

Minimum Wage and Maximum Hours Standards Under the Fair Labor Standards Act

U. S. Department of Labor
Employment Standards Administration

Economic Effects Study
Submitted to Congress 1973



U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

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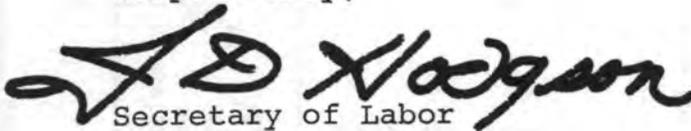
January 19, 1973

THE HONORABLE THE PRESIDENT OF THE SENATE
THE HONORABLE THE SPEAKER OF THE HOUSE OF REPRESENTATIVES

Sirs:

I have the honor to present herewith the January 1973 report pertaining to fair labor standards in employments in and affecting interstate commerce, as required by Section 4(d) of the Fair Labor Standards Act of 1938, as amended.

Respectfully,


Secretary of Labor

Report to the
Ninety-Third Congress
by the
Secretary of Labor

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Report to the
Ninety-Third Congress
by the
Secretary of Labor

Section 4(d) of the Fair Labor Standards Act requires the Secretary of Labor to present a report on his activities for the preceding year and an appraisal and evaluation of the minimum wages established by the Act.

During 1972 there were no increases in the level of the minimum wage and only small increases in the coverage of minimum wage provisions; however, the equal pay provisions of the FLSA were extended to some 15 million executive, administrative, professional and outside sales employees on July 1, 1972. Vigorous enforcement of the equal pay, child labor, overtime and minimum wage provisions of the Act was continued in 1972.

As authorized by the Act several special studies were made in 1972 which will provide basic data and aid in the determination of the future of the Act. The studies surveyed wages and hours worked in selected low wage industries as well as for private household workers, including babysitters. In addition, for the first time a chapter has been added which summarizes the studies completed by independent researchers outside of Government during 1971 and 1972. Some of the data used in these studies were originally generated by surveys initiated under Section 4(d) provisions of the FLSA.

The studies taken as a whole point out the great complexity involved in analyzing the various possible effects of the Act. Departmental studies are continuing on the characteristics of low wage workers in the clothing, retail trade, private household as well as other industries.

In 1972 an estimated 47 million nonsupervisory employees, three quarters of the employed nonsupervisory labor force, were covered by the minimum wage provisions of the Fair Labor Standards Act. The remaining noncovered workers are mainly employed in the public sector, small retail and service firms, and private households.

CONGRESSIONAL ACTIVITIES TO AMEND THE FAIR LABOR STANDARDS ACT

Legislation Enacted

In an action independent of legislative recommendations from the Administration and of the labor subcommittees having jurisdiction in the House and Senate, the 92nd Congress passed and the President approved two changes in the application of the Fair Labor Standards Act. Title IX of the omnibus Education Amendments of 1972 approved by the President on June 23, 1972, and effective on July 1, contained a number of provisions establishing expanded prohibitions against sex discrimination, primarily in education, but in other segments of the economy as well.

One of the changes extended the minimum wage, overtime pay, and equal pay standards of the Fair Labor Standards Act to an estimated 150,000 nonsupervisory employees of preschool centers, public and private, profit and nonprofit.

One other provision made a very substantial change in the coverage of the equal pay standards of the Act by making the exemption for executive, administrative and professional personnel, outside salesmen, and school teachers inapplicable to the equal pay requirements of the Act.

Legislation Considered

The Administration in the Spring of 1971 proposed amendments to the Fair Labor Standards Act. The proposals made by the Secretary of Labor in congressional testimony included two 20-cent increases in the nonfarm worker minimum wage to \$2.00 an hour by 1974 and two 15-cent increases in the farmworker minimum wage on the same schedule with proportionate increases in Puerto Rico and the Virgin Islands.

A major feature of the recommendation was an overhaul of the application of the Act to teenagers. Instead of the certification program authorizing the employment of full-time students in retail and service establishments at 85 percent of the applicable minimum wage, an across-the-board rate of the greater of \$1.60 an hour or 80 percent of the minimum would have applied to all youths under 18, full-time students under 20, and all 18 and 19-year olds during the first six months of their first job.

House Action

In the House of Representatives, the major alternative to the Administration bill was H.R. 7130 introduced by Chairman Dent of the General Subcommittee on Labor. On September 17, 1971, the General Subcommittee on Labor approved a modified version of H.R. 7130. The

full Committee on Education and Labor reported a bill on November 17, 1971, which was similar to the subcommittee bill in most respects. On May 9, 1972, the House Committee on Rules reported the resolution making it the order of business of the House to take up the reported version of H.R. 7130. In addition, the Committee on Rules made it in order to consider H.R. 14104 as introduced by Congressmen Erlenborn, Fuqua, and Quie as a substitute to the committee bill. The House of Representatives began consideration of H.R. 7130 as reported by the Committee on Education and Labor on May 10, 1972.

The Committee bill provided minimum wage increases to \$2.00 an hour for workers covered prior to the 1966 amendments and covered Federal workers, on January 1, 1972; to \$1.80 an hour on January 1, 1972, and to \$2.00 an hour one year later for nonfarm workers covered as a result of the 1966 amendments and the provisions of H.R. 7130; and to \$1.50 and \$1.70 an hour for farmworkers with the same timing as for newly covered nonfarm workers. There would have been proportionate increases in Puerto Rico and the Virgin Islands and mainland rate protection for employees of hotels, motels, and restaurants, food service workers, Federal employees and employees of the Virgin Islands government and employees of conglomerates.

Some expansion of coverage, primarily domestics and noncovered public employees, would have occurred and several of the overtime exemptions would have been repealed or modified. Among the other provisions of the bill was a title intended to deal with the problem of competition from foreign imports.

As provided in the resolution making the minimum wage the order of business of the House of Representatives, Congressman Erlenborn on May 11, 1972, offered H.R. 14104 as an amendment in the nature of a substitute for H.R. 7130. Several amendments to the H.R. 14104 substitute were adopted including a stretch-out of the minimum wage levels, modification of wage order procedures in Puerto Rico and the Virgin Islands, and retention of the \$1.60 an hour rate in the Canal Zone. The House then voted to substitute H.R. 14104 for the committee bill by a vote of 217 to 191 and passed the Fair Labor Standards Act amendments by a vote of 330 to 78 on May 11, 1972.

The bill passed by the House of Representatives established the following new minimum wage rates in the Fair Labor Standards Act: A minimum wage of \$1.80 an hour on the effective date and \$2.00 an hour a year later for workers covered prior to the 1966 amendments and for covered Federal workers; a rate of \$1.70 an hour on the effective date, \$1.80 an hour a year later, and \$2.00 an hour two years later for nonfarm workers covered as a result of the 1966 amendments; and a minimum wage of \$1.50 an hour on the effective date and \$1.70 an hour a year later for covered farmworkers.

In Puerto Rico and the Virgin Islands the wage order rates increased to at least 60 percent of the mainland rates, with the further exception that the mainland rates applied to employees of hotels, motels, and restaurants, food service workers in retail stores, and to employees of the Federal and Virgin Island governments. The \$1.60 minimum wage remained unchanged in the Canal Zone.

Similar to the Administration's proposal, the bill provided a special youth rate of \$1.60 an hour (\$1.30 in agriculture) or 80 percent of the applicable minimum wage whichever is greater for workers under 18 years of age and full-time students under 21.

The House-passed bill provided no new coverage, but added three exemptions affecting workers involved in delivering shopping news materials, certain house-parents in orphanages, and certain seasonal personnel in retail and service establishments.

Senate Action

The major alternative to the Administration bill in the Senate was S. 1861 introduced by Senator Williams. On April 19, 1972, the Senate Subcommittee on Labor reported an amended version of S. 1861 to the full Committee on Labor and Public Welfare. The full committee reported a revised version of the subcommittee bill on June 8, 1972. The Senate began consideration of the committee bill on July 17, 1972. As reported to the floor, S. 1861 provided substantial increases in the minimum wage and expansion of coverage under the Act.

As was the case in the House of Representatives, an amendment in the nature of a substitute to the committee bill was offered on the floor of the Senate. Proposed by Senators Dominick and Taft, the substitute amendment provided the same basic farm and nonfarm minimum wage rates approved by the House of Representatives, automatic increases in the wage order rates in Puerto Rico and the Virgin Islands, no change in the \$1.60 rate in the Canal Zone, the major features of the Administration's youth rate proposal, no expansion of coverage of the Act, and some additions to the exemptions from the Act's requirements.

By a vote of 47 nays to 46 yeas the Senate defeated the Taft-Dominick substitute. After approving several modifications in the committee bill the Senate approved the minimum wage amendments by a vote of 65 yeas to 27 nays on July 20, 1972.

As passed by the Senate, the bill established increased minimums of \$2.00 an hour on the effective date (60 days after enactment) and \$2.20 an hour two years later for workers covered prior to the 1966 amendments. Minimum wages of \$1.80 an hour on the effective date, \$2.00 a year later, and \$2.20 two years later applied to nonfarm workers covered by the 1966 amendments and workers covered by the bill.

The farmworker minimum would have increased to \$1.60 an hour on the effective date, \$1.80, \$2.00, and \$2.20 an hour each succeeding year.

The bill also established minimum wages of at least \$1.00 an hour in Puerto Rico and the Virgin Islands with automatic annual increases of 20 cents an hour in wage order rates until the applicable mainland rates were reached. The mainland rates were applied to employees of hotels, motels, and restaurants, food service workers in other retail and service establishments, and public employees in Puerto Rico and the Virgin Islands. The current \$1.60 an hour minimum was retained for one year in the Canal Zone after which the rate would have increased to \$1.70. The special minimum wage rates for full-time students were extended to employees of educational institutions.

In addition to expanding the coverage to most public employees not already subject to the Act and to most domestic workers, the bill contained provisions to repeal or modify many of the exemptions from coverage under the Act. With respect to the minimum wage and overtime pay standards, the bill deleted exemptions for most chain store establishments and for farmworkers engaged in shade-grown tobacco processing operations. The bill also repealed the minimum wage exemptions but retained the overtime exemptions for small logging operations and for local seasonal hand harvest farmworkers. Several other exemptions would have been repealed or modified. Two new exemptions, very narrow in scope, were added.

Efforts to Resolve House-Senate Differences

Once the Senate had approved the bill, it was up to the House to either concur in amendments made by the Senate or to request a conference with the Senate to resolve the differences between the bills. Two times, on August 1, 1972, by a vote of 198 nays to 190 yeas, and on October 3, 1972, by a vote of 196 nays to 188 yeas, the House refused to go to conference.

The basis for voting against a conference was the expectation that a majority of the House conferees would have been Congressmen who had voted against the Erlenborn substitute amendment--H.R. 14104--when it was approved by the House. Thus, supporters of the substitute bill believed that the House conferees would not arrive at a compromise close enough to the House bill. Efforts to establish a satisfactory compromise informally bogged down on the question of the youth wage rate provision. The Congress adjourned on October 18, 1972, without enacting the amendments.

EQUAL PAY UNDER THE FAIR LABOR STANDARDS ACT

In June 1963, the Equal Pay Act was enacted as an amendment to the Fair Labor Standards Act. With its enactment the long fought for principle of equal pay for equal work, regardless of the sex of the worker, became a requirement of law. And, while its protection from discrimination in wages because of sex applies to both men and women, it is the latter for whom its protection is most meaningful since women far more often than men are the victims of such discrimination. The elimination of sex-based wage discrimination through vigorous enforcement of the Equal Pay Act is a priority goal of the Employment Standards Administration.

