



3138 10th Street North
Arlington, VA 22201-2149
P: 703.522.4770 | 800.336.4644
F: 703.524.1082
nafcu@nafcu.org

National Association of Federal Credit Unions | nafcu.org

November 2, 2016

The Honorable Kurt Schrader
United States House of Representatives
Washington, DC 20515

The Honorable Jim Cooper
United States House of Representatives
Washington, DC 20515

The Honorable Henry Cuellar
United States House of Representatives
Washington, DC 20515

The Honorable Collin Peterson
United States House of Representatives
Washington, DC 20515

RE: NAFCU Support of H.R. 5813, the Overtime Reform and Enhancement Act

Dear Representatives Schrader, Cooper, Cuellar, and Peterson:

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 in support of your efforts regarding the *Overtime Reform and Enhancement Act* (OREA), H.R. 5813.

While NAFCU and our members support the Department of Labor's (DOL) 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 the final "overtime" rule has 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. Additionally, we are concerned that nearly doubling the minimum overtime exempt salary on December 1, 2016, would disproportionately burden credit unions in underserved and non-urban communities. OREA's efforts to slow that process by phasing-in the changes would be beneficial to credit unions.

NAFCU has repeatedly raised concerns that the DOL's proposal 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 credit unions do not have the ability to absorb such a large increase overnight without directly impacting the services they provide to the community, thus hurting the very people that 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. DOL's new salary cap 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 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 final rule put forth by DOL goes much too far, too quickly, and without enough considerations for non-profits. NAFCU and our members **strongly support fair wages** and appreciate your legislation to help create an Overtime Rule that works for all businesses. With the December 1, 2016, implementation date quickly approaching, we urge Congress to act expeditiously 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 Associate Director of Legislative Affairs, Gaurav Parikh, at (703) 842-2261.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brad Thaler', with a long horizontal flourish extending to the right.

Brad Thaler
Vice President of Legislative Affairs