

To Whom it May Concern:

We are writing today to express our concern over the latest BOLI interpretation that requires manufacturers to pay **both** the daily overtime and weekly overtime rates when employees work more than 10 hrs/day and 40 hrs/week. This interpretation has substantially increased our overhead costs and hurt our ability to succeed in a highly competitive marketplace.

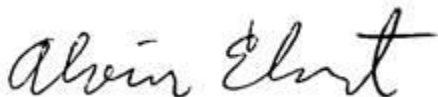
Due to the BOLI requirement, we must pay double overtime when employees exceed 10 hrs/day **and** 40 hrs/week. Our average overtime rate for a machinist is \$45/hr., doubled this becomes \$90/hr. Our shop rate charged to customers is only \$80/hr. We cannot make a profit when we are paying our employees more than we are charging our customers. We expect this overtime requirement to cost us up to \$3700 annually. This amount is assuming we continue restricting employee overtime. Using historical overtime hours our cost would be closer to \$7500 - \$10000. Secondly, double overtime is only paid when an employee works less than 40 regular hours in a week. For example, if an employee works 3x 12-hour shifts and 1x 6-hour shift, they have worked 42 total hours in a week. Under the old interpretation this would have been 6 hours overtime and 36 straight hours, but now we must pay 8 hours overtime and 34 hours straight time. If the employee would have worked 40 regular hours, plus 6 hours overtime, they would only receive the 6 hours overtime. This encourages employees to work fewer regular hours. Under this ruling, we must reward employees who work fewer hours than those who truly went above and beyond.

Additionally, we have had to increase the time needed to complete payroll due to BOLI's new requirement. There is no formula or program to quickly, accurately and efficiently calculate the additional overtime pay. We have to manually check each employee's timecard, then calculate their new overtime payment. Not only is this time consuming, but the possibility of human error is huge. Over the course of the year we anticipate the increased accounting to cost us at least \$450.

Outside of the cost burden, this also affects the flexibility of our workforce. It is common in manufacturing to have an employee work more than 10 hours in order to complete a project, such as machine set-up for production the next morning. However, because of the steep cost of double overtime we are restricting employees' work days to no more than 10 hours. This means that on a daily basis we lose production time to projects that could have been easily finished the day before. Currently, no employee is allowed to work over 40 hours per week. In a company that rewards hard work and thrives in getting a job done, this overtime ban is unprecedented.

We respect our employees and have no qualms about paying overtime when earned. However, paying double overtime hurts our business and our ability to keep our workforce employed. We strongly suggest the Oregon legislature roll back this BOLI interpretation.

Thank you,

A handwritten signature in black ink that reads "Alvin Elbert". The signature is written in a cursive, flowing style.

Alvin Elbert
President,
A.R.E. Manufacturing, Inc.