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July 25, 2016

The Honorable Kurt Schrader
U.S. House of Representatives
2431 Rayburn House Office Building
Washington, DC 20515

Dear Congressman Schrader:

I am the Chief Executive Officer of the National Funeral Directors Association (NFDA), which represents nearly 20,000 funeral directors who represent more than 10,000 funeral homes in the United States and 39 countries around the world. On behalf of our members, I'd like to voice my support for the Overtime Reform and Enhancement Act introduced on July 17.

Almost 86% of funeral homes in the United States are privately owned by families or individuals; the remaining 14% are owned by publicly traded corporations. The Department of Labor (DOL) has proposed that the current White Collar exemption salary level of \$23,660 be increased to \$50,440 per year. In the 16 states where funeral directors may be classified as "professionals" under the DOL's White Collar exemption, this 113% increase in the salary level test will cause many funeral directors in those states to be reclassified as hourly employees instead of salaried employees. Small business owners, like the ones NFDA represents will be hit especially hard by this drastic expansion of overtime eligibility.

Approximately 98% of NFDA-member funeral homes are owned by individuals, families, or closely held private corporations. The average NFDA-member funeral home is a small business that serves 113 families per year and has three full-time and four part-time employees. This regulation has been proposed without the DOL considering the adverse impact it will cause to small businesses such as funeral homes. Not only will it cut into profit margins, it will cause widespread disruption to employee work schedules and workloads. Employers will have an economic incentive to impose more work hours on salaried licensees who make more than the \$50,440 threshold and keep hourly licensees at or below 40 hours to avoid overtime. The perverse impact the regulation has on employee workloads is even more pronounced for businesses such as funeral homes, which face periods when they are very busy and others when they are very slow. Additionally, the regulations will have a disproportionate impact on funeral homes in states with a lower cost of living. Before imposing such a significant disruption to small businesses, the DOL should have considered all of the ramifications of the regulation.

It certainly is prudent for the Department of Labor to periodically update the overtime threshold; however, the new rules are more than 100 percent greater than the current threshold and are exceedingly burdensome. Any updates to the overtime threshold should take government data on regional cost-of-living differences into account; additionally, the Administration should have considered the limitations of small business budgets in setting the minimum salary threshold.

The Overtime Reform and Enhancement Act provides a much more reasonable timeline for family owned businesses to comply with this significant payroll burden, starting with a salary threshold increase to approximately \$35,984 on December 1, 2016, with additional, incremental increases phased in over the next three years.



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I also support the provision in the bill that would eliminate the automatic increase to the salary threshold every three years to maintain the threshold at the 40th percentile of full-time salaried workers in the lowest-wage region of the country.

Thank you for your leadership on this critical workplace issue. I applaud your effort to ensure employees are fairly compensated and that all businesses, especially small businesses, which are the lifeblood of communities, have time to plan for payroll increases without jeopardizing their prospects for future growth and success.

Sincerely,

A handwritten signature in black ink, appearing to read "Christine Pepper", is written over a light blue rectangular background.

Christine Pepper, MBA, CAE
CEO

CP/mcl