Administration and Enforcement

Because the Equal Pay Act was enacted as an amendment to the minimum wage provisions of the Fair Labor Standards Act, its administration and enforcement benefited from the strong enforcement provisions of that law and the experience of the Wage and Hour Division, the agency within the Department responsible for its enforcement. Since the generally effective date of the equal pay provisions in June 1964 through the end of fiscal year 1972, investigations made by the Division's staff have disclosed underpayments resulting from illegal sex-based wage discrimination of almost \$48 million owed to 112,979 employees. Of these totals over \$14 million in underpayments to 29,022 employees were for fiscal year 1972, a level of violations similar to that disclosed by investigations during the previous year. In terms of both amount of underpayments and number of employees, the total of fiscal years 1971 and 1972 findings was greater than that for the previous six years of the law's enforcement. This reflects the increasing effectiveness of the enforcement staff in this vital program area.

In most instances employers correct violations disclosed by investigations conducted by Wage and Hour Compliance Officers without court action being necessary. In part, this is attributable to the widespread recognition of the fact that administrative efforts to secure voluntary compliance are supported by a vigorous litigation program. Even so, it is necessary in some instances to initiate court action in order to secure correction of violative pay practices. In addition, with regard specifically to the enforcement of the equal pay standard, there was initially and continues to be the need to establish legal precedent for interpretative positions as to how the law applies.

During fiscal year 1972, the Department filed 156 suits in the courts for enforcement of the equal pay standard. A measure of the momentum attained in this critical phase of enforcement is apparent from the fact that this number constitutes 35 percent of the total

number (443) of equal pay suits filed since the effective date of the law. Thus, a significant start has been made in building a body of law which will enable the protection of the equal pay standard to be applied uniformly and even more extensively. There is a continuing need, however, for appellate decisions to firmly establish both the basic principles applicable to the standard of equal pay for equal work and the application of these principles across the entire spectrum of covered occupations and industries. The investigative development of cases for these purposes and their prosecution through the courts can be extremely time consuming. The continued expenditure of resources for these ends at this time is essential, however, in order to establish a firm foundation upon which ultimate achievement of the objectives of this program may be based.

Education Amendments of 1972 - Title IX

Although the enactment of the Equal Pay Act as an amendment to the minimum wage provisions of the Fair Labor Standards Act had the advantage of making strong enforcement remedies available, it had the disadvantage of exempting from the equal pay standard all those employees who were exempt from the Act's minimum wage provisions. Among these were an estimated 15 million executive, administrative, professional, and outside sales employees of whom about 4½ million are women.

An amendment to the Fair Labor Standards Act extending its equal pay provisions to these executive, administrative, professional, and outside sales employees was contained in the Education Amendments of 1972. It was signed into law by the President on June 23, 1972, and became effective on July 1, 1972. Because widespread publicity had not been given to the amendment during the legislative process, and because of the brief period following enactment until the effective date, it was recognized that the initial thrust of enforcement should be to inform those affected of their rights and responsibilities. Accordingly, a series of briefing conferences was conducted early in fiscal year 1973 in all major cities throughout the country. These briefings were open to the general public and the cooperation of all the media was utilized so that their subject and purpose would have the widest possible dissemination. In addition, invitations were individually addressed to business firms, trade and industry associations, labor organizations, women's groups, and others in each area who are directly affected by the law. Concurrent with the initiation of this broad scale information program, work was begun on the revision of publications and other materials containing interpretations and guidance for employers and labor organizations upon whom rests the obligations for compliance.

Through these information and educational activities every effort has and is being made to secure the widest possible degree of voluntary

compliance. These will not, however, replace the need for direct enforcement by means of investigation and litigation. Moreover, these direct enforcement actions will undoubtedly be even more time consuming and costly than has been the case to date with the equal pay standard. Enforcement of legislation in new areas is initially almost always relatively more costly due to the lack of precedent and the need to develop guidelines and assure uniformity of application. These factors are compounded in the application of the equal pay standard to jobs in the executive, administrative and professional categories. For example, it will be necessary to determine during investigations whether or not the statutory requirement that jobs must be substantially equal in terms of skill, effort, and responsibility is met when the essential characteristics of the jobs of the men and women being compared comprise such elements as degree of initiative, areas of substantive discretion, and levels of judgment exercised. Further, since employees at these levels often tend to have individualized duties and responsibilities, it will frequently be necessary to make detailed job analyses of numerous jobs in order to apply the law. For example, a situation in which a single woman engineer works with nine male engineers could require a detailed complex investigation of all ten jobs.

Since it was recognized that enforcement of the extended law would require increased sophistication and skill on the part of Compliance Officers in order to deal efficiently with the inherent complexities involved, plans were developed and initiated to provide advanced training to the entire enforcement staff during fiscal year 1973. In addition to policies and procedures relating to equal pay enforcement, the training also includes familiarization with other Federal EEO programs so that the Wage and Hour Division's continuing efforts to coordinate EEO enforcement at the site of employment might be strengthened.

ADMINISTRATION AND ENFORCEMENT OF THE FAIR LABOR STANDARDS ACT

Achieving Voluntary Compliance by Informational Program and Conciliation

The Employment Standards Administration reorganized and strengthened its services in 1972 to improve the conditions of employment for some 47,000,000 employees working in some 2,000,000 establishments covered by the Fair Labor Standards Act. In response to a clearly indicated need to provide increased services to the public with limited resources, alternative methods other than full-scale investigations were devised and employed where appropriate in an attempt to achieve maximum compliance with the minimum wage, overtime, equal pay and child labor provisions of the Fair Labor Standards Act. The policy of servicing all complaints on a priority basis was continued. However, experience demonstrated that many complaints of violation could be handled quickly and effectively with correction of violations and payment of back wages without the need for time consuming, fact-finding investigations. The employment of conciliation techniques in informal conferences with employers, wherever appropriate, in resolving complaints involving only one or a small group of employees resulted in improved service to the complainant and more effective utilization of scarce resources. This is demonstrated by the fact that the backlog of complaints remaining unserved at the end of fiscal year 1972 was 28 percent lower than that which existed at the end of fiscal year 1971. This despite the receipt of 38,913 complaints, an increase of approximately 3 percent over the number received the previous year. Complaint situations indicative of general violative practices or not satisfactorily resolved by conciliation techniques continued to be handled by fact-finding investigative procedures.

To assure that every covered worker enjoys the full protection of the Fair Labor Standards Act, the intensive educational and informational program to acquaint employees with their rights and employers with their responsibilities that was instituted several years ago continued in fiscal year 1972. Increased utilization of the CUE (Compliance Utilizing Education) program whereby grass roots efforts are made to acquaint businessmen with their obligations under the Act was promoted. This included speeches, seminars and training sessions with industry officials. Under this program, employers were encouraged to review their operations, under (our) general guidance and assistance, to correct any practices that were not in compliance, including payment of any back wages found due, and to report the results of such activities. Many employers participated in varying degrees in this voluntary compliance program. In addition, the Employment Standards Administration participated in over 38,000 contacts with employers, employment agencies, labor organizations and others which, on the basis of the information and advice provided, resulted in changes in employment practices to achieve compliance. Also in 1972, over one million inquiries and requests for information from the public (both employers and employees) about these laws were answered.

At the close of the fiscal year, the Fair Labor Standards Act was amended to extend equal pay protection to 15 million executive, administrative, professional, and academic administrative personnel or teachers in elementary or secondary schools, and outside sales employees. At the same time, preschool facilities were brought under the minimum wage, overtime, equal pay and child labor provisions of the Act. A massive informational and educational program was initiated to inform those affected by these changes of their respective rights and responsibilities.

Investigation Program - New Approach, Less Paperwork

In implementing the policy of greater decentralization, the Employment Standards Administration established a policy for delegating to the regional offices and field staff as much program planning, decision-making and action-taking responsibility as feasible in order to concentrate its resources on the more serious noncompliance problems. This decentralized program planning was designed to better identify those industries and areas where violations of the Fair Labor Standards Act affecting the greatest number of employees were most likely to be occurring, and to focus on top priorities, such as (1) the elimination of wage discrimination on the basis of sex, (2) the development of new job opportunities by enforcement of the overtime provisions in industries where the potential for encouraging employers to hire new workers in lieu of paying overtime was greatest, and (3) the improvement and protection of the earnings of low-wage workers. The activities of the field staff were focused on these areas so that the greatest number of people most in need of assistance were helped by our enforcement efforts. Compliance and enforcement procedures were modified to meet enforcement needs. The use of "flexible" investigation procedures--doing only what is essential to identify and resolve a violative situation with fewer hard and fast procedural steps to be followed--became standard. Many situations which in the past would have prompted full-scale investigations were handled by this short cut procedure, informal conciliation-type actions or by other compliance activity tailored to meet local or individual enforcement needs. These changes were designed not only to make operations more efficient but also to reduce the burden on employers.

Investigations and conciliation-type actions in fiscal year 1972 disclosed almost \$98 million in wages illegally withheld under the Fair Labor Standards Act from more than 500,000 employees. Included in this total were wage adjustments represented by the correction of minimum wage violations involving 231,100 employees; overtime violations involving 270,075 employees; and equal pay violations involving 29,022 employees. Conciliation-type actions resulted in wage adjustments represented by \$2,905,533 in unpaid wages. Low-wage employees, as classified under standards established by the Bureau of Labor Statistics, continued to be helped the most. Thus, workers earning less than the hourly rate equivalent of the total annual budget necessary for the

SPECIAL STUDIES

Wages and Hours of Work of Nonsupervisory Employees in Selected Nonagricultural Industries

To provide a body of information which will permit a more precise assessment of the economic implications of legislation to amend the Fair Labor Standards Act and a limited appraisal of the effects of the last phase of the 1966 amendments, the Bureau of Labor Statistics, at the request of the Employment Standards Administration, conducted a Nationwide survey of selected nonfarm industries for payroll periods in May 1971 and April 1972. This study will yield comparable two-period data on employment related standards affecting nonsupervisory employees and separate tabulations for youths for the April 1972 payroll period.

Since broad industry data frequently obscure the effect that a change in the minimum wage level may have on individual employee earnings, the survey focuses on industries where the anticipated impact of an increase in the minimum wage level would be higher than the average for all covered establishments. Consequently, the sample was selected to adequately represent industries with concentrations of lower wage workers including manufacturing industries in which hourly earnings were significantly lower than average as well as individual retail trade and service industries, the two economic sectors most directly affected by recent changes in the Federal wage standard (Appendix A).

A short summary of the data currently available is presented below. A full report, containing detailed statistical tables for both survey periods (May 1971, April 1972), will be published later in the year.

Level of Earnings

Manufacturing - Average straight-time hourly earnings in the nine manufacturing industry groups surveyed in May 1971 ranged from \$2.13 to \$3.04, appreciably lower than the average straight-time earnings for all manufacturing for the same period, \$3.43 an hour (Table 1). The marked difference in the proportions of nonsupervisory employees whose hourly earnings approximated the \$1.60 minimum wage level in these industries compared with the proportion in all manufacturing^{1/} one year earlier illustrates how critical the Federal wage standard is to workers in certain industries. In May 1970, a fraction of one percent of the nonsupervisory employees in manufacturing

1/ Wages and Hours of Work of Nonsupervisory Employees in All Private Nonfarm Industries by Coverage Status Under the Fair Labor Standards Act, U.S. Department of Labor, Employment Standards Administration, 1972.

were at the \$1.60 minimum wage interval. By comparison, minimum wage workers comprised not less than 2 percent of the work force in any one of the nine manufacturing industries included in the May 1971 survey and as high as 20 percent of the workers in men's, youths', and boys' furnishings, and allied garments industry.

Any increase in the minimum wage will be of particular significance in the apparel industry (SIC 23) where 12 percent of the 1.3 million workers were paid less than \$1.65 an hour in May 1971. Establishments in the South employed six out of every seven apparel workers whose hourly earnings appear to be closely related to the current Federal minimum wage standard.

Retail Trade, excluding eating and drinking places - This industry group provides the clearest perspective of the effect of differences in coverage under the Act on wage structures in establishments with common characteristics. The exclusion of eating and drinking places eliminates to a large extent the wage distortion that may have been caused by the inclusion of tipped employees whose hourly wage may legally be adjusted to reflect an allowance of up to 50 percent of the minimum wage for tips actually received.

