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## Oregon 10 Hr. Overtime (OT) Rule House Bill 3352

Good morning, my name is Tom Fahey, VP for Human Resources at Siltronic Corp. We are a manufacturer of silicon wafers for the electronics industry located in NW Portland.

When Siltronic came to Oregon and started operations in 1980, we used a common shift schedule imported from Germany called rotating shifts. This is where employees work one week on days, followed by one week on swing shift, then a week on graveyard shift. After several days off the schedule starts over again. This shift is very tough on employees' sleep patterns (circadian rhythm), eating (overall health), and family life.

After lots of negative feedback from employees, in 1981 we developed the 12 hr. shift schedule we still use today. This allows employees to only work 7 days in a 2 week period, and stay on the same schedule of either day shift or night shift. Unfortunately the Oregon 10 hr. OT Rule for Mfg. created a major disincentive for companies to make this similar transition. And there are many companies still using rotating shifts in Oregon.

Our employees currently work 4 days / 48 hrs. in one week, receiving 8 hrs. OT, and this would not change under the proposed bill. Their "short week" of 36 hrs. requires payment of 6 hrs. OT, effectively paying OT for hrs. in excess of 30 for the week (similar to French work rules, "Are we becoming France?"). The employees are never scheduled to work more than 3 days in a row, so even on the long week of 48 hrs. they do get plenty of opportunity to rest between shifts.

These additional hrs. of OT the company must pay on the short week significantly hurt our competitiveness. This is a good example of why other companies have not moved to a 12 hr. shift despite the obvious benefits to their operations and convenience for their employees.

Last year our company had to close one of our production facilities, eliminating 380 jobs. These jobs were lost to foreign sites, and they could have been retained in Oregon if we were a more competitive location. We are



Page 2 of 2

fighting hard now to retain the 400 jobs in our remaining plant by doing everything we can to reduce unnecessary costs. This 10 hr. OT Rule is exactly the type of redundant rule we need relief from.

We also have seen our safety performance improve dramatically with the use of 12 hr. shifts. Our workers comp. Experience Modification Rate ("Mod. Rate") of .83 is at historic lows for our 33 year history. The Mod Rate compares our workers' compensation claims experience to other companies similar in size who operate in the same industry. A Mod Rate of 1.00 is considered average. We have also done extensive analysis of the effects of additional voluntary OT on our safety performance and have found no correlation to an increase in accidents related to additional OT.

The 10 hr. OT Rule is also a disadvantage for the environment by keeping employees on a schedule with more commuting days. I know you are aware of the concerns about reducing trips as a way of improving road congestion and air emissions. Removing this unnecessary, redundant OT Rule would be a significant benefit for Oregon's competitiveness, employee health, and the environment.

I would be happy to answer any questions you may have.

Respectfully,

Tom Fahey  
March 22, 2013