



October 5, 2016

Chairman Lamar Alexander
U.S. Senate Committee on Health, Education, Labor & Pensions
428 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Alexander:

On behalf of the National Federation of Independent Business (NFIB), the nation's leading small business advocacy organization, I write in support of S. 3464, the *Overtime Reform and Review Act*. This legislation would mitigate the adverse impact on small businesses of the U.S. Department of Labor's (DOL) overtime rule and allow employers additional time to plan for payroll changes.

In a finalized rule, published in the *Federal Register* on May 23, 2016, DOL's Wage and Hour Division established major changes to the overtime standards for salaried employees. Currently, a salaried employee earning less than \$23,660 annually must be paid overtime for time worked over 40 hours in a week, regardless of the worker's duties. The final rule doubles that minimum threshold to \$47,476 on December 1, 2016. Further, the rule automatically adjusts the threshold every three years based on the 40th percentile of weekly earnings for full-time salaried workers. Such a provision will make it difficult for small businesses to budget adequately for payroll on a year-to-year basis.

NFIB believes that the overtime rule will have a substantial negative effect on small businesses and their employees. The rule will result in higher costs for small businesses. At the same time, employees will not necessarily increase wages because small business owners will limit employees to 40 hours per week and switch them from salaried positions to hourly jobs. Converting employees to hourly wages also means reduced benefits and opportunities for career growth. Finally, employers need additional time to take measures to comply with the changes to the overtime rule.

Fortunately, S. 3464 would slow the implementation of the overtime rule. Gradual increases to the threshold would be implemented annually after a pause year in 2017 when the initial impact of the regulation will be fully reviewed and analyzed. The full amount of the proposed increase would not take effect until the year 2020. Lastly, S. 3464 would require DOL to initiate a new notice and comment rulemaking for any future changes to the overtime threshold.

The *Overtime Reform and Review Act* is a solution that will allow small businesses more time to comply with the overtime changes. We appreciate your leadership on this key issue and look forward to working with you to ensure the enactment of S. 3464.

Sincerely,

A handwritten signature in black ink that reads "Amanda Austin". The signature is written in a cursive, flowing style.

Amanda Austin
Vice President
Public Policy