In general, earnings in retail trade paralleled the pattern evident in most other industries, with the South and smaller communities accounting for the highest proportion of low-wage workers (Table 2). However, the \$1.60 wage standard was an important wage determinant in each region, and most minimum wage workers were employed in the larger communities.

Nationwide, the proportion of workers clustered at the \$1.60 minimum wage interval in establishments first covered by the Federal wage standard in 1966--15 percent--was almost double that in establishments subject to the Act since 1961--8 percent. In noncovered establishments--those with gross annual sales below \$250,000--almost a third of the work force were paid less than the minimum applicable to covered retail trade employees.

Hourly straight-time cash wages in May 1971 averaged \$2.68 in retail establishments covered prior to the 1966 amendments, \$2.80 in those first covered by the 1966 amendments, and \$2.13 in establishments not covered by the Federal standard.

Service-producing industries - Differences in average hourly earnings in the service industries studied partially reflected the large variation in the proportion of employees clustered at the \$1.60 minimum wage interval (Table 3).

In industries covered since 1966 this proportion ranged from 15 percent in educational institutions to just under one-third in both laundries and cleaning services and covered hotels, motels, and other lodging places. In banks and other credit agencies which have been subject to the minimum wage provisions since 1938, only 3 percent of the nonsupervisory work force were paid less than \$1.65 an hour. Thus, the average hourly cash wages of nonsupervisory employees in laundries and covered hotels and motels were roughly equivalent, \$2.06 and \$2.10 respectively, while hourly earnings averaged \$2.65 in educational institutions and \$2.82 in banks and other credit agencies.

A similar pattern was evident in the noncovered segment, that is, average hourly earnings were lowest (\$1.69) in noncovered hotels and motels where over half the employees were paid less than \$1.65 an hour and highest in amusement and recreation services (\$2.42) where one-fourth of the workers received equally low wages.

Wage-Bill Impact of Higher Minimum Rates

The comparatively low wages in effect in many of the covered establishments among the selected nonfarm industries surveyed in May 1971, indicate that the higher minimum wage levels proposed under the different versions of H.R. 7130 passed by the House and Senate would have resulted in direct wage increases for a substantial proportion of their nonsupervisory work force. Wage increases related to a change in the minimum wage level as gauged by the survey, however, would be moderated by increases in the general wage level between the survey date (May 1971) and the effective date of new legislation.

While some low wage workers throughout the Nation would be affected by an upward revision in the Federal wage standard, preliminary data for the May 1971 payroll period disclose that covered establishments in the South consistently accounted for the highest proportion of workers paid at or near the current \$1.60 minimum. The relatively greater impact of the Federal minimum on wage structures in the South is influenced to some extent by the fact that (1) unionized establishments which generally have higher average wage levels than nonunion establishments are less prevalent in the South and (2) a higher proportion of nonsupervisory workers in the South are employed in covered establishments in nonmetropolitan areas which in each region are characterized by lower wage levels than establishments located in metropolitan areas.

The wage increases required by proposed minimum wage levels of \$1.80, \$2.00 and \$2.20 in the lower wage manufacturing industries surveyed are affected not only by the significant number of workers clustered at the \$1.60 minimum but also the sizeable proportion of

workers at each 20-cent wage interval above that level. For example, in the two major manufacturing industry groups surveyed--apparel and related products and leather and leather products--nonsupervisory employees who were paid more than the statutory minimum but less than \$2.20 an hour comprised about two-fifths of each industry group's work force.

In covered retail trade establishments, excluding eating and drinking places, successive 20-cent increases in the basic minimum wage rate from \$1.60 to \$2.20 an hour would require wage increases for an estimated 1.6 million nonsupervisory employees paid less than \$2.20 an hour in May 1971. Somewhat more than a third of these 1.6 million workers, or 567,000, were paid at the current \$1.60 Federal minimum wage level during the survey week.

The higher minimum wage levels discussed will also have a pronounced effect on the wage structure in educational institutions, laundries and cleaning services as well as in hotels and motels with \$250,000 or more in annual receipts. Aside from those workers currently at the bottom of the wage ladder in these three service industries, 10 percent of their nonsupervisory employees were paid within 20-cents of the Federal wage standard. And an equally significant number were grouped in the twenty-cent hourly wage intervals between \$1.80, \$2.00 and \$2.20.

Hours Worked

Average weekly hours worked by nonsupervisory employees in the selected nonfarm industry groups surveyed in May 1971 varied substantially. In manufacturing industries the average workweek ranged from 35.4 hours in the handbags and personal leather goods industry to 42.2 hours in establishments manufacturing veneer and plywood. In the service industries differences were even more pronounced, with the lowest average workweek reported in motion picture theaters--23.2 hours--and the highest in banks and other credit agencies--36.7 hours. Average weekly hours of nonsupervisory employees in retail establishments covered by the overtime provisions and those working in establishments not covered by the premium pay standard were quite close--32.3 hours and 33.7 hours respectively (Table 4).

There were also marked differences between the manufacturing, service, and retail trade sectors in the proportion of nonsupervisory employees who worked full-time, that is 35 or more hours a week, and those who worked part-time, particularly those employed less than 15 hours a week. In each of the manufacturing industry groups over two-thirds of the workers were on full-time schedules and only 4 percent or less worked fewer than 15 hours a week. By contrast, in all but banks and other credit agencies, two-fifths or more of the nonsupervisory

workers in the service industries surveyed worked part-time, that is less than 35 hours a week, and a substantial proportion worked under 15 hours during the May 1971 payroll period. In retail trade, just under one-third of the employees worked more than 15 hours but less than 35 hours a week, and one of every eight worked less than 15 hours a week.

With the exception of educational institutions, a significant proportion of nonsupervisory employees worked more than 40 hours a week in all of the surveyed industries subject to the overtime provisions. In industries which have been subject to a 40-hour standard since 1940, the proportion of nonsupervisory employees working more than 40 hours ranged from one out of every nine workers in banks and other credit agencies to over one-half of the nonsupervisory work force in veneer and plywood establishments. In covered retail trade establishments and laundries and cleaning services, which have been subject to the 40-hour standard since February 1, 1969, one out of every six nonsupervisory employee worked more than 40 hours in the survey week.

APPENDIX A

<u>SIC</u>	<u>Industry</u>
23	Apparel and related products
232	Men's and boys' furnishings
2432	Veneer and plywood
2441-2442	Nailed and wired boxes and shooks
31	Leather and leather products
314	Footwear, except rubber
317	Handbags and personal leather goods
3674, 3679	Semiconductors and electronic components, not elsewhere classified
394	Toys, amusement, sporting, and athletic goods
52-57 and 59	Retail trade, except eating and drinking places
60-61	Banks and other credit agencies
70	Hotels, motels, and other lodging places
721	Laundries and cleaning services
783	Motion picture theaters
79	Amusement and recreation services, except motion pictures
821, 822	Educational institutions

Table 1. Straight-time average hourly earnings of nonsupervisory employees in selected manufacturing industries, United States, May 1971

SIC	Industry	: Number of : : employees : :(in thousands):	: Average : : hourly : : earnings	: Percent of employees paid hourly wages : below						
				:\$1.65:	:\$1.70:	:\$1.80:	:\$1.90:	:\$2.00:	:\$2.10:	:\$2.20:
23	Apparel and related products	1,295.5	\$2.39	12	15	22	29	35	43	51
232	Men's and boys' furnishings	364.0	2.13	20	24	34	42	50	58	66
2432	Veneer and plywood	72.8	3.04	3	4	9	14	17	21	25
2441-										
2442	Nailed and wired boxes and shooks	23.7	2.28	7	11	25	39	47	56	60
31	Leather and leather products	295.1	2.45	6	9	15	23	30	40	47
314	Footwear, except rubber	199.7	2.42	7	9	16	25	32	40	48
317	Handbags and personal leather goods	31.7	2.44	3	5	10	18	26	38	50
3674, 3679	Semiconductors and electronic components, not elsewhere classified	212.7	3.04	2	2	4	8	11	16	21
394	Toys, amusement, sporting, and athletic goods	102.5	2.52	4	5	8	15	23	33	42

Source: Survey conducted by the Bureau of Labor Statistics for the Employment Standards Administration.

Table 2. Straight-time average hourly earnings of nonsupervisory employees in retail trade, excluding eating and drinking places, by coverage status under the Fair Labor Standards Act, United States and regions, May 1971

Coverage classification and region	Number of employees (in thousands)	Average hourly earnings	Percent of employees paid hourly wages below						
			\$1.65	\$1.70	\$1.80	\$1.90	\$2.00	\$2.10	\$2.20
<u>Covered prior to 1966</u>									
United States	3,789.0	\$2.68	8	9	16	25	31	38	43
Metropolitan	3,203.1	2.74	6	8	14	22	28	35	40
Nonmetropolitan	585.9	2.32	14	17	29	39	46	55	59
Northeast	980.6	2.57	5	6	11	21	28	36	43
South	1,006.5	2.53	12	15	23	33	38	46	50
North Central	1,174.6	2.62	8	9	18	26	32	39	44
West	627.3	3.21	5	6	11	16	19	25	28
<u>Covered by the 1966 amendments</u>									
United States	1,768.5	2.80	15	17	24	30	33	41	44
Metropolitan	1,123.2	2.95	11	14	20	24	27	36	40
Nonmetropolitan	645.3	2.54	21	23	32	39	42	50	53
Northeast	411.0	3.00	7	9	13	20	23	32	36
South	557.5	2.47	24	26	35	41	45	52	55
North Central	518.3	2.77	14	17	25	31	33	43	47
West	281.8	3.21	8	11	17	20	22	29	32
<u>Noncovered</u>									
United States	2,030.1	2.13	31	36	43	51	54	65	67
Metropolitan	1,266.3	2.23	25	29	37	45	48	61	64
Nonmetropolitan	763.9	1.96	42	47	53	62	64	72	74
Northeast	462.3	2.33	13	15	21	36	39	54	57
South	685.9	1.88	48	52	59	66	69	76	79
North Central	522.8	2.10	35	40	48	53	56	66	67
West	359.2	2.39	18	26	33	40	44	56	59

Source: Survey conducted by the Bureau of Labor Statistics for the Employment Standards Administration.

Table 3. Straight-time average hourly earnings of nonsupervisory employees in selected service industries by coverage status under the Fair Labor Standards Act, United States, May 1971

SIC	Minimum wage coverage classification and industry	Number of employees (in thousands)	Average hourly earnings	Percent of employees paid hourly wages below						
				\$1.65	\$1.70	\$1.80	\$1.90	\$2.00	\$2.10	\$2.20
<u>Covered prior to 1966</u>										
60-61	Banks and other credit agencies	1,170.4	\$2.82	3	3	6	9	13	19	26
<u>Covered by the 1966 amendments</u>										
70	Hotels, motels, and other lodging places	459.6	2.10	32	38	47	53	57	64	67
721	Laundries and cleaning services	437.4	2.06	30	35	44	53	59	70	74
821, 822	Educational institutions ^{1/}	2,307.2	2.65	15	18	24	29	33	39	42
<u>Noncovered</u>										
70	Hotels, motels, and other lodging places	239.6	1.69	55	61	69	77	80	87	89
783	Motion picture theaters	150.5	1.99	44	46	49	55	56	81	82
79	Amusement and recreation services, except motion pictures	299.1	2.42	23	27	38	44	46	58	60

^{1/} SIC 821, 822 and equivalent parts of 9282 and 9382 (elementary and secondary schools, and colleges and universities; Private, State and local combined).

Source: Survey conducted by the Bureau of Labor Statistics for the Employment Standards Administration.

