



New Federal Fair Labor Standards Act Overtime Regulation

**Testimony for
Senate Labor and Industry Committee
and
Senate Appropriations Committee
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Office of Administration

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Chairpersons Browne, Baker, Hughes, Tartgalione, and Members of the Committees, I am Jim Honchar, Deputy Secretary for Human Resources and Management in the Governor's Office of Administration (OA). On behalf of Governor Tom Wolf and OA Secretary Sharon Minnich, thank you for the opportunity to appear before the Committees to discuss the new federal overtime regulation.

The Office of Administration has oversight responsibility for human resource programs and policies for agencies under the Governor's jurisdiction. I am in my 29th year with the commonwealth as a human resources professional. I was appointed Deputy Secretary in 2007. In my role, I serve as the commonwealth's Chief Human Resource Officer for executive branch agencies under the Governor's jurisdiction. I am certified as a Senior Professional in Human Resources by the Human Resource Certification Institute for mastery of strategic and policy-making aspects of HR management. I have also recently served as the president of the National Association of State Personnel Executives. I have been honored to serve in this position under Governor Rendell, Governor Corbett, and now under Governor Wolf.

The overtime changes to the FLSA regulations that are the subject of today's hearing will affect approximately 1,950 non-union commonwealth employees who currently earn less than \$913 per week. Over 82% of commonwealth employees are covered by collective bargaining agreements which have language requiring the payment of overtime for hours worked in excess of their scheduled hours. These 1,950 employees work in a variety of job classifications that are either considered management or are not currently represented by a union.

Commonwealth agencies have several options under these new FLSA requirements:

- Ensure employees are held to their regular work schedule and hours do not exceed that which would require payment of overtime.
- Distribute workloads across employees of the same classification to reduce the need for overtime.
- Provide compensatory time instead of overtime. Comp time is earned at a rate of 1.5 hours for each hour of overtime; however, pay for comp time remains straight time.
- Pay time and a half for hours worked in excess of 40 hours per week.

Over the next several months, agencies with employees affected by this new regulation will evaluate these options and take appropriate steps to ensure compliance with these rules while maintaining the level of service the public expects. Given the small population of affected employees and options to mitigate the need to pay overtime, we anticipate the fiscal impact resulting from the FLSA overtime changes will be minimal to the commonwealth.

OA has begun to take the necessary steps to abide by and implement this new federal overtime rule and have briefed agencies on these changes. Beginning December 1, the FLSA designation for affected employees will be properly reflected within our payroll system.

Thank you again for the opportunity to appear before the Committee and I am happy to answer any questions you may have.

*** END OF TESTIMONY ***