



Acting Secretary Su
Frances Perkins Building
200 Constitution Avenue
Washington, DC 20210

Re: WHD-2023-0001, Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Outside Sales, and Computer Employees

Dear Secretary Su,

Thank you for the opportunity to comment on the Department of Labor Proposed Rule WHD-2023-0001. We at the Quad Cities Chamber of Commerce write on behalf of our more than 1,000 member businesses across our six-county region to express our concern over changes to the existing Part 541 FLSA regulations. Specifically, we are concerned about the proposed increase of the wage threshold from the 20th percentile to the 35th percentile and the extent of unknown accessory costs to this rule change.

In the Quad Cities Metropolitan Statistical Area, our labor force is approximately 190,000 individuals strong. Of that number, our data department estimates 25,000 employees, or between 12-13% of our total labor force, will be impacted by the changes proposed in WHD-2023-0001. The impact of this change on our local employers will be felt immediately. As businesses move to change their classification of employees from exempt to non-exempt, we expect to see significant fluctuation in hiring and firing across the region leading to increased instability and economic volatility. At such uncertain times, more instability can only harm workers.

Furthermore, as mentioned in the department's own analysis, there are various unknown costs that could further exacerbate the impact of this rule change. Given the inflationary environment that we are in, we encourage the department to dig deeper than in previous rulemakings to ensure we understand the full cost of this change to employers and the economy at-large.

Those costs include:

- Reduced scheduling flexibility
- Salary Status Preference
- Increased consumer prices
- Decreased profits and shareholder returns
- Increased hiring costs
- Increased hours to offset costs

Conclusion:

Due to the impact on our local economy, we request the department not move forward with

WHD-2023-0001 in its current form. By increasing the threshold to the 35th percentile, you are doubling the inflationary impact on employers. Inflation has already driven the 20th percentile wage for most roles significantly higher than they were during the last update. By also increasing the percentile threshold, we see a double effect of inflation, whereby the real dollar cost of employees and the proportion of employees covered both increase through this rule making process. There also remain significant unknown costs that the department must commit more time to understanding before implementing a rule with such far-reaching economic impact.

On behalf of our more than 1,000 members, we are requesting a pause on this rulemaking process.

Sincerely,

A handwritten signature in blue ink, appearing to read "L. Wilson", written in a cursive style.

Dr. LaDrina Wilson

CEO, Quad Cities Chamber of Commerce