Table 4. Percent distribution of nonsupervisory employees in selected nonfarm industries by number of hours worked in survey week, and by overtime coverage status under the Fair Labor Standards Act, United States, May 1971

SIC	Overtime coverage classification and industry	Average weekly hours	Under 15 hours	Percent of employees working		
				15 and under 35 hours	35 to 40 hours	Over 40 hours
	<u>Covered by overtime provisions</u>					
	<u>Manufacturing</u>					
23	Apparel and related products	35.5	4	28	52	16
232	Men's and boys' furnishings	37.0	2	24	58	16
2432	Veneer and plywood	42.2	2	10	37	51
2441-						
2442	Nailed and wired boxes and shooks	39.1	3	18	42	37
31	Leather and leather products	36.1	3	24	52	21
314	Footwear, except rubber	36.7	3	25	49	23
317	Handbags and personal leather goods	35.4	3	23	61	12
3674,						
3679	Semiconductors and electronic components, not elsewhere classified	39.3	1	14	65	20
394	Toys, amusement, sporting, and athletic goods	38.1	2	18	62	19

SPECIAL STUDIES (Continued)

Survey of Private Household Workers - Summary of Preliminary Findings

At the request of the Employment Standards Administration, the Bureau of the Census conducted a nationwide survey to provide data on wages, weekly hours of work and fringe benefits (including perquisites) for private household workers, one of the larger remaining segments of the private economy excluded from the protection of the Fair Labor Standards Act. These data permit an evaluation of the implications of extending FLSA coverage to household service workers, as proposed by bills introduced in the Ninety-Second Congress.

The survey data were collected by the Bureau of the Census as a part of the May 1971 supplement to the Current Population Survey. For survey purposes, a private household worker was defined as anyone working for wages, including pay-in-kind, in or about a private residence who was employed by (1) a member of the household occupying that residence or (2) a household service business ^{1/} whose services had been requested by a member of the household occupying that residence. Craftsmen such as plumbers and carpenters, self-employed people such as registered nurses and related household members performing household work were excluded from the survey.

A summarization of the data currently available from the study is contained in the following sections. It should be noted that these data are preliminary and subject to revision. A complete report containing detailed statistical tables will be published later in the year.

Employment

In May 1971, a total of 2.4 million persons were employed as private household workers (Table 5). Excluding babysitters with no housekeeping duties, the work force totaled 1.8 million. (To facilitate description, the category "household workers except babysitters with no housekeeping duties" will be used interchangeably with the term "domestic workers.")

^{1/} Employees of a household service business are presently covered by the FLSA if the business is a part of an enterprise under Section 3(s) of the Act. The exemption for employees of a retail or service establishment is generally inapplicable to such employees.

Nearly three-fifths of the domestic workers and seven-tenths of the babysitters were located in metropolitan areas. Two out of five domestic workers, but only one out of five babysitters, were employed in the South. 1/

The vast majority of the private household workers were employed directly by a member of a household. In both the South and non-South, no more than two percent of the workers within the scope of the survey were in the employ of a household service business.

Workforce Characteristics

Private household workers except babysitters with no housekeeping duties - Nationwide, females comprised three-fourths of the domestic workforce (Table 6); the proportion was somewhat larger in the South than in the rest of the country--82 percent compared to 71 percent.

Sixty-three percent of all domestic workers were white; the proportion was only 34 percent in the South as contrasted with 82 percent in the non-South.

Workers under 20 years of age comprised a third of the domestic workforce. Only a fourth of the domestic workers were 20 to 44 years of age, a third were 45 to 64 years old and a tenth were 65 years of age or older. Teen-age workers were more prevalent in the non-South than in the South, accounting for 42 percent and 17 percent of the respective workforces.

Three out of ten domestic workers were heads of households, the bulk of whom were females. A much larger proportion of the females of Negro and other races 2/ than white females were heads of households--

1/ The South is comprised of the District of Columbia and the following States: Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia.

2/ For ease of discussion, the classification "Negro and other races," which includes persons of all races other than white, will be referred to as Negro.

38 percent compared to 22 percent. Likewise, a larger proportion of Negro than white females were wives of household heads--41 percent compared to 26 percent.

<u>Race and household status</u>	<u>Percent distribution of female domestics</u>		
	<u>United States</u>	<u>South</u>	<u>Non-South</u>
White	<u>100</u>	<u>100</u>	<u>100</u>
Head of household	22	27	21
Wife of head	26	33	24
Other	52	40	55
Negro and other races	<u>100</u>	<u>100</u>	<u>100</u>
Head of household	38	38	39
Wife of head	41	43	36
Other	21	19	25

Babysitters with no housekeeping duties - The babysitter work-force consisted almost entirely of young white females. Of the 561,000 babysitters, nine-tenths were white females and over four-fifths were under 20 years of age (50 percent under 16 years of age and 33 percent 16 to 19 years of age). Only 15 percent of all babysitters were household heads or wives of household heads (Table 7).

Average Hourly Earnings

Private household workers except babysitters with no housekeeping duties - In May 1971, domestic workers averaged \$1.34 an hour in cash wages (Table 8). Workers in the South averaged \$1.21 an hour, 21 cents below the average in the rest of the country.

Nationwide, Negro domestics averaged \$1.36 an hour in cash wages, 4 cents more than white domestics. Intra-regional differences were more significant. Average earnings of Negro workers exceeded the average for whites by 30 percent in the non-South, but were 5 percent below the average for whites in the South. In both regions, however, Negro females in each of the three "household status" classifications for which data were tabulated had higher average hourly earnings than their white counterparts.

Babysitters with no housekeeping duties - Cash wages of babysitters averaged \$.72 an hour in May 1971. The average hourly cash wage of white babysitters exceeded that for their Negro counterparts by nine cents.

Distribution of Workers by Straight-time Hourly Earnings

Private household workers except babysitters with no housekeeping duties - Nationwide, 31 percent of the domestic workers were paid cash wages of less than \$.70 an hour; 48 percent were paid less than \$1.00 an hour, and 68 percent were paid less than \$1.50 an hour (Table 9). The concentration of low-wage workers was greater in the South than in the rest of the country.

The nationwide wage structures for white and Negro domestics were roughly similar; the largest variation was at the low-end of the wage scale--under \$.70 an hour--where the concentration of whites (34 percent) exceeded that for Negroes by eight percentage points. Wage structure differences were much more pronounced within geographic areas, particularly in the non-South where, for example, 49 percent of the whites but only 16 percent of the Negro workers earned less than \$1.00 an hour.

There was a substantial difference between the earnings distributions of white female domestics and Negro female domestics. Forty-four percent of the white females earned less than \$.70 an hour and 59 percent earned less than \$1.00 an hour; in contrast, the proportions of Negro females with such earnings were 28 percent and 47 percent, respectively. At higher wage levels, differences in the concentration narrowed.

A further classification of female workers by household status shows that lower earnings for whites was not characteristic of female heads of households or wives of heads. For both of these categories, a larger proportion of Negroes than whites were clustered at the low-end of the wage scale. In the "other" classification, however, white females were heavily concentrated in the lower earnings intervals--65 percent under \$.70 an hour and 80 percent under \$1.00 an hour (Table 10). Of the relatively fewer Negro females in the "other" category, the proportion with such wages were 38 percent and 57 percent, respectively.

Low cash wages were more prevalent among teen-age domestic workers than any other age groups. For example, two out of five teenagers earned less than \$.70 an hour, but only one out of four in the age groups 20 to 44, 45 to 64, and 65 and over had such earnings.

Babysitters with no housekeeping duties - Over seven-tenths of the babysitters earned less than \$.70 an hour, and over nine-tenths earned less than \$1.00 an hour (Table 11). Babysitters 20 years of age and older were only slightly better off, earnings-wise, than their younger counterparts.

Impact of Various Minimum Wage Rates

Private household workers except babysitters with no housekeeping duties - As indicated by the earnings distributions, the extension of the minimum wage provisions of the FLSA to domestic workers would have a very large impact on wage bill costs. To raise the cash wages of workers paid less than \$1.00 an hour in May 1971 to that level would have required an estimated 16 percent increase in the weekly wage bill. Weekly wage bill increases associated with minimum wage levels of \$1.30, \$1.50 and \$2.00 an hour were 30, 41 and 74 percent, respectively. (See Table 12 for wage bill impacts of other intermediate hourly rates.) In the South, where the impact of a minimum wage would be greatest, the estimated weekly wage bill increases for minimum hourly rates between \$1.00 to \$2.00 ranged from 17 percent to 91 percent.

Since the impact estimates are based solely on cash wages paid in May 1971 and exclude the value of any perquisites (free meals, lodging, transportation, etc.), some of which may be credited toward meeting a minimum wage established under the FLSA, they tend to maximize the wage bill increases associated with various minimum hourly wage rates. Nevertheless, the estimates indicate that the impact on wage bill costs resulting from an extension of minimum wage coverage to domestic workers will be greater than the wage bill impacts associated with previous extensions of FLSA coverage.

Babysitters with no housekeeping duties - Based on the May 1971 survey data, an estimated 62 percent increase in the weekly wage bill would be required to raise the cash wages of babysitters paid less than \$1.00 an hour to that level. A minimum wage level of \$1.30 an hour would require a doubling and \$2.00 an hour a trebling of the weekly wage bill.

Distribution of Private Household Workers by Weekly Hours of Work

Private household workers except babysitters with no housekeeping duties - For the Nation as a whole, 53 percent of the domestic workers worked short workweeks (less than 15 hours) during the May 1971 survey week, more than a third worked from 15 to 40 hours, and nearly a tenth worked over 40 hours (Table 13). A greater proportion of domestic workers in the non-South than in the South worked short workweeks-- 60 percent compared to 43 percent and the proportion working over 40 hours a week was greater in the South (12 percent) than in the rest of the country (7 percent). When teenagers are excluded, however, regional differences in the distribution of workers by hours of work are small.

Weekly hours of work varied significantly among domestic workers classified by selected characteristics such as age, sex and household status. For example, well over four-fifths of the teenagers compared with less than two-fifths of the workers 20 years of age and over

worked less than 15 hours during the survey week. On the other hand, workweeks in excess of 40 hours were more common among workers aged 65 and over than any other age group. The classification of females by household status showed that only 4 percent of the females who were wives of household heads worked in excess of 40 hours while the proportions of females in the "head of household" and "other" classifications working such hours were 12 percent and 16 percent, respectively (Table 14); in the latter two classifications, a larger proportion of the white than Negro females worked over 40 hours during the survey week.

Babysitters with no housekeeping duties - More than nine-tenths of the babysitters under 20 years of age worked less than 15 hours a week compared with half of the 20 years and older group (Table 15). None of the teenage babysitters and only 15 percent of the 20 years and older group worked over 40 hours during the survey week.

Table 5. Numerical and percent distribution of private household workers by occupational group, region and area, May 1971

(Numbers in thousands)

Region and area	Private household workers					
	Total		Except babysitters with no house-keeping duties		Babysitters with no housekeeping duties	
	Number	Percent	Number	Percent	Number	Percent
	:	:	:	:	:	:
United States	2,376	100.0	1,815	100.0	561	100.0
Metropolitan areas	1,438	60.5	1,054	58.1	385	68.6
Nonmetropolitan areas	938	39.5	761	41.9	176	31.4
South	813	34.2	709	39.1	104	18.5
Metropolitan areas	395	16.6	320	17.6	75	13.4
Nonmetropolitan areas	418	17.6	389	21.4	29	5.2
Non-South	1,563	65.8	1,106	60.9	458	81.6
Metropolitan areas	1,043	43.9	733	40.4	310	55.3
Nonmetropolitan areas	520	21.9	372	20.5	147	26.2

Note: Data are preliminary. Due to rounding, details may not add to totals.

Source: Survey conducted by the Bureau of the Census for the Employment Standards Administration.

