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May 10, 2016

The Honorable David Vitter
Chairman
Committee on Small Business
& Entrepreneurship
United States Senate
Washington, DC 20510

The Honorable Jeanne Shaheen
Ranking Member
Committee on Small Business
& Entrepreneurship
United States Senate
Washington, DC 20510

Re: Tomorrow's Hearing on the DOL Overtime Proposal

Dear Chairman Vitter and Ranking Member Shaheen:

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) proposed changes to the Fair Labor Standards Act (FLSA), which would make 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 proposal may have severe unintended consequences that harm growth opportunities for many white collar workers. NAFCU is concerned that the proposal 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.

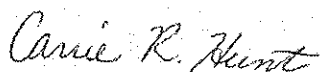
We are concerned that the effect of more than doubling the minimum overtime exempt salary would be to disproportionately burden credit unions in underserved and non-urban communities. Additionally, NAFCU has concerns that the DOL's proposal fails to adequately consider the needs of small businesses, including credit unions around the country which operate with extremely low financial margins in a highly competitive service-driven marketplace. Most small to midsized community driven 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.

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 our employees and members has allowed us to provide extensive career training and growth opportunities as well as an unprecedented amount of employee and member driven community involvement. If DOL's new salary cap rule were to be implemented, it would make 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 proposed 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.

We urge the Senate to continue its oversight on this proposal and stand ready to act on legislation such as S. 2707, the *Protecting Workforce Advancement Opportunity Act*, should the final rule go too far and prove too burdensome for small employers like credit unions. 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,



Carrie R. Hunt
Executive Vice President and General Counsel

cc: Members of the Committee on Small Business and Entrepreneurship