

## Andy Puzder Overview

The leading contender for the nominee for the Department of Labor Secretary is supposedly CEO Andy Puzder of CKE Restaurants, the company behind fast-food chains Hardee's and Carl's Jr. Elevating Puzder to Labor Secretary would be the policy equivalent of putting the fox in the henhouse. Puzder holds outspoken anti-government views (though in comparison with some others in Trump orbit, Puzder's seem in the mainstream of contemporary, far right Republican thinking) and Puzder blames government regulation "overreach" for a range of perceived economic ills.

Since 2000, Puzder has been CEO of CKE Restaurants. Previously, Puzder was a trial lawyer in private practice in St. Louis before transitioning to in-house work, becoming General Counsel and EVP for CKE in 1997. Unlike some press shy CEOs, Puzder is a frequent media spokesperson, often weighing in on policy and political matters (usually in criticism of Obama administration initiatives).

Among the controversies and far right views embraced by Puzder include:

- Opposition to minimum wage increases
- Opposition to DOL overtime rule
- Opposes government public assistance programs like SNAP, federal housing assistance, and Medicaid (supports having existing programs "rolled into an expanded EITC")
- Supports "employee free" restaurant idea (blames government regulations for need)
- Holds strong anti-Obamacare views
- Critic of NLRB decision to treat franchisors as joint employees
- Would be in charge of wage theft policy investigations after helping industry that is leading offender of wage theft
- CKE offers benefits to corporate employees, not franchisee employees
- Stated that Trump victory would be good for restaurant industry and roll back "burdensome" regulations
- Generated controversy for offensive ads (racial insensitivity and anti-women assertions)

### Opposes minimum wage increase

- "This is the problem with Bernie Sanders, and Hillary Clinton, and progressives who push very hard to raise the minimum wage ... Does it really help if Sally makes \$3 more an hour if Suzie has no job?" ([Business Insider](#), March 2016)
- "The point is simple: The feds can mandate a higher wage, but some jobs don't produce enough economic value to bear the increase. If government could transform unskilled entry-level positions into middle-income jobs, the Soviet Union would be today's dominant world economy. Spain and Greece would be thriving ... But here's what middle-class business owners, who live in the real world, will do when faced with a 40% increase in labor costs. They will cut jobs and rely more on technology." ([Wall Street Journal](#) op-ed, Oct. 2014)

- “If your concern is creating entry-level jobs for young Americans, then a \$15 minimum wage is something you should be protesting against,” Puzder told Fox Business. “If you’re objective is to bolster and support the unions, and you’re not all that concerned about whether young people will have entry-level jobs, then you should be protesting in favor of a \$15 minimum wage. I think most people are concerned about young people in this country and fewer people are concerned about Big Labor.” ([Fox Business](#), November 2015)
- “When there’s a demand for labor, the cost of labor goes up. When there’s no demand for labor, it goes down and you can’t solve that problem by having the government artificially mandate a wage increase when there’s no economic growth to support that ... What businesses do is they increase their prices and they move to automation so you have less jobs ... The real problem with youth is: You have to have these entry-level jobs to get the experience you need to move forward in your life. If they don’t have those jobs, they’re sitting at home – I don’t know – looking at the posters from the last election or waiting for mom to make dinner, as opposed to being out there actually working and getting the experience that they need to go forward in life” ([Yahoo Finance](#) July 2014):
- “When politicians tell people, ‘We’re going to increase the minimum wage and your check will be bigger,’ what they don’t say and [what] the next sentence should be [is]: ‘However, it’s not going to be worth as much as the increase, because everybody’s going to increase their prices so you’re not going to be able to buy as much as you could have if we’d just had economic growth that justified that increase.’” ([Yahoo Finance](#) July 2014)
- “Government needs to get out of the way. If government gets out of the way, businesses will create jobs ... Wages will go up and the country will go back to a state of prosperity instead of what we’re in now.” ([Yahoo Finance](#), July 2014):
- “[T]here’s no way in the world that scooping ice cream is worth \$15 an hour, and no one ever intended it would ever be something that a person could support a family on ... Those jobs just don’t produce that kind of value like a construction job or a manufacturing job does.” ([Los Angeles Times](#), March 2016)
- “Puzder made \$4.4 million in 2012, according to Forbes. That’s about 291 times what a minimum wage worker makes in a year, if they’re earning the federal minimum and working full-time.” ([Huffington Post](#), July 2014)

### **Opposes new Dept. of Labor overtime rule**

- “This new rule will simply add to the extensive regulatory maze the Obama Administration has imposed on employers, forcing many to offset increased labor expense by cutting costs elsewhere. In practice, this means reduced opportunities, bonuses, benefits, perks and promotions.” ([Forbes](#) op-ed, May 2016)