Table 6. Numerical and percent distribution of private household workers (except babysitters with no housekeeping duties) by race, sex, household status and age, United States, South and non-South, May 1971

Characteristic	(Numbers in thousands)					
	United States		South		Non-South	
	Number	Percent	Number	Percent	Number	Percent
Total	1,815	100.0	709	100.0	1,106	100.0
Race, sex and household status						
White	1,148	63.3	239	33.7	908	82.1
Male	390	21.5	85	12.0	305	27.6
Head of household	78	4.3	23	3.2	55	5.0
Other	313	17.2	62	8.7	250	22.6
Female	757	41.7	154	21.7	603	54.5
Head of household	167	9.2	42	5.9	124	11.2
Wife of head	197	10.9	50	7.1	148	13.4
Other	393	21.7	62	8.7	331	29.9
Negro and other races	667	36.7	470	66.3	197	17.8
Male	57	3.1	39	5.5	18	1.6
Head of household	40	2.2	24	3.4	15	1.4
Other	18	1.0	15	2.1	3	.3
Female	610	33.6	431	60.8	179	16.2
Head of household	232	12.8	162	22.8	70	6.3
Wife of head	249	13.7	184	26.0	65	5.9
Other	129	7.1	84	11.8	45	4.1

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Table 6. Numerical and percent distribution of private household workers (except babysitters with no housekeeping duties) by race, sex, household status and age, United States, South and non-South, May 1971 (Concluded)

Characteristic	(Numbers in thousands)					
	United States		South		Non-South	
	Number	Percent	Number	Percent	Number	Percent
<u>Age</u>						
Under 16 years	295	16.3	58	8.2	237	21.4
16-19 years	296	16.3	64	9.0	232	21.0
20 years and over	1,223	67.4	587	82.8	636	57.5
20-44 years	431	23.7	200	28.2	231	20.9
45-64 years	616	33.9	315	44.4	300	27.1
65 years and over	177	9.8	72	10.2	105	9.5

Note: Data are preliminary. Due to rounding, details may not add to totals.

Source: Survey conducted by the Bureau of the Census for the Employment Standards Administration.

Table 7. Numerical and percent distribution of babysitters with no housekeeping duties by race, sex, household status and age, United States, South and non-South, May 1971

Characteristic	(Numbers in thousands)					
	United States		South		Non-South	
	Number	Percent	Number	Percent	Number	Percent
Total	561	100.0	104	100.0	458	100.0
<u>Race, sex and household status</u>						
White	539	96.1	96	92.3	443	96.7
Male	31	5.5	3	2.9	28	6.1
Head of household	2	.4	-	-	2	.4
Other	29	5.2	3	2.9	27	5.9
Female	508	90.6	93	89.4	415	90.6
Head of household	26	4.6	6	5.8	20	4.4
Wife of head	45	8.0	6	5.8	39	8.5
Other	437	77.9	81	77.9	356	77.7
Negro and other races	22	3.9	8	7.7	15	3.3
Male	-	-	-	-	-	-
Head of household	-	-	-	-	-	-
Other	-	-	-	-	-	-
Female	22	3.9	8	7.7	15	3.3
Head of household	9	1.6	4	3.8	4	.9
Wife of head	4	.7	1	1.0	2	.4
Other	10	1.8	2	1.9	8	1.7

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Table 7. Numerical and percent distribution of babysitters with no housekeeping duties by race, sex, household status and age, United States, South and non-South, May 1971 (Concluded)

(Numbers in thousands)

Characteristic	United States		South		Non-South	
	Number	Percent	Number	Percent	Number	Percent
<u>Age</u>						
Under 16 years	278	49.6				
16-19 years	185	33.0				(Data not available)
20 years and over	98	17.5				
20-44 years	57	10.2				
45-64 years	24	4.3				
65 years and over	17	3.0				

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Note: Data are preliminary. Due to rounding, details may not add to totals.
Dash (-) indicates no workers reported.

Source: Survey conducted by the Bureau of the Census for the Employment Standards Administration.

Table 8. Average hourly earnings of private household workers by occupational group, race, sex, household status and age, United States, South and non-South, May 1971

Characteristic	Private household workers				
	Except babysitters with no housekeeping duties			Babysitters with no housekeeping duties	
	United	South	Non-South	United	
	States	South	Non-South	States	
Total	\$1.34	\$1.21	\$1.42	\$.72	
<u>Race, sex and household status</u>					
White	1.32	1.25	1.35	.72	
Male	1.65	1.82	1.60	NA	
Female	1.16	.93	1.21	NA	
Head of household	1.34	.99	1.46	NA	
Wife of head	1.60	1.10	1.77	NA	
Other	.86	.76	.87	NA	
Negro and other races	1.36	1.19	1.75	.63	
Male	1.47	1.40	1.62	NA	
Female	1.35	1.17	1.77	NA	
Head of household	1.33	1.18	1.69	NA	
Wife of head	1.43	1.17	2.16	NA	
Other	1.22	1.17	1.30	NA	

Table 8. Average hourly earnings of private household workers by occupational group, race, sex, household status and age, United States, South and non-South, May 1971 (Concluded)

Characteristic	Private household workers			
	Except babysitters with no housekeeping duties			Babysitters with no housekeeping duties
	United States	South	Non-South	United States
<u>Age</u>				
Under 16 years	\$1.15	\$1.37	\$1.10	\$.71
16 years and over	1.37	1.20	1.51	.73
16-19 years	1.22	1.36	1.19	.76
20 years and over	1.41	1.18	1.62	.67
20-44 years	1.54	1.34	1.70	.65
45-64 years	1.37	1.10	1.65	.56
65 years and over	1.22	1.03	1.35	.88

Note: Data are preliminary.

NA - Not available.

Source: Survey conducted by the Bureau of the Census for the Employment Standards Administration.

Table 9. Percent of private household workers (except babysitters with no housekeeping duties) paid less than specified hourly rates by race, sex and age, United States, South and non-South, May 1971

Characteristic	Percent paid cash wages below ^{1/}				Percent with earnings not reported
	\$.70 an hour	\$ 1.00 an hour	\$ 1.50 an hour	\$ 2.00 an hour	
	<u>United States</u>				
Total	31.1	48.2	67.7	87.3	2.1
<u>Race and sex</u>					
White	33.9	50.0	67.5	85.5	1.9
Male	14.2	32.8	52.6	76.2	3.2
Female	44.1	58.9	75.2	90.2	1.1
Negro and other races ^{2/}	26.2	45.1	68.0	86.6	2.5
Female	27.7	46.5	69.2	87.1	2.2
<u>Age</u>					
Under 16 years	39.5	60.5	77.0	87.5	2.9
16-19 years	40.7	57.6	70.9	88.5	1.6
20 years and over	26.7	43.0	64.7	84.8	2.0
20-44 years	25.9	42.1	60.9	80.5	1.7
45-64 years	26.9	42.5	64.7	85.6	2.8
65 years and over	27.7	47.0	74.1	92.7	-

See footnotes at end of table.

Table 9. Percent of private household workers (except babysitters with no housekeeping duties) paid less than specified hourly rates by race, sex and age, United States, South and non-South, May 1971
(Continued)

Characteristic	Percent paid cash wages below ^{1/}				Percent with earnings not reported
	\$.70 an hour	\$1.00 an hour	\$1.50 an hour	\$2.00 an hour	
			<u>South</u>		
Total	31.5	55.7	77.6	89.7	2.1
<u>Race and sex</u>					
<u>White</u> ^{2/}	31.1	52.8	72.1	85.1	1.9
Female	42.7	68.7	88.4	95.2	1.0
<u>Negro and other races</u> ^{2/}	31.7	57.3	80.4	92.1	2.2
Female	34.0	59.0	81.8	92.3	2.1
<u>Age</u> ^{2/}					
20 years and over	31.6	56.2	80.4	91.9	1.8
20-44 years	28.3	52.5	75.8	88.2	1.5
45-64 years	34.0	56.9	81.7	93.3	2.4

See footnotes at end of table.

Table 9. Percent of private household workers (except babysitters with no housekeeping duties) paid less than specified hourly rates by race, sex and age, United States, South and non-South, May 1971
(Concluded)

Characteristic	Percent paid cash wages below ^{1/}				Percent with earnings not reported
	\$.70 an hour	\$1.00 an hour	\$1.50 an hour	\$2.00 an hour	
			<u>Non-South</u>		
Total	30.8	43.4	61.4	83.4	2.1
<u>Race and sex</u>					
White	34.6	49.3	66.3	85.5	1.8
Male	15.3	35.3	55.4	78.9	3.1
Female	44.4	56.4	71.9	88.9	1.2
Negro and other races ^{2/}	13.1	16.3	38.7	73.5	3.1
Female	12.8	16.3	39.0	74.5	2.5
<u>Age</u>					
Under 16 years	42.8	63.5	80.5	90.0	2.3
16-19 years	42.3	57.4	72.3	90.5	1.4
20 years and over	22.1	30.8	50.3	78.3	2.2
20-44 years	23.7	33.0	48.0	73.9	1.8
45-64 years	19.6	27.5	46.8	77.5	3.3
65 years and over	25.9	35.6	65.3	90.4	-

^{1/} Employees who were employed during the survey week at varying hourly rates were tabulated on the basis of their lowest rate during the week.

^{2/} Insufficient data to warrant presentation of greater detail.

Note: Data are preliminary. Dash (-) indicates no workers.

Source: Survey conducted by the Bureau of the Census for the Employment Standards Administration.

Table 10. Percent of female private household workers (except babysitters with no housekeeping duties) paid less than specified hourly rates by household status and race, United States, South and non-South, May 1971

Household status and race	Percent paid cash wages below ^{1/}				Percent with earnings not reported
	\$.70 an hour	\$1.00 an hour	\$1.50 an hour	\$2.00 an hour	
	<u>United States</u>				
Head of household	27.8	44.8	68.2	89.1	2.3
White	26.0	44.8	64.6	92.1	-
Negro and other races	29.1	44.8	70.8	86.9	3.9
Wife of head	19.7	36.2	60.8	82.8	1.6
White	17.9	28.3	54.2	77.2	2.9
Negro and other races	21.0	42.5	66.0	87.2	.6
Other	58.2	74.6	86.0	93.7	1.1
White	64.8	80.4	90.3	95.9	.7
Negro and other races	38.1	57.1	72.7	87.0	2.4
	<u>South</u>				
Head of household ^{2/}	39.2	60.3	83.7	91.0	3.7
Negro and other races	38.8	57.9	82.2	90.5	4.7
Wife of head ^{2/}	25.0	54.1	79.8	93.8	.7
Negro and other races	26.0	55.1	79.8	94.5	-
Other ^{2/}	50.2	75.4	89.3	94.8	1.0

See footnotes at end of table.

Table 10. Percent of female private household workers (except babysitters with no housekeeping duties) paid less than specified hourly rates by household status and race, United States, South and non-South, May 1971
(Concluded)

Household status and race	Percent paid cash wages below ^{1/}				Percent with earnings not reported
	\$.70 an hour	\$1.00 an hour	\$1.50 an hour	\$2.00 an hour	
	<u>Non-South</u>				
Head of household ^{2/} White	15.8 21.0	28.5 36.4	51.8 56.1	87.1 91.9	0.8 -
Wife of head ^{2/} White	13.8 16.9	16.6 20.8	39.9 45.7	70.6 72.4	2.7 2.9
Other ^{2/} White	61.4 65.5	74.3 79.9	84.7 89.5	93.3 95.2	1.2 .8

^{1/} Employees who were employed during the survey week at varying hourly rates were tabulated on the basis of their lowest rate during the week.

^{2/} Insufficient data to warrant presentation of greater detail.

Note: Data are preliminary. Dash (-) indicates no workers.

Source: Survey conducted by the Bureau of the Census for the Employment Standards Administration.

Table 11. Percent of babysitters with no housekeeping duties paid less than specified hourly rates by race and age, United States, May 1971

Characteristic	Percent paid cash wages below 1/				Percent with earnings not reported
	\$.70 an hour	\$.80 an hour	\$.90 an hour	\$1.00 an hour	
Total	71.9	77.3	77.8	91.7	1.5
<u>Race</u> 2/ White	72.1	77.4	78.0	91.6	1.5
<u>Age</u>					
Under 16 years	76.2	81.7	82.2	92.5	1.3
16-19 years	69.5	74.9	75.8	92.6	1.8
20 years and over 2/	62.2	67.3	67.3	87.8	2.0

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1/ Employees who were employed during the survey week at varying hourly rates were tabulated on the basis of their lowest rate during the week.

