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National Association of Federal Credit Unions | [nafcu.org](http://nafcu.org)

June 8, 2016

The Honorable John Kline  
Committee on Education  
& the Workforce  
United States House of Representatives  
Washington, DC 20515

The Honorable Robert C. Scott  
Committee on Education  
& the Workforce  
United States House of Representatives  
Washington, DC 20515

**Re: Tomorrow's Hearing on the DOL Overtime Rule**

Dear Chairman Kline and Ranking Member Scott:

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. NAFCU is concerned 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 the effect of nearly 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 rule fails to adequately consider the needs of small businesses and non-profit organizations, including credit unions around the country, which operate with extremely low financial margins in a highly competitive service-driven marketplace. Most small-to-midsize 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.


Currently, there are less than six months remaining until this new rule goes in to full effect on December 1, 2016. This is not enough time for a small business or non-profit to 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 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 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 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.

These changes to the FLSA made by the DOL go much too far, too quickly, and without enough considerations for non-profits. 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 is currently pending before the Committee.

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 Education & the Workforce