

Opening Statement
Ranking Member Mark Takano
Legislative Hearing on H.R. 1180, the Working Families Flexibility Act
Subcommittee on Workforce Protections
April 5, 2017, 10 a.m.

Opening

Thank you, Chairman Byrne. H.R. 1180 should be renamed the *Betrayal of Working Families Act*. It creates new rights for employers to withhold workers' hard-earned overtime pay, but no new rights for employees.

Right now, an employee who takes time off from work can use her overtime pay to cover her expenses while she's out. She can put her overtime pay in the bank where it will earn interest, and take time off from work later—using that paycheck, plus the interest to cover her expenses.

It's that simple. Nothing is as fungible or as convenient as cash.

The *Betrayal of Working Families Act* makes things much more complicated. If, instead of getting overtime pay, she accepts her employer's offer of comp time – she won't get a paycheck for her overtime, she'll get an IOU. And many workers will feel compelled to accept comp time, given the power differential between non-union employees and their employers.

By accepting comp time, she would forfeit her overtime pay and the interest she would have earned if she put that paycheck in the bank. Instead of paying her for the overtime when she earned it, at some point in the future—which could be more than a year later, her employer *may* let her take comp time, returning her withheld wages—*minus* any interest the employer earned while holding onto her paycheck.

She has essentially given her employer an interest-free loan repayable only when the employer decides it's convenient—not when she needs the money or the time off from work.

I have a slide here that shows how this could play out across a company.

ACME Inc., a hypothetical company, could get 160 free comp time hours from each of its 200,000 FLSA-covered employees at \$7.25 an hour from each employee.

That's \$232 million dollars ACME, Inc. wouldn't have to pay to its workers for about a year after they earned it. To get an equivalent loan from a bank, ACME, Inc. would have to pay roughly 6% interest.

ACME, Inc. saves \$14 million dollars by relying on comp time to take out an interest-free loan from its employees instead.

As this example illustrates, the *Betrayal of Working Families Act* is simply another attempt by Congressional Republicans to give every advantage to corporations and special interests, and take, take, take from families who have the least to spare.

Since January, President Trump and congressional Republicans have broken promise after promise to working people. President Trump said in his inaugural address: “to all Americans, in every city near and far, small and large, from mountain to mountain, and from ocean to ocean, hear these words: You will never be ignored again. Your voice, your hopes, and your dreams will define our American destiny.”

This could not be farther from the truth. The Majority's plan to repeal the ACA has threatened 24 million Americans' access to health care, their attack on rules to protect retirement security has undercut millions of Americans' ability to save for old age, and they've fought the overtime rule which would give millions of hardworking Americans a raise. Up next, President Trump wants tax breaks for the wealthy and to

gut programs like workforce training that would help people get good-paying jobs.

Instead of rigging the economy in favor of the rich and powerful, it's time to rewrite the rules to make the economy work for everyday Americans.

Hardworking Americans made our nation's productivity rise by more than 70 percent over the past four decades. And yet it is CEOs' pay that has risen by nearly 1000 percent during that same period, while workers' wages barely grow.

Special interests don't need more leverage and power—it's hardworking Americans' turn to finally get a break.

Instead of bringing up legislation that diminishes people's ability to provide for and care for their families, this committee should bring up legislation that strengthens the Fair Labor Standards Act by raising the minimum wage, restoring the overtime salary threshold, ensuring equal pay, providing truly flexible and predictable schedules and paid leave, as well as strengthening workers' ability to bargain for a better life. The solutions are very clear—and H.R. 1180 is not among them.