



COLORADO CHAMBER OF COMMERCE

Comments on Proposed Minimum Pay Standards Order (COMPS Order)

11/21/19

Background: The Colorado Chamber of Commerce represents hundreds of businesses of all sizes across the state which represent various types of industries, including over 40 local chambers of commerce, 30 trade associations & several economic development organizations. The Colorado Chamber frequently engages with the Colorado Department of Labor & Employment on various rules, regulations and legislation that affect employers across the State.

We hereby submit comments based on feedback it has received regarding the Division's proposed changes to the Colorado Minimum Pay Standards Order (COMPS Order) on three specific areas:

- 1) An increase in the State's minimum exempt salary threshold beginning 2020;
- 2) The geographical impact of the proposed minimum salary threshold;
- 3) The implementation timeline;
- 4) Consideration of benefits already covered in collective bargaining agreements.

Increase in Minimum Exempt Salary Threshold:

While we understand the basis of the Department's proposed exempt salary thresholds, the impact of such increases and the burden it poses on Colorado employers should be further taken into account.

Beginning at \$42,500 next year, with incremental increases thereafter to reach \$57,500 in 2026, will present new costs that will not be easily absorbed by many businesses across the state. Any new salary requirements that increase costs on businesses will inevitably have consequences beyond employers – like reduced hours or benefits for employees, a decrease in hiring, and increased prices for consumers.

We recommend that the Department consider lower exempt salary thresholds to minimize the potential negative impacts on businesses, employees, and the state economy as a whole.

Geographical Impact:

Similarly, when considering exempt salary thresholds statewide, it's important to recognize that what might be appropriate for urban areas of Colorado, like Denver, may not be feasible for more rural areas of the state. We are concerned that a statewide \$42,500 initial threshold will disproportionately impact communities where salaries are lower.

Implementation Timeline:

The current implementation timeline for the proposed Rule, which increases the minimum exempt salary beginning in July 2020, is logically problematic.

Imposing such a change in the middle of the calendar year means that many employers will need to pay employees one salary for the first half of the year, and another salary for the second half. This presents budgetary and administrative challenges for businesses that weren't anticipating these new expenses in 2020.

The business community needs regulatory stability to operate effectively, and employers need time to implement and adapt to any new changes that increase the cost of doing business. For this reason, we propose shifting the effective date of the Rule to January 1, 2021.

Existing Collective Bargaining Agreements:

The proposed Rule creates new requirements surrounding employee rest periods. Some employers have already entered into collective bargaining agreements with their employees that address these issues, some of which are already in place and extend beyond the proposed implementation date. So as not to interfere with private and longstanding contractual agreements between employers and employees, we propose exempting businesses that have existing collective bargaining agreements with their employees from this aspect of the Rule.

We appreciate the Division's consideration of these comments. If you should have any questions or would like to discuss these comments further, please contact Loren Furman, Senior Vice President, Colorado Chamber of Commerce, lfurman@cochamber.com or at 303-866-9642.