2/ Insufficient data to warrant presentation of greater detail.

Note: Data are preliminary.

Source: Survey conducted by the Bureau of the Census for the Employment Standards Administration.

Table 12. Percent increase in the weekly wage bill required to raise the wages of private household workers paid less than specified minimum hourly wage rates to those rates, by occupational group, United States, South and non-South, May 1971

Specified hourly rate	United States			South			Non-South		
	Private household workers			Private household workers			Private household workers		
	: Except	: Baby-	: Baby-	: Except	: Baby-	: Baby-	: Except	: Baby-	: Baby-
	: baby-	: sitters	: sitters	: baby-	: sitters	: sitters	: baby-	: sitters	: sitters
	: Total	: with	: with	: Total	: with	: with	: Total	: with	: with
	: no	: no	: no	: no	: no	: no	: no	: no	: no
	: house-	: house-	: house-	: house-	: house-	: house-	: house-	: house-	: house-
	: keeping	: keeping	: keeping	: keeping	: keeping	: keeping	: keeping	: keeping	: keeping
	: duties	: duties	: duties	: duties	: duties	: duties	: duties	: duties	: duties
\$1.00	19	16	62	19	17	52	20	15	65
1.10	24	20	77	24	23	64	25	18	80
1.20	30	25	92	31	29	76	29	22	96
1.30	36	30	107	37	35	89	34	26	111
1.40	42	35	121	45	42	101	40	30	127
1.50	48	41	136	52	50	113	45	35	142
1.60	55	47	152	60	58	127	51	39	158
1.70	62	53	167	69	66	141	58	45	174
1.80	69	60	182	77	74	155	64	50	189
1.90	77	67	198	86	82	169	71	56	205
2.00	84	74	213	94	91	183	78	62	221
Percent of workers not reported	3	3	8	2	2	12	3	3	7

Note: Data are preliminary. The percent of wage impact is calculated by dividing the wage increase required to raise the wages of employees paid less than specified rates to those rates by the total wage bill of all employees before the change. For employees who worked in more than one household during the survey week at varying hourly earnings rates, the wage impact was calculated on the basis of the actual number of hours worked at each rate.

Source: Survey conducted by the Bureau of the Census for the Employment Standards Administration.

Table 13. Percent distribution of private household workers (except babysitters with no housekeeping duties) by weekly hours of work, by race, sex and age, United States, South and non-South, May 1971

Characteristic	Percent working weekly hours of-				Percent with hours not reported
	Under 15	15 and under 35	35 through 40	Over 40	
Total	52.9	23.9	11.8	9.0	2.0
<u>United States</u>					
<u>Race and sex</u>					
White	62.2	18.7	8.2	9.3	1.4
Male	86.0	8.0	2.5	2.5	.8
Female	49.9	24.1	11.1	13.8	1.7
Negro and other races ^{1/}	37.0	33.0	18.1	8.4	3.1
Female	34.7	34.8	18.7	8.8	2.7
<u>Age</u>					
Under 16 years	89.8	6.6	1.0	.9	1.5
16-19 years	81.2	9.5	4.2	4.3	.4
20 years and over	37.2	31.6	16.3	12.1	2.5
20-44 years	38.6	29.7	18.8	12.0	.6
45-64 years	35.4	33.5	16.3	10.5	3.9
65 years and over	39.9	29.6	10.2	17.5	2.4

See footnote at end of table.

Table 13. Percent distribution of private household workers (except babysitters with no housekeeping duties) by weekly hours of work, by race, sex and age, United States, South and non-South, May 1971 (Continued)

Characteristic	Percent working weekly hours of-				Percent with hours not reported
	Under 15	15 and under 35	35 through 40	Over 40	
Total	42.5	28.2	South 14.9	11.9	2.1
<u>Race and sex</u>					
<u>White 1/</u>	52.3	19.6	9.0	16.3	2.5
Female	33.7	28.7	11.9	22.5	2.8
<u>Negro and other races 1/</u>	37.5	32.6	17.9	9.8	1.9
Female	34.8	34.9	17.9	10.2	1.8
<u>Age 1/</u>					
20 years and over	34.7	33.2	17.2	12.7	1.8
20-44 years	34.2	37.0	16.2	12.4	-
45-64 years	31.7	33.4	18.8	12.3	3.5

See footnote at end of table.

Table 13. Percent distribution of private household workers (except babysitters with no housekeeping duties) by weekly hours of work, by race, sex and age, United States, South and non-South, May 1971 (Concluded)

Characteristic	Percent working weekly hours of-				Percent with hours not reported
	Under 15	15 and under 35	35 through 40	Over 40	
Total	59.6	21.2	Non-South 9.9	7.1	1.9
<u>Race and sex</u>					
White	64.8	18.4	8.0	7.4	1.1
Male	86.0	9.3	2.1	1.8	.5
Female	54.1	23.0	10.9	10.3	1.4
Negro and other races <u>1/</u>	35.8	33.9	18.7	5.4	5.9
Female	34.4	34.6	20.6	5.2	4.9
<u>Age</u>					
Under 16 years	89.7	7.7	1.2	.5	.6
16-19 years	84.1	10.5	3.4	1.9	-
20 years and over	39.5	30.1	15.5	11.4	3.2
20-44 years	42.4	23.4	21.1	12.6	1.1
45-64 years	39.2	33.6	13.7	8.8	4.4
65 years and over	33.5	35.2	8.3	18.7	4.1

1/ Insufficient data to warrant presentation of greater detail.

Note: Data are preliminary. Dash (-) indicates no workers.

Source: Survey conducted by the Bureau of the Census for the Employment Standards Administration.

Table 14. Percent distribution of female private household workers (except babysitters with no housekeeping duties) by weekly hours of work, by household status, United States, South and non-South, May 1971

Household status and race	Percent working weekly hours of -					Percent with hours not reported
	Under 15	15 and under 35	35 through 40	Over 40		

United States

Head of household	35.5	33.3	15.7	12.4	2.8
White	34.1	34.2	11.8	17.0	2.6
Negro and other races	36.5	32.7	18.6	9.1	3.0
Wife of head	43.5	38.0	12.7	4.4	1.2
White	50.5	36.6	9.1	2.8	.7
Negro and other races	37.9	39.1	15.6	5.6	1.5
Other	48.7	17.8	15.1	15.6	2.5
White	56.3	13.6	11.9	16.0	1.8
Negro and other races	25.5	30.5	24.9	10.3	4.6

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Table 14. Percent distribution of female private household workers (except babysitters with no housekeeping duties) by weekly hours of work, by household status, United States, South and non-South, May 1971 (Continued)

Household status and race	Percent working weekly hours of -					Percent with hours not reported
	Under 15	15 and under 35	35 through 40	Over 40		
			<u>South</u>			
Head of household <u>1/</u>	31.7	31.8	16.9	15.3	4.0	
Negro and other races	35.4	31.1	17.7	12.1	3.3	
Wife of head <u>1/</u>	36.1	40.7	15.7	6.8	.4	
Negro and other races	35.3	40.5	17.0	6.3	.6	
Other <u>1/</u>	36.1	23.4	16.4	21.8	2.0	

See footnote at end of table.

Table 14. Percent distribution of female private household workers (except babysitters with no housekeeping duties) by weekly hours of work, by household status, United States, South and non-South, May 1971 (Concluded)

Household status and race	Percent working weekly hours of -					Percent with hours not reported
	Under 15	15 and under 35	35 through 40	Over 40		
<u>Non-South</u>						
Head of household ^{1/}	39.4	34.9	14.5	9.4		1.5
White	39.8	34.1	11.1	13.6		1.2
Wife of head ^{1/}	51.6	35.1	9.4	1.8		2.0
White	54.5	35.0	8.4	.9		1.0
Other ^{1/}	53.7	15.6	14.6	13.1		2.7
White	59.3	13.4	12.0	13.3		1.7

^{1/} Insufficient data to warrant presentation of greater detail.

Note: Data are preliminary.

Source: Survey conducted by the Bureau of the Census for the Employment Standards Administration.

Table 15. Percent distribution of babysitters with no housekeeping duties by weekly hours of work, by race and age, United States, May 1971

Item	Percent working weekly hours of-				Percent with hours not reported
	Under 15	15 and under 35	35 through 40	Over 40	
Total	83.9	10.9	2.2	2.5	0.3
<u>Race</u> ^{1/} White	85.0	10.2	2.2	2.4	.4
<u>Age</u>					
Under 16 years	90.6	8.6	-	-	.7
16-19 years	93.0	5.4	1.6	-	-
20 years and over ^{1/}	48.0	28.6	10.2	15.3	-

^{1/} Insufficient data to warrant presentation of greater detail.

Note: Data are preliminary. Dash (-) indicates no workers reported.

Source: Survey conducted by the Bureau of the Census for the Employment Standards Administration.

RECENT STUDIES OF THE FAIR
LABOR STANDARDS ACT 1/

This Chapter reviews several recent attempts to provide empirical answers to questions raised by government regulation of hours and wages. Because of the extensive research into this issue, this Chapter limits itself to those studies which were published in scholarly sources during 1971 and 1972. 2/ Naturally this excludes many important studies.

The analysis of Federal wage and hour legislation is a multi-faceted issue involving such questions as whether minimum wage increases raise the income of the poor, whether these increases reduce employment or retard its growth, whether increases in the minimum wage create pressures for wage increases among workers earning higher wages, whether maximum hours standards create new jobs, and whether minimum wage increases or extensions of coverage generate upward price movements. Careful empirical analysis is needed to determine not only whether a particular effect exists but also how large that effect is. In the following pages, the attempts of various researchers to obtain answers to some of these issues are reported. Of course, all the effects--both beneficial and harmful--of the Fair Labor Standards Act must be studied and measured.

The first section summarizes two studies on the impact of minimum wage legislation in the agricultural sector. The second summarizes three studies which attempt to isolate the effect of minimum wage laws on youth. The third and fourth sections treat in succession the overtime provision and the implications of extending coverage to the domestic service industry. The final section reviews some miscellaneous studies relevant to government regulation of hours and wages.

1/ This Chapter provides an abbreviated summary of recent research in this area. It is not meant to be an endorsement of either the research methods used or the conclusions reached and no statement in this chapter should be interpreted as representing Department of Labor policy.

2/ Two exceptions were made to this rule. The Hashimoto and Mincer study, which will be published early in 1973, was included because of its direct relevance to the other two studies on youth. The Mattila study, although yet unpublished, was included because it was specially commissioned by the Department of Labor.

Impact on Agricultural Workers

The 1966 amendments to the Fair Labor Standards Act extended coverage of the minimum wage provision to certain farmworkers. This section reviews two recent studies of the impact of this change on the agricultural economy.

Lianos

Lianos [10] attempted to estimate the demand for agricultural labor over the period 1950 through 1969 and to determine what factors influence that demand. In particular, he tried to learn whether there was a shift in demand in 1966 in anticipation of the agricultural minimum wage. For this purpose, he experimented with three different theories of demand. The statistical analysis was limited to selected southern states because the overwhelming majority of farmworkers affected by the minimum wage lived in that area.

He concluded that the agricultural minimum wage reduced employment on southern farms. These results are statistically significant whether the analysis is conducted in terms of total farm employment or the employment of hired farmworkers.

The difference between total employment and hired workers is the number of family workers. Lianos conducted his analysis in terms of both variables because he believed that the phrasing of the man-day test encourages farmers to substitute the labor of family members for that of hired labor. 1/ Such substitution might remove a farm and all of its workers from FLSA coverage. Moreover, family workers can be paid less than the minimum wage and thus less than hired workers. His results which indicate that the minimum wage affected total employment suggest that this substitution did not ameliorate the employment impact of minimum wage coverage. The author was unable to determine how much substitution occurred in an effort to circumvent the man-day test.

Gardner

Gardner [6] attempted to determine whether extending coverage to agriculture affected the level of employment and wages in agriculture. In addition, he investigated the impact of changes in the nonagricultural minimum wage on employment and earnings in agriculture. Prior to 1967, agriculture was a noncovered sector.

