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United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

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November 21, 2016

The Honorable Thomas Perez
Secretary
U.S. Department of Labor
200 Constitution Ave., NW
Washington, DC 20210

Dear Secretary Perez:

On November 8, the American people voiced their disapproval of a federal government run by regulation and executive fiat. The incoming Administration and the 115th Congress will likely re-examine and unwind burdensome regulations imposed by the Obama Administration. One example is the Department of Labor's "Overtime" rule, which institutes a one-size-fits-all approach to employment contracts, restricting flexibility and posing serious negative consequences for the American labor market. Given the substantial likelihood that this burdensome regulation will be undone, I urge the Labor Department to cease implementation of the regulation immediately to spare small businesses and industry the unnecessary and avoidable compliance costs that they currently face.

The nonpartisan Congressional Budget Office (CBO) recently wrote that "canceling scheduled changes to overtime regulations before enactment would lower employers' payroll and compliance costs[,] increase profits [and] increase real family income."¹ Unfortunately, the DOL continues to ignore the warnings that this rule would lead to lower base pay, decreased benefits, less workplace flexibility, lost employment opportunities, and a structural shift from salaried jobs to hourly jobs.²

In light of the significant economic costs on the labor market and the substantial likelihood that the incoming Administration and the 115th Congress will unwind this burdensome regulation, I call on the Labor Department to cease its implementation of its Overtime regulation. I hope the Labor Department will acknowledge the reality of the situation and ensure that small businesses and consumers do not continue to incur avoidable financial costs due to this regulation.

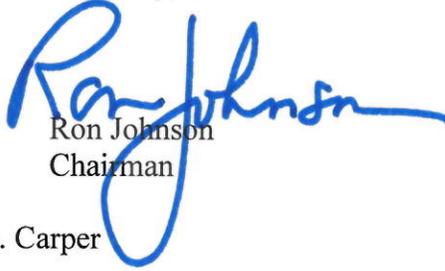
Thank you for your prompt attention to this important matter.

¹ Congressional Budget Office, *The Economic Effects of Canceling Scheduled Changes to Overtime Regulations*, November 14, 2016 <https://www.cbo.gov/publication/51925>.

² Donald J. Boudreaux and Liya Palagashvili, "An Economic Analysis of Overtime Pay Regulations," Mercatus Center at George Mason University, April 4, 2016, <https://ppe.mercatus.org/publication/economic-analysis-overtime-pay-regulations>.

The Honorable Thomas Perez
November 21, 2016
Page 2

Sincerely,



Ron Johnson
Chairman

cc: The Honorable Thomas R. Carper
Ranking Member