

OPENING STATEMENT AS PREPARED FOR DELIVERY



**Opening Statement of Chairman Steve Chabot
Committee on Small Business
Hearing: “Damaging Repercussions: DOL’s Overtime Rule, Small Employers, and their
Employees”
June 23, 2016
As Prepared for Delivery**

Good morning, I call this hearing to order. Last month, the Department of Labor finalized its overtime rule which will affect millions of small employers across the United States. The DOL has heralded this rule as a long-overdue action that will provide tremendous benefits to workers. However, like so many of this Administration’s policies, this one-size-fits-all mandate will do far more harm than good.

I’ve been meeting with small business owners from all around the country, and I want to share with you what they’ve told me. They are only successful if they treat their employees well. Many give their employees the flexibility to leave work early, and provide paid time off. They pay their employees as much as they can afford. When they can provide a bonus or a raise, they do. And when budgets are tight, many forgo paying themselves, so that each of their employees takes home a full paycheck. Countless small employers, including small businesses, small nonprofits, and small local governments, do not have the profit margins or the budget flexibility to increase currently exempt workers’ salaries to the new salary level.

The DOL seems to think that employers will simply be able to raise prices or find extra money elsewhere. This just is not the case – particularly in rural parts of this country where the cost of living and wages are lower, or for cash-strapped technology start-ups that often pay lower base salaries but provide equity in the companies as an incentive to work there.

For many small employers, their only choice may be to shift workers from salaried positions to hourly status and require them to punch a timecard. This means that many workers – particularly entry level managers – will have reduced flexibility, reduced paycheck certainty, and reduced benefits, as well as fewer opportunities for career advancement.

Numerous small employers weighed in on this proposal and told the Department of Labor that the unprecedented salary level increase would have very negative repercussions. They asked for a common sense rule that recognized that not all employers have the same resources or utilize the same compensation structures. Unfortunately, their pleas fell on deaf ears.

I want to assure the small employers here today, and those tuning in from across this great country, that while DOL didn’t listen to you, we are.

The December 1st compliance deadline is rapidly approaching. So today, we want to hear how small employers are working to comply with the new requirements and what challenges they are encountering. I want to thank all the witnesses – particularly those who traveled from across the country – for being here today. We look forward to hearing your testimony.

I now yield to the Ranking Member, Ms. Velázquez, for her opening statement.