

Trump's Labor Dept pick has reliable record on the side of workers

By: *Alfredo Ortiz*

What is the New Year's resolution for the activist class still reeling from its Election Day defeats? Scuttle the confirmations of President-elect Donald Trump's cabinet nominations — at least that's the impression left by the barrel of ink spilled attacking his picks.

In the activists' crosshairs is Trump's Labor Department nominee, Andy Puzder, who is the CEO of CKE Restaurants, which owns Carl's Jr. and Hardee's. Puzder's understanding that real improvements to the job market and wage levels come from economic growth, not government mandates, threatens the activists' pro-regulation agenda.

Puzder argues that making labor more expensive to businesses by implementing additional labor regulations means you will get less of it.

His analysis shows that the average annual profit per employee of the 22 retail and restaurant sector companies in the Fortune 500 is a mere \$6,300

This already-narrow profit could be eliminated by the types of dramatic minimum wage increases demanded by activists. (Not to mention the other costly mandates involving overtime pay, paid sick leave, and health care that could erase any gain from having an employee.)

Rather than engage with Puzder's outlook intellectually, critics and activist groups are attacking him personally. They are portraying him as a robber baron whose company is rife with labor violations.

The radical activist group the Restaurant Opportunities Center (ROC), whose mob-style intimidation tactics have drawn the ire the U.S. House of Representatives, is leading the attack.

"Puzder's own company is among the nation's worst offenders," reads ROC's webpage opposing his nomination. It suggests widespread wage-and-hour violations at Carl's Jr. and Hardee's. On a recent press call with Sen. Patty Murray (D-Wash.), ROC co-founder Saru Jayaraman said that her group plans to release an imminent report exposing pervasive wage theft at CKE.

The problem with this argument is that an unbiased look at Department of Labor Wage and Hour Division's (WHD) investigation data shows that CKE is a top performer in the fast food industry when it comes to wage-and-hour compliance.

According to a Bloomberg BNA analysis, Carl's Jr. and Hardee's have the third lowest violation rate among 20 major fast food restaurants.

Bloomberg BNA's analysis of WHD's public enforcement database shows that Carl's Jr. and Hardee's have been subject to about 60 investigations across roughly 3,000 domestic stores and 75,000 employees since the start of the Obama administration.

This amounts to a rate of roughly one investigation per 400 locations per year, among the lowest investigation rates among the 20 major fast food restaurants.

At corporate-owned restaurants, which Puzder directly oversees, only a single wage-and-hour violation was identified over the last two presidential administrations, and this was for a mere miscalculation of bonus pay. This violation occurred over ten years ago. (Ninety-four percent of Hardee's and Carl's Jr., owned by CKE Restaurants, are franchised and operated by independent business owners.)

Activist groups like ROC, which are seemingly looking to spin violations at independently-owned franchisees into an epidemic of wage theft at CKE, should also note that some of these violations were for minor protocol errors like failing to display a Labor Department poster.

And, according to Bloomberg BNA, CKE's financial penalties for violations were, again, among the lowest of the 20 largest fast-food companies. Such low payouts signify high compliance according to Brett Bartlett, co-chairman of Seyfarth Shaw LLP's national wage-and-hour litigation practice. He notes:

"Looking at the overall scope of the relatively immaterial back wages that were paid on average to employees, that doesn't signify a business that's choosing not to comply with the law."

Contrary to the false claims of self-serving activist groups like ROC, Puzder would make an excellent Labor secretary because he not only understands the fundamentals of job creation but he is a proven job creator himself. Just ask the 75,000 CKE employees or the thousands more that have used CKE to springboard their careers.

The successful record of CKE Restaurants — and its commitment to doing right by its employees — is a testament to Puzder's fitness for office and ability to be a champion for working Americans.

Alfredo Ortiz is president and CEO of the Job Creators Network, a nonpartisan organization founded by entrepreneurs like Home Depot co-founder Bernie Marcus who believe the best defense against bad government policy is a well-informed public.