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June 22, 2016

The Honorable Steve Chabot
Chairman
Small Business Committee
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Nydia Velázquez
Ranking Member
Small Business Committee
U.S. House of Representatives
Washington, D.C. 20515

Re: DOL's Overtime Rule

Dear Chairman Chabot and Ranking Member Velázquez:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only national trade association focusing exclusively on federal issues affecting the nation's federally-insured credit unions, I am writing to you regarding your hearing tomorrow to share our concerns on the Department of Labor's (DOL) changes to the Fair Labor Standards Act (FLSA), which makes certain full-time salaried workers eligible for overtime protections. While NAFCU and our members support efforts to modernize the current regulations to ensure that all American workers are granted access to fair pay for their hard work, we are concerned that this rule will have severe unintended consequences that harm growth opportunities for many white collar workers, especially at smaller employers such as credit unions. NAFCU believes that the rule does not adequately consider geographic salary differences or provide exceptions for non-salary based employee advancement opportunities such as travel time for conferences and training events.

We are concerned that nearly doubling the minimum overtime exempt salary would disproportionately burden credit unions in underserved and non-urban communities. Additionally, NAFCU has concerns that the DOL's proposal fails to adequately consider the needs of small businesses and non-profit organizations, including credit unions, which operate with extremely low financial margins in a highly competitive service-driven marketplace. Most small-to-midsize credit unions do not have the ability to absorb such a large increase without directly impacting the services they provide to the community, thus hurting the very people they are trying to help.

With less than six months remaining before this rule goes into effect on December 1, 2016, there is not enough time for a small business or non-profit to adequately be able to determine if they should reclassify certain employees and which employees will not be subject to the means test. Additionally, it presents a very small window of time for an operator to make the proper changes to their annual and long-term strategic plans to ensure their business remains functional.

Credit unions are unique financial institutions that are member-owned, democratically operated, not-for-profit, and are generally managed by a volunteer Board of Directors. Every employee of a credit union is eligible to become a member-owner of the institution. A credit union's members are its shareholders and each member has a vote, regardless of the amount on deposit. This level of dedication to their employees and members has allowed credit unions to provide extensive career training and growth opportunities, as well as an unprecedented amount of employee and member driven community involvement. DOL's new rule makes it incredibly difficult for credit unions to bear the travel, lodging, registration, and other costs of sending employees to trainings and conferences alongside paying for overtime hours. Additionally, many credit union employees happily volunteer their time and their services to the betterment of community programs. This change to the FLSA could negatively impact a credit union's ability to ask their employees to volunteer for community events and could adversely affect a credit union's ability to serve its community.

The changes to the FLSA made by the DOL are problematic for small businesses. They go too far and are happening too fast and without enough considerations for small businesses and non-profits such as credit unions. It is with this in mind that we urge the House to act on legislation such as H.R. 4773, the *Protecting Workplace Advancement and Opportunity Act*, which would provide needed relief from the negative impact this of rule.

Again, **we strongly support fair wages** and appreciate the opportunity to comment on this matter. If I can be of assistance to you, or if you have any questions regarding this issue, please feel free to contact me or NAFCU's Vice President of Legislative Affairs, Brad Thaler, at (703) 842-2204.

Sincerely,

A handwritten signature in cursive script, appearing to read "Carrie R. Hunt", followed by a long horizontal flourish.

Carrie R. Hunt
Executive Vice President and General Counsel

cc: Members of the Committee on Small Business