



September 28, 2016

The Honorable Kurt Schrader
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Schrader:

IPC – Association Connecting Electronics Industries, is pleased to support H.R. 5813, the Overtime Reform and Enhancement Act. We thank you for your leadership in introducing this legislation that would provide employers and employees important relief from the negative impacts of the Department of Labor's (DOL) final overtime rule.

IPC is a global industry association with more than 3,700 members that represent all facets of the global electronics manufacturing industry, including original equipment manufacturers (OEMs), design, printed board manufacturing and electronics assembly. About 40 of our members are located in Oregon, and more than 60 percent of IPC's total membership are small- to medium-sized businesses.

Our members are very concerned with the drastic changes that this new rule will have on their business. This includes:

1. Compression on Other Exempt Classifications

The impact of the new rule will affect many of our members' broader employee population as compliance will force compression on other exempt classifications. In other words, companies will need to raise the wages for many others as a result to preserve differentiation in compensation. This will have a significant impact on overall cost structure and international competitiveness as our members compete globally and are under constant pressure to lower costs.

2. Flexible and Unusual Work Hours

Many employees in our industry with exempt classifications work unusual hours due to the global nature of our industry. Employees willingly work these hours on behalf of the company and their own future careers. These are not "clockable" hours, which of course, leads to the reason for their exempt classification. Furthermore, the exempt classification provides employees with greater flexibility over their schedules. Rather than creating jobs, the new rule will very likely trigger a review of the mid-range jobs and if companies are better suited to limit the salaried exempt positions in lieu of hourly, and unfortunately will limit the career opportunities for many.

3. Regional Differences

Another major issue with the new rule is that it does not take into account the regional differences. Many of our members generally work with consistent salary classifications across the company, but focus on maintaining salary competitiveness in the local area of their facilities.

The blanket approach by the DOL does not take these regional differences into account and neglects differentials to pay a locally competitive wage/salary.

Given the disruptive impact this regulation will have on our members, IPC applauds the introduction of H.R. 5813. This legislation would phase-in the DOL's new salary threshold over three years, starting with a salary threshold increase to approximately \$36,000 on December 1, 2016, and the balance going into place in increments over the next three years with the final installment taking effect December 1, 2019. Equally important is the bill's prohibition of automatic increases in the salary threshold, requiring the DOL to propose future changes to overtime regulations through the customary notice and comment rulemaking process.

IPC looks forward to working with you, and continues to urge Congress to address the significant negative impact this final overtime rule will have on both employers and employees.

Thank you again for your leadership.

Sincerely,

A handwritten signature in black ink, appearing to read "Dr. John W. Mitchell". The signature is fluid and cursive, with a long, sweeping underline that extends to the left.

Dr. John W. Mitchell
President & CEO