October 26, 2016

Senator Lamar Alexander
Chairman
Senate Committee on Health, Education, Labor & Pensions
428 Senate Dirksen Office Building
Washington, DC 20510

Dear Chairman Alexander,

Thank you for leadership in sponsoring the “Overtime Reform and Enhancement Act” (S. 3464). The International City/County Management Association (ICMA), International Public Management Association for Human Resources (IPMA-HR), National League of Cities, Government Finance Officers, and the National Public Employer Labor Relations Association (NPELRA), which represent thousands of state and local governments and management professionals supports this legislation, which would provide public sector employers with relief by phasing in the increase in the salary basis threshold that was included by the Department of Labor in the regulations “Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Outside Sales and Computer Employees” (80 Fed. Reg. 38516).

State and local governments have a strong commitment to complying with all employment laws and regulations. While acknowledging the need to raise the current salary basis threshold, the increase that will go into effect on December 1, 2016 will present serious challenges for many state and local governments that are required to have balanced budgets and are still recovering from the recession. In 2015, IPMA-HR undertook a survey of its state and local government membership, with almost half supporting an increase in the salary basis test by 50% to $685/week, which is very similar to the $692/week that is included in your legislation. Additionally, more than 60% favored phasing in the increase in the salary basis threshold over several years as does your legislation.

We appreciate your including in the proposed legislation the GAO study as to whether the December 1, 2016 adjustment to the salary basis threshold has resulted in an increased rate of part-time employment or negatively impacted workplace flexibility, benefit structures, career advancement opportunity or job growth for several sectors including state and local governments. We also applaud your including in the GAO study, an analysis of the management and human resource costs for all employers in implementing the increases. The Department of Labor estimates that it will take one hour per affected employee to make the adjustments
needed to comply with the new rules. In the IPMA-HR survey of public sector human resource professionals, almost half indicated that the Labor Department’s estimate was too low.

We support the elimination of the automatic three-year increase to the salary basis threshold that was included by the Department of Labor in its regulations. Two-thirds of the members responding to the IPMA-HR 2015 survey indicated that they are opposed to automatic increases in the salary basis threshold. We recognize the need to update the salary basis threshold in the future, but believe that the Department of Labor should be required to go through the public notice and comment period as required by the Administrative Procedure Act.

The association appreciates your leadership on this important issue.

Sincerely,

International City/County Management Association
International Public Management Association for Human Resources
National League of Cities
Government Finance Officers Association
National Public Employer Labor Relations Association