



National Grocers Association

July 29, 2016

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

Dear Congressman Schrader,

On behalf of the National Grocers Association (NGA) I write in support of H.R. 5813, the Overtime Reform and Enhancement Act as introduced on July 17th. NGA thanks you for your leadership on this issue, and extends our appreciation to the original cosponsors of the bill: Representatives Collin Peterson, Henry Cuellar, Jim Cooper, and Gwen Graham.

NGA is the national trade association representing the retail and wholesale grocers that comprise the independent channel of the food distribution industry. An independent retailer is a privately owned or controlled food retail company operating a variety of formats. Most independent operators are serviced by wholesale distributors, while others may be partially or fully self-distributing. Some independents are publicly traded, but with controlling shares held by the family and others are employee owned. Independents are the true “entrepreneurs” of the grocery industry and dedicated to their customers, associates, and communities. The independent supermarket channel is accountable for close to 1% of the nation's overall economy and is responsible for generating \$131 billion in sales, 944,000 jobs, \$30 billion in wages, and \$27 billion in taxes.

The Department of Labor’s (DOL) final overtime rule would more than double the minimum salary level for “white collar” employees to qualify as exempt from overtime pay. This drastic increase is expected to have a significant negative impact on the independent supermarket industry as many employees will be reclassified as hourly workers and face reduced benefits as a result. Additionally, mid-level managers who would otherwise qualify for training programs and accelerated advancement will face a tougher path forward as their employers will be forced to manage their time more efficiently in order to avoid costly overtime.

While NGA recognizes the salary threshold has not been updated since 2004, we believe that the current implementation timeline is too aggressive. That coupled with such an excessive increase to the salary threshold will have considerable negative impacts on employers. The automatic updates to the salary threshold contained in the DOL’s final rule also place a tremendous burden on employers and will force them to constantly reevaluate their payroll policies and the status of affected workers.

NGA believes that the Overtime Reform and Enhancement Act strikes a reasonable balance between providing a heightened overtime salary threshold while giving employers an appropriate amount of time

to fully implement the rule without placing an undue burden on businesses. NGA favors the elimination of the automatic adjustments to the salary threshold every three years which are designed to maintain the threshold at the 40th percentile in wages for full-time salaried workers in the lowest-wage region of the country. NGA believes that adjustments to the salary threshold should continue to be subject to the full rulemaking process, including public notice and comment periods.

Thank you for your continued leadership on this issue. NGA strongly supports your efforts to ensure that employees are fairly compensated for their labors and that businesses are provided with enough time to adequately adjust their payroll and employee policies without jeopardizing their long-term business prospects.

Sincerely,

A handwritten signature in blue ink that reads "Greg Ferrara". The signature is written in a cursive style with a large initial "G" and "F".

Greg Ferrara
Senior Vice President, Government Relations and Public Affairs
National Grocers Association (NGA)