1/ For farmworkers to be covered by the FLSA they must work on farms that employed more than 500 man-days of hired labor during any quarter of the preceding calendar year. Neither family workers nor local hand harvest workers paid on a piece rate basis, who were employed in agriculture for less than 13 weeks during the preceding calendar year, are included in computing the number of man-days of employment.

Gardner hypothesized that an increase in the nonagricultural minimum wage would reduce nonagricultural employment, causing the displaced to seek work in agriculture. This could result in lower agricultural wages and higher agricultural employment.

The results indicate that extending coverage to agriculture raised the wage level in agriculture and diminished agricultural employment. An attempt was made to compare the gains and losses. Estimates by Gardner suggest that the percentage increase in wages was less than the percentage decline in employment, that is, the total farm wage income was reduced. There was no statistically significant effect on either agricultural employment or wages from changes in the nonagricultural minimum wage. Gardner interpreted this as an indication that other sectors served to absorb displacement.

Impact on Youth

There are two reasons for studying the impact of the Fair Labor Standards Act on youth separately from its effects on the total labor force. Youth have special labor force problems which the FLSA could either ease or complicate. These include high unemployment rates, the need to find jobs compatible with school attendance, and the difficulty of establishing a full-time work career upon leaving school. Secondly, some researchers believe that, if minimum wage laws do reduce employment, this effect will be heavily concentrated among teenagers.

Moore

Moore [12] tried to measure how much impact increases in the minimum wage have on teenage unemployment rates. In his study four subgroups of the teenage population were analyzed separately: males 16-19, females 16-19, whites 16-19, and nonwhites 16-19. In all four cases Moore observed that increases in either the level or the coverage of the minimum wage lead to increases in the unemployment rate.

His results also suggest that a higher minimum and increased coverage adversely affect not only the unskilled and inexperienced but also those who suffer from discrimination in the labor market. The percentage point increase in the unemployment rate corresponding to an increase in either the level or the coverage of the minimum wage was higher for nonwhites than for whites and for females than for males.

When the same analysis was applied to males 20-24, it was found that the level of the minimum wage does not seem to have any impact on the unemployment rate while an increase in coverage is associated with a reduction in the unemployment rate for this group.

Hashimoto and Mincer

Hashimoto and Mincer [7] divided the labor force into 10 groups: white teenagers (16-19), nonwhite teenagers (16-19), white males (20-24), nonwhite males (20-24), white males (25-64), nonwhite males (25-64), white males (65 +), nonwhite males (65 +), white females (20 +), nonwhite females (20 +). For each group, they estimate how minimum wage changes affect the ratio of both employment and labor force to the population of that group. Using these estimates, they calculate the impact on the unemployment rate for each group.

The empirical results indicate that a higher minimum wage or expanded coverage lead to reduced labor force participation for both white and nonwhite teenagers. The reduction for nonwhites is greater than that for whites. There are indications of reduced employment for both white and nonwhite teenagers. The impact on nonwhites is larger but only the impact on whites is statistically significant. 1/ The calculated unemployment effect for both groups indicates that an increase in the minimum wage leads to an increase in the unemployment rate.

For males (20-24) the results are similar. Increased minimum wages have a detrimental impact on labor force participation and the employment to population ratio for both whites and nonwhites. Again the impact on nonwhites is greater than on whites. The calculated unemployment rate shows an adverse effect on both groups.

It is somewhat surprising to see that a higher minimum wage results in a lower participation rate for all four groups. Hashimoto and Mincer believe these results to be reasonable on theoretical grounds. They suggest that the added difficulty of finding employment more than offsets the lure of higher wages. As a result of minimum wage increases they believe that teenagers and young men experience greater job finding problems and react to those problems by withdrawing from the market.

For males (25-64) changes in the minimum wage have no statistically significant effect. For white males (65 +) and white females (20 +), higher minimum wages lead to a reduced labor

1/ At the 0.05 level.

force and lower employment. There are no other statistically significant results among the remaining groups.

Besides calculating the unemployment rate effect, Hashimoto and Mincer also tried to observe this effect directly. Unlike Moore, they were unable to find statistically significant unemployment rate effects for teenagers. The most striking difference between their approach and that of Moore is the inclusion by Hashimoto and Mincer of a time-trend variable to explain fluctuations in the unemployment rate. From the late 1950's the teenage population grew sharply as a result of the post-World War II baby boom. The time trend variable would adjust to some extent for the impact of this demographic change on teenage unemployment experience. Moore experimented with a time trend variable for the non-white teenager group and noted that its inclusion would not have altered his results significantly for that particular group. However, he does not report similar experimentation in the case of the other groups.

Kosters and Welch

A different analytical technique was developed in a third study (Kosters and Welch 1987). The previous studies focused on whether changes in the minimum wage affect the level of employment or unemployment. In order to make this determination, it was necessary to identify all the other factors which affect employment and unemployment and remove their influence. To avoid this difficulty, Kosters and Welch restrict their attention to how employment changes are accomplished rather than trying to explain why the employment changes occur. Their technique is based on the distinction between the trend growth and cyclical changes in employment. As the nation's population grows and its economy expands, employment should increase in a smooth fashion, that is, at a steady rate. This pattern of constant growth is frequently interrupted by shifts in business activity and other factors. Statisticians describe this phenomenon as cyclical fluctuations around a persistent trend.

Kosters and Welch were interested in learning first, whether these cyclical fluctuations have a more pronounced impact on certain groups within the labor force, and secondly, whether this pattern of impact has been affected by minimum wage legislation. In their terminology the trend is referred to as normal employment and the cyclical fluctuations as transitional employment. Ten groups were studied: adults (20+), teenagers (16-19), adult white males, adult white females, adult nonwhite males, adult nonwhite females, teenage white males, teenage white females, teenage non-white males, and teenage nonwhite females.

A simple description of this perspective is that firms divide their workers into two categories according to their value to the firm. Those with special skills or extensive work experience will be carefully hoarded because they are difficult to replace. Those with few skills and little experience will be let go whenever demand slackens because they can easily be replaced once business improves.

Kosters and Welch found that teenagers participate in transitional employment out of proportion to their participation in the labor force and that they are underrepresented in normal employment growth. An identical conclusion holds for any subgroup of teenagers. The opposite results were obtained for all adult subgroups except nonwhite males whose share in transitional employment is larger than their share in normal employment. Kosters and Welch also found that increases in the minimum wage (either a higher level or greater coverage) further reduce the teenage share of normal employment and increase the teenage share of transitional employment. This is true for each race-sex subgroup. The impact on adults is less clear. The adult white male share of both normal employment and transitional employment increases with increases in the minimum wage. The adult white female share of normal employment also increases; but the behavior of that group's share of transitional employment shows no clear change. There were no statistically significant changes in the shares of either adult nonwhite males or adult nonwhite females.

An interesting feature of the Kosters and Welch study is the contrast between the detrimental employment impact on teenagers and the favorable effects experienced by certain adult groups. The favorable impact observed for adult white males and adult white females must be interpreted within the analytical framework used by Kosters and Welch. The emphasis on shifting employment shares assumes a tradeoff, i.e., that there will be both gainers and losers in terms of employment shares. Therefore, it is only natural that the loss suffered in the teenagers' share will be offset by gains in the share of some adult groups. Whether adults are better off in terms of number of jobs held depends also on whether the absolute level of normal employment has increased, remained constant, or decreased. If minimum wage increases reduce the absolute level of employment, it is possible that adults could have fewer "normal employment" jobs even though their share of such jobs has increased.

* * * * *

The results reported above focus on a possible detrimental effect of minimum wage legislation--the reduction of youth employment opportunities. The authors of these three studies were concerned primarily with measuring this impact and therefore did not investigate possible beneficial effects. For example, no attempt was made to determine, as Gardner had done with regard to agriculture, whether the increase in wages would lead to higher youth income despite the decline in employment opportunities.

Unfortunately, it was not possible to review earlier work on these questions. For a listing and brief description of most of the previous research, the reader should consult (1) Chapter II of Youth Unemployment and Minimum Wages / 14 / and (2) Juanita Krep's "Youth Unemployment and Minimum Wages: Some Further Questions" / 9 /. In general, there is less unanimity among the earlier studies.

The Department's own study / 14 /, published in 1970, found mixed results as regards the effects of minimum wage legislation. There was statistically significant evidence that minimum wage increases are associated with higher employment among nonwhite males 18-19, but lower employment for certain classes of white teenagers. The only statistically significant unemployment results were for nonwhite males where the evidence indicated that lower unemployment ratios are associated with minimum wage increases.

Impact of the Overtime Premium

One objective of Federal maximum hours legislation is to expand employment opportunities. By increasing the cost of overtime work, maximum hours legislation may induce employers to hire more workers and reduce the number of hours in the average workweek. Recent research by Ehrenberg / 3, 4, 5 / investigates whether the overtime premium actually has this effect.

Ehrenberg

Ehrenberg believes that there may be certain incentives which encourage employers to work their present labor force longer hours on a regular basis rather than hire new workers. New workers must be trained and this implies an initial period of low productivity plus special training costs. Moreover, many labor costs are unrelated to the number of hours worked. These often include most of the standard fringe benefits: holidays, paid vacations, insurance plans, pensions, etc. The extra costs of working several existing employees overtime may be less than the fixed costs involved in hiring a new worker.

By analyzing firm behavior within 24 industries, Ehrenberg tested whether the ratio of fixed-labor-costs relative to the overtime premium affects employers' decisions regarding overtime and new hires. In 18 of those industries, there was statistically significant evidence that as fixed-labor-costs increase relative to premium pay the average number of overtime hours per man increased.

On the basis of these results Ehrenberg estimated the impact of changing the premium rate from time-and-a-half to double-time. Assuming that the reduction in overtime is matched by new employment, the increase in employment in most industries ranges from 1 to 3 percent. Ehrenberg noted that these estimates were on the high side because no adjustments were made for the capital-labor substitution or the decline in product demand which could result from the higher labor costs. Ehrenberg further qualifies these estimates by noting that technical constraints, particularly in manufacturing industries, may cause many firms not to adjust their employment level immediately.

Impact on the Domestic Service Industry

One of the major areas not covered by the Fair Labor Standards Act is the domestic service industry. Naturally any extension of coverage to this sector will require the careful consideration of many factors. Two of these are the potential effects on employment and the potential effects on income. A recent study by Mattila investigated these questions.

Mattila

Mattila [11] attempted to quantify the impact on the demand for maids if coverage under the Fair Labor Standards Act is extended to domestic workers. He developed estimates of the demand function for maids using simultaneous regression techniques. These estimates were based on cross-section 1960 data for 40 Standard Metropolitan Statistical Areas (SMSA's). Data for some of the variables utilized were not available for about half of the SMSA's, necessitating the development of estimates.

The demand equation derived indicated that (1) a one percent increase in the wages of maids reduces the number of maids demanded by 2.4 percent, (2) a one percent increase in family income or female labor force participation rates increases demand by a corresponding amount and (3) a one percent increase in the cost of substitutes for maids increases demand by 2.2 percent. The author cautions that these elasticities are based on his own intuitive and theoretical judgments in combination with the information derived from the regressions and are "highly subjective and should be subject to further evaluation."

In order to predict the impact on demand for maids associated with a given minimum wage, it was also necessary to estimate the wage distribution for maids. This was done by adjusting the 1967 wage data for female domestics aged 30-44 obtained in the Longitudinal Labor Market Survey. 6/ (The author concluded that the median hourly wage for maids was approximately \$1.40 in 1971.) Using the estimated 1971 wage distribution and the estimated wage elasticity of demand for the South (-1.9), it was predicted that a minimum wage of \$1.00 an hour, if put into effect in 1971, would have reduced demand for maids by 7 percent. Minimum wage rates of \$1.20, \$1.40, \$1.60 and \$1.80 an hour would have reduced demand by 15, 28, 40, and 55 percent, respectively. With regard to these estimates, the author notes that while the possibility of lay-offs exists "it is more reasonable to suppose that household response to higher costs would lead to a reduction in hours per day and days of work rather than to the more extreme response of firing maids." The predictions were qualified for two reasons. First, the estimates assume that a minimum wage will be compiled with and enforced. Second, the effects of a minimum wage will be eroded over time by inflation, increases in real income, and increased female participation in the labor force.