- “Perhaps the biggest consequence of the rule is that it will cause some employers to reclassify salaried employees as hourly, and set schedules so they can more easily track hours worked and avoid excessive claims for overtime ... For most businesses it will be just another added regulatory cost they must look to offset. For their employees, it will be another barrier to the middle class rather than a springboard. One can only wonder when the advocates of progressive economics will realize that, despite their best efforts, you cannot regulate your way to economic prosperity.” ([Forbes](#) op-ed, May 2016)
- “Rewarding time spent rather than time well spent won't help address this problem. Workers who aspire to climb the management ladder strive for the opportunity to move from hourly-wage, crew-level positions to salaried management positions with performance-based incentives. What they lose in overtime pay they gain in the stature and sense of accomplishment that comes from being a salaried manager. This is hardly oppressive. To the contrary, it can be very lucrative for those willing to invest the time and energy, which explains why so many crew employees aspire to be managers.” ([WSJ](#) op-ed, March 2014)
- “Unfortunately, the move would hurt the very managers he intends to help by turning them into hourly employees, depriving them of the benefits that come from moving into management. Overtime pay has to come from somewhere, most likely from reduced hours, reduced salaries or reduced bonuses. It's easy to attack businesses when they employ these cost-cutting measures. But, unlike government, businesses must generate profits to grow.” ([WSJ](#) op-ed, March 2014)

**Opposes government public assistance programs like SNAP, federal housing assistance, and Medicaid – supports having existing programs “rolled into an expanded EITC”**

- “His proposed solution to sluggish job growth is ‘more work, less welfare’ — according to him, programs like SNAP and Medicaid have distorted incentives, creating a ‘welfare cliff’ that discourages low-income workers from working more for fear of losing their benefits.” ([OnLabor](#) backgrounder)
- “[T]he number of people dependent on the Supplemental Nutrition Assistance Program (SNAP), federal housing assistance and Medicaid continues to grow. The number of people receiving SNAP benefits (food stamps) alone has doubled since 2008, to 74.7 million; in troubled cities like Baltimore, more than 1 in 3 residents receives them. These important programs genuinely help people in need, and we are a nation rich enough to assist the economically disadvantaged. But these programs have the unintended consequence of discouraging work rather than encouraging independence, self-reliance and pride.” ([The Hill](#), June 2015)
- “At quick-service restaurant brands Carl’s Jr. and Hardee’s, we’ve seen these policies’ unintended consequences firsthand. Consider that some of our crew members are declining promotions to shift leader positions because the increase in income would disqualify them for food, housing, medical or other government benefits. These promotions are the first step on

the ladder to becoming a general manager, potentially making up to \$80,000 a year. It's a shame they're unable to take a promotion for fear of losing public assistance. Following local minimum wage increases, other employees have refused additional hours or requested fewer hours to keep their incomes below the cutoff for receiving benefits." ([The Hill](#), June 2015)

- "The impact a loss of government benefits has on financial security for people living in poverty can be draconian. It can lock them into poverty by making the chasm between government dependence and independence too broad to cross. As a result, people forgo opportunity for safety, which prevents them from realizing the independence and self-reliance that come with personal success and a job." ([The Hill](#), June 2015)

### **Supported idea of a future automated restaurant, blames government overreach on minimum wage for need for employee-free restaurant concept**

- "We could have a restaurant that's focused on all-natural products and is much like an Eatsa, where you order on a kiosk, you pay with a credit or debit card, your order pops up, and you never see a person.' Puzder's interest in an employee-free restaurant, which he says would be possible only if the company found time as Hardee's works on its northeastern expansion, has been driven by rising minimum wages across the US. 'With government driving up the cost of labor, it's driving down the number of jobs,' he says. 'You're going to see automation not just in airports and grocery stores, but in restaurants.'" ([Business Insider](#), March 2016)
- "If you're making labor more expensive, and automation less expensive — this is not rocket science," says Puzder. 'They're always polite, they always upsell, they never take a vacation, they never show up late, there's never a slip-and-fall, or an age, sex, or race discrimination case,' says Puzder of swapping employees for machines." ([Business Insider](#), March 2016)
- Tried to tamp down outcry over "employee free" idea in a [WSJ](#) op-ed, but didn't back away from larger embrace of automation as future for his industry: "Customer service is still very important and, for now, having access to a person is important to assure smooth experiences for everyone. Increased automation also makes it more difficult to build a company culture. There are maintenance costs, and the business has to hire IT professionals to service the technology. The technology can malfunction, spoiling a patron's visit." ([WSJ](#), March 2016)
- "But he thinks more automation is the wave of the future. 'You can't stop the process,' he said; it's the cost of those mandates that are forcing it to happen too fast." ([Los Angeles Times](#), March 2016)

