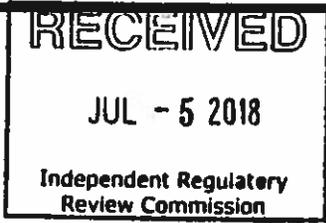


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Kathy Cooper

From: Mary Gaiski <mary@pmha.org>
Sent: Thursday, July 05, 2018 8:57 AM
To: IRRC
Subject: Regulation #12-106: Minimum Wage



On behalf of over 500 members of the Pennsylvania Manufactured Housing Association, I would like to take this opportunity to comment on proposed regulations submitted by the Pennsylvania Department of Labor and Industry (L&I). These regulations are intended to update the rules that determine if an employee is required to be paid overtime.

Though this proposed regulation may be well-intended I am deeply concerned with the negative impacts on employers and many of the very employees whom the proposal is supposed to help.

L&I proposes to more than double the wage requirement to qualify for exempt status. And even though the proposal is to phase it in over several years, this dramatic increase will force many employers to convert salaried employees to hourly status. Hourly status means a far more rigid work schedule with less flexibility, burdensome record-keeping, fewer training opportunities and benefits. Hourly workers are required to clock in and those who clock in also risk less take-home pay if hours worked in a week dip below 40.

The U.S. Department of Labor proposed a very similar regulation in 2015 and there were huge concerns then, as there are now. The factory-built housing industry is a 2-billion-dollar industry in the Commonwealth and is made up of thousands of small businesses that employ approximately 18,000 people. When the federal regulation was struck down by U.S. District Judge Amos Mazzant, who was nominated by President Obama to serve the Eastern District of Texas, our industry applauded the decision, as compliance would have been devastating.

When a stay was imposed on the federal regulation, many of our members were re-evaluating their employees work schedules and responsibilities. Most were on track to convert salaried employees to hourly status, making announcements to reduce hours available to long time employees and that there was less flexibility with work schedules. When these messages were delivered to the employees, they were not well received.

Employers today need more not less flexibility when offering employment incentives to employees. The proposed changes will force many employees to miss out on training, team building events, and career advancement opportunities, simply because the employer cannot direct resources to overtime compensation, which participation in these events will require.

Additionally, this proposal fails to account for the regional economic differences that are evident in Pennsylvania. The cost of living is lower in rural areas when compared to our more populated areas in southeast and central Pennsylvania.

L&I also proposes changes to the so-called "duties test" which is used in conjunction with the salary threshold to determine exempt status. In the proposed regulation, L&I expressed a desire to align Pennsylvania's "duties test" with federal regulations. In reviewing the federal duties test it is our opinion that L&I's proposed rule falls short of the expressed goal.

The current U.S. Department of Labor is expected to propose a new rule and Pennsylvania should hold off pursuing its own overtime update at least until the new federal rule is proposed.
Thank you for the opportunity to share our concerns on this important matter.

Sincerely,

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