way this is a crazy amount to jump in such a short time period. I wonder if any of you have ever owned a business yourself. This change, which means an increase of over \$5,000 a year after the initial compliance with the federal salary threshold, does not reflect the realities of running a business that operates on slim margins as it is. It would force me to take employees that are currently in a salaried leadership position and make them hourly, which could mean a loss in pay 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. 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.

The real issue is that the pie is the pie and when the payroll budget is not in line with the business as owners we only have 2 choices. Eliminate current positions or change some other positions into part time or just have more consolidation within your company in order to stay in business.

The federal guideline with the 35,000 threshold seems to be a fair jump from where it is now. In reality do not think in this job market the current amount of 23,000 is a joke and there is no way you would want to or be able to hire and maintain quality employees at that level.

The automatic increase included in the regulation is also extremely problematic. A salary threshold is supposed to be the minimum amount that a salaried employee should make, but the Department's proposal does not take into consideration the different economies and costs of living that make up Pennsylvania and almost goes to the point of legislating a wage not based on actual reality in the Commonwealth. The proposed \$45,500/year is already exorbitant, and tying it to inflation every three years only exacerbates the problems I will have to face for my business. In fact, this proposal would put Pennsylvania at one the highest thresholds in the country, up there with states like New York, California and Alaska. I think we can all agree that ranking is not the reality of our current economy.

Pennsylvania needs policies that allow us to compete with other states when it comes to fostering existing business growth and attracting new businesses to our state. The U.S. Department of Labor recently announced an increase in the federal threshold, which will take effect on January 1, 2020. This new level of \$35,568 is a reasonable update to the existing level that ensures a uniform standard across the entire county. But Pennsylvania's final regulation will put businesses in our state at a tremendous disadvantage. The state threshold of \$45,5000 by 2022 is significantly higher, and the automatic updates thereafter will only make that disadvantage worse.

In reality if this regulation became a mandate would change any employee that it might effect to hourly and in one of my businesses would just cut my hours and days of operation if this became a financial hardship.

I'm disappointed that the Department's final regulation did not take into account the many comments and concerns made by small business owners like me since the initial proposal. The new regulation still does not conform the state duties test to the federal test, and the gross disparity between the updated federal regulation and the Pennsylvania proposal adds to the confusion of differing regulations while hurting Pennsylvania's ability to grow and thrive economically. I hope you use common sense and re think this nuts proposal. I urge IRRC to reject the final regulation as proposed.

Sincerely,

Jeff Cohen
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