### **Holds strong anti-Obamacare views**

- "Puzder's brief against Obamacare is familiar in conservative circles: Costs and deductibles are rising, insurers are having trouble making money in the individual market. He maintains that the program is giving small employers an incentive to lay off workers to avoid the insurance mandate, and that includes CKE franchisees. 'The government is traditionally not very good at

managing these types of programs,' he told me. 'The incentives of Obamacare are not set up in a way that makes economic sense. Obamacare is surviving based on increased government funding and increased taxpayer funding.'" ([Los Angeles Times](#), March 2016)

- "As for whether Obamacare is prompting small businesses to lay off workers or shrink their hours, it's possible that the world looks different to those on the firing line, like Puzder, than to those taking a macro view. But as we've reported, there is simply no evidence of an increase in part-time workers since the law went into effect, except those able to go part-time voluntarily because that no longer means giving up health coverage." ([Los Angeles Times](#), March 2016)

### **Critic of NLRB decision to treat franchisors as joint employees**

- "Meanwhile, Puzder has also criticized the National Labor Relations Board for its decision to treat franchisors as joint employers of their franchisees' employees. He warns that the Board's decision will undermine the franchise business model — an important source of jobs — to the detriment of the U.S. economy." ([OnLabor](#) backgrounder)

### **As head of DOL, would be in charge of wage theft policy investigations after helming industry that is leading offender of wage theft**

- "As the nation's top labor official, the labor secretary is in charge of the agency's wage-and-hour division, which investigates allegations of wage theft. Puzder would have some experience in this arena. Like all fast-food chains, Carl's Jr. and Hardee's restaurants have been investigated frequently in the past for allegedly shorting employees on pay. Most fast-food restaurants are owned and operated by franchisees rather than the chain itself." ([Huffington Post](#))
- "A recent analysis by Bloomberg found that fast-food joints like Hardee's and Carl's Jr. that operate on the franchise model are often found to have broken the law. Wage-and-hour officials found violations about 60 percent of the time that they investigated those two chains, according to Bloomberg." ([Huffington Post](#))
- "The franchising structure itself contributes to fast-food restaurant violations, the official overseeing the Labor Department's wage-and-hour enforcement strategy argues, but the theory is subject to debate. Regardless of the cause, here's what's certain: Fast-food workers earn low wages to begin with and when Wage and Hour Division investigators audit leading quick-service brands, they're very likely to find Fair Labor Standards Act violations ... Over the course of the Obama administration, the WHD has conducted nearly 4,000 investigations at the 20 largest fast-food brands combined, leading to discovery of more than 68,000 FLSA violations and some \$14 million in back wages recovered for about 57,000 employees, a review of WHD enforcement data found. And that's not counting liquidated damages paid to employees, a figure not tracked on the division's public enforcement database." ([Bloomberg BNA](#))

### **CKE offers benefits to corporate employees, not franchisee employees**

- “CKE offers tuition reimbursements for job and career-related education and training to full-time employees who have been with the company for a year, with a lifetime maximum of \$20,000. It also offers health plans for managers or those working 30 hours a week or more. But those benefits are for corporate employees, not for those of its franchisees, who hire and supervise the vast majority of workers in CKE restaurants. That's a major issue in the fast-food space, as the National Labor Relations Board, in a case involving McDonald's, is pushing hard to designate the big franchisor companies joint employers of workers hired by their franchisees.” (Los Angeles Times, March 2016)

### **Stated that Trump victory would be good for restaurant industry and roll back “burdensome” regulations**

- “On his personal blog, Puzder wrote that Trump’s victory in the election will be good for the restaurant business, since the incoming president will roll back regulations that Puzder deems too burdensome. Obamacare, in particular, has helped lead to a ‘government-mandated restaurant recession,’ Puzder wrote, even though the National Restaurant Association predicts that restaurant growth will outpace the economy at large this year.” (Huffington Post)

### **Generated controversy for offensive ads (racial insensitivity and anti-women assertions)**

- “In September last year, the chain was accused of racism in addition to sexism for their Tex Mex commercial featuring bikini-clad models playing beach Volleyball over the US-Mexican border in an apparent nod to US presidential candidate Donald Trump’s proposal to build a wall to keep out immigrants.” (SBS Australia, February 2016):
- “In an effort promote its new Bacon 3-Way Burger, Carl's Jr. has created a series of raunchy commercials starring three oiled up blondes in bikinis engaged in a pseudo menage a trois ... The second commercial is racier, kicking off with one of the models rubbing a piece of bacon across her breast, another model licking a spoon covered with bacon jam, and another model sitting spread-legged on the kitchen counter while sticking her fingers in her mouth. There's also some almost-lesbian kissing and a closeup of one model feeding another model some bacon.” (Forbes, July 2016)
- [Puzder]: “‘I like our ads. I like beautiful women eating burgers in bikinis. I think it's very American,’ he says. ‘I used to hear, brands take on the personality of the CEO. And I rarely thought that was true, but I think this one, in this case, it kind of did take on my personality.’” (Entrepreneur, May 2015)