In summarizing his findings, the author concludes that "if a minimum wage is to be extended to cover domestics, it /should/ be set initially at relatively low levels and then increased only gradually as in past cases when other low income groups were newly covered."

1/ Center for Human Resource Research, The Ohio State University.

General Issues

This section will review two unrelated studies. The first attempts to determine whether minimum wage laws have altered the growth rate of employment in nonmetropolitan areas. The second discusses earlier research into the impact of state minimum wage laws.

Tideman

Wages are generally higher in metropolitan areas than in nonmetropolitan areas. Therefore, the impact of an increase in the minimum wage should be greater in nonmetropolitan areas.

Tideman [13] tried to measure the employment impact on a nonmetropolitan area. The best data available covered the nonmetropolitan sections of New Jersey and Pennsylvania. Tideman found that minimum wage increases, either Federal or State, resulted in statistically significant but minor reductions in employment for these areas.

Because Tideman did not perform a similar analysis for the metropolitan areas of New Jersey and Pennsylvania, it is impossible to determine whether the impact of the minimum wage is relatively stronger in nonmetropolitan areas.

White and Jones

The White and Jones study [15] addressed the question of whether state minimum wage laws have an impact on state unemployment rates. In 1969 Campbell and Campbell [1] had observed that, as a group, states with minimum wage laws have higher unemployment rates than states without such laws. 1/ After considering alternate explanations, Campbell and Campbell had concluded that the observed differences are the results of state minimum wage laws. However, they noted that the impact attributable to state laws alone is relatively minor.

White and Jones questioned the Campbell and Campbell findings. Their main criticism involved the data used. Since there is no series of area unemployment rates comparable to the national series, cross-area comparisons must be based on estimates prepared from unemployment insurance data. White and Jones suggest that the estimation technique may systematically bias these estimates in such a manner that states

1/ Their analysis was actually based on the unemployment rate for major local labor markets and not on the unemployment rate for the entire state. Bimonthly data from 1950 to 1965 were analyzed.

with state minimum wage laws appear to have higher unemployment rates when this is not true. White and Jones mention several factors which might produce this effect but do not attempt to isolate and measure the possible bias. A twenty city comparison of the area estimates based on the unemployment insurance data with local unemployment rates compiled by the Census Bureau for 1967 and 1968 shows that significant differences can occur. The authors also call attention to the fact that when Campbell and Campbell confined their analysis to the years 1950 and 1960 and used Census data, the difference between the two groups of states narrowed. Campbell and Campbell [2] acknowledge the possible data limitations but maintain that the series is still useful for this purpose.

White and Jones show that states with state minimum wage laws actually had a higher rate of employment growth than those without state minimum wage laws in 9 of the 15 years from 1960-65. The authors note, however, that they have not adjusted for other factors besides the existence of state minimum wage laws which could account for this difference.

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FUTURE STUDIES

Studies In Process

Demographic Characteristics of Nonsupervisory Employees in the Work Clothing Industry - This is a pilot study to test the feasibility of collecting employee characteristics data partly from the employer and, with the employer's assistance, from his employees. The survey field-work has been completed and data are currently being tabulated. The study will provide nationwide data on characteristics such as age, sex, race, education, wage earner status, hourly earnings (for a payroll period in March 1972) and annual earnings of nonsupervisory workers in a low-wage industry. Besides providing a picture of the socio-economic position of these workers, this information will be useful in evaluating the significance of the Federal minimum wage and assessing the potential impact of an increase in the minimum wage on the work force of the work clothing industry.

Wages and Hours of Work in Selected Nonagricultural Industries - This study will yield comparable data for payroll periods in May 1971 and April 1972 on minimum wage and maximum hours standards as they affect employees in selected low-wage manufacturing, retail trade, finance, insurance and real estate, and service industries. For both the May 1971 and the April 1972 surveys, data were collected on hourly earnings, weekly hours of work, aggregate hours, existence of union-management agreements, establishment provisions for premium pay for daily overtime, and scheduled hours per day and days per week. Since the provisions of the FLSA are applicable only to hotels and motels and retail trade establishments with gross annual sales of \$250,000 or more, the data for these groups will be tabulated separately for establishments which meet this sales test as well as for those which do not. For manufacturing and retail trade, tabulations will be prepared for the United States, four broad regions, and metropolitan and nonmetropolitan areas. For the other industries, the data will be tabulated for the United States and the South, by metropolitan and nonmetropolitan areas. Additionally, the April 1972 survey will provide separate tabulations for youths employed in gasoline service stations and drug stores. The information obtained from these two surveys will permit an assessment of the economic impact of proposed changes in the minimum wage and maximum hours standards under the FLSA. Preliminary findings for the May 1971 payroll period can be found in the Special Studies section of this report.

Private Household Workers - This study will provide information on the economic position of private household workers, one of the larger remaining segments of the private economy excluded from the protection

of the Fair Labor Standards Act. Data on wages, weekly hours of work, and fringe benefits (including perquisites) were collected as a part of the May 1971 supplement to the Current Population Survey. These data will permit assessments of the economic position of household workers and the implications of extending the provisions of the FLSA to them. The study will also provide some of the demographic characteristics of household workers such as age, sex, race and position in family unit. The initial findings of the study are summarized in the Special Studies section of this report.

Studies Currently Being Considered For Fiscal Years 1973 - 1974

Triennial Employer Survey - This triennial survey is an attempt to gather empirical information on a variety of subjects related to the Employment Standards Administration's program areas and interests. The initial survey, as tentatively planned, will be conducted in two parts. The first part will provide general information on: (1) the prevalence of wage garnishments and wage assignments; (2) overtime premium pay practices; (3) maternity leave policies; (4) involuntary retirement; (5) the demographic characteristics of the private nonagricultural nonsupervisory workforce; and (6) employer attitudes as they relate to premium pay for overtime and a youth minimum wage. The second part of the survey, to be fielded a year later, will provide quantitative data on wages and hours of work for all private nonagricultural nonsupervisory employees by region and by major industrial group.

Sheltered Workshops - Section 14(d) of the FLSA authorizes the Secretary of Labor to issue special certificates for the employment of handicapped workers in sheltered workshops at wages not less than 50 percent of the statutory hourly minimum and which are commensurate with those paid nonhandicapped workers in the industry in the vicinity for essentially the same type, quality, and quantity of work. In addition, rates below the 50 percent floor are permitted for certain handicapped workers. A primary goal of this study is to provide an evaluation of sheltered workshops operating under the provisions of the FLSA in terms of the benefits derived by individual clients. The initial phase of the study, involving the construction of an appropriate questionnaire, is still under consideration by various government agencies. It is expected, however, that data will be obtained on: (1) policies, practices, and programs of sheltered workshops; (2) prevalence of supplementary benefits; (3) wage "floor" criteria currently in effect for handicapped persons in sheltered workshops; (4) wage changes since 1968; (5) the "Work Activities Center" concept established by the 1966 Amendments to the Fair Labor Standards Act; and (6) the total number of sheltered workshops and the total number of clients, by type of disability, served in these workshops.

Overtime Standards - The Fair Labor Standards Act, the Public Contracts Act, and the Contract Work Hours and Safety Standards Act set maximum hours standards and provide for the payment of premium rates for hours worked in excess of these standards. The primary thrust of these

laws is to protect the worker from the detrimental effects of long hours and to provide an incentive for employers to hire more workers rather than to schedule overtime hours. The purpose of this study, if undertaken, is to provide an assessment of the impact of statutory hours standards and premium overtime rates on employer decisions to either hire additional workers or schedule overtime hours.

Wage Garnishment and Wage Assignment - The Federal wage garnishment law restricts the amount of an employee's disposable earnings that can be garnished and protects the employee from discharge because of garnishment due to any one indebtedness. The Congress, in passing this law, felt that unrestricted garnishment of a workers earnings would increase bankruptcies, encourage predatory credit policies, and result in possible loss of employment to the debtor. A study will be undertaken to provide information on the prevalence of wage garnishments and wage assignments for the private nonagricultural nonsupervisory work force. Data will also be compiled on the number of employees who were discharged because their wages were garnished more than once. Additionally, information is being collected on the extent to which State laws and regulations protect employees from wage garnishment.

Sex Discrimination - In occupations for which a structure of job classifications determines the pay received for specified "skill" levels and the path of advancement within an occupation, it is not uncommon to find women concentrated in the lowest paid classifications. To provide data needed to appraise such differences, an in-depth survey will be undertaken of the particular types of operative jobs which are held by both men and women in one or two specific industries. The study will provide information on whether differences in occupational classifications between men and women within the same occupation can be explained by skill differences, seniority, or other company practices. The study will also attempt to isolate those factors that determine movement to higher classifications within an occupation.

COVERAGE UNDER THE FAIR LABOR STANDARDS ACT

Minimum Wage

There were a total of 83.3 million employed persons in September 1972. Of these, 7.3 million were self-employed and 1.0 million represented unpaid family workers, leaving a net of 75.0 million employed wage and salary workers. However, because some employees hold down more than one job and because of some slight discrepancies between estimates prepared from household interviews and those prepared from establishment records, the total number of wage and salary workers on establishment payrolls in September 1972 was estimated at 77.3 million.

The estimated 47.0 million nonsupervisory employees covered by the minimum wage provisions of the Fair Labor Standards Act in September 1972 represented nearly three-fourths of the employed nonsupervisory workforce. With the exception of hired farmworkers, the Federal minimum wage standard currently applicable to these workers is \$1.60 an hour. For the 485,000 hired farmworkers first covered by the 1966 amendments the minimum wage is \$1.30 an hour, the rate that has been in effect since February 1969 (Table 16).

Nonsupervisory employees in the public sector accounted for 5.0 million of the 16.9 million nonsupervisory workers not covered by the minimum wage provisions of the Fair Labor Standards Act. Of the 11.9 million noncovered nonsupervisory workers in the private sector, almost three-fifths--6.8 million--were employed in retail and service establishments and a substantial number--2.1 million--were employed as private household service workers.

The extension of coverage incorporated in the 1966 amendments was relatively more important for women than for men and for Negro workers than for white workers. Prior to the 1966 amendments, less than one-half of all female nonsupervisory workers were covered, compared to almost three-fourths currently covered--only 2 percentage-points below the coverage ratio for men. While the proportion of covered Negro nonsupervisory workers increased substantially as a result of the 1966 amendments--from 41 percent to 60 percent--their ratio of coverage is still much lower than that for Whites (Table 18).

Overtime

Approximately 40.5 million wage and salary workers, or about two-thirds of the employed nonsupervisory workforce are covered by the overtime provisions of the Fair Labor Standards Act, that is, they are required to be paid time and one-half their regular rate of pay for all hours worked beyond 40 a week. While the 1966 amendments increased the number of employees covered by the overtime

provisions, many of the "newly covered" workers were employed in restaurants, hotels and motels, and agriculture, industries specifically exempt from the overtime provisions (Table 19).

Exemptions from Minimum Wage and Overtime

Over 8.4 million nonsupervisory employees were exempt from both the minimum wage and overtime provisions of the Fair Labor Standards Act and an additional 6.5 million were exempt from only its overtime provisions. Nearly half of the employees exempt from both the minimum wage and overtime provisions in the private sector were employed in retail trade and 19 percent in the services and transportation, communication and utilities (Table 21).

Table 16. Estimated number of employed wage and salary workers in the civilian labor force classified by their status under the minimum wage provisions of the Fair Labor Standards Act, by industry division, United States, September 1972 (Concluded) (in thousands)

Industry division	Number of employed wage and salary workers in the civilian labor force				Number of nonsupervisory employees subject to the minimum wage provisions of the FLSA		Number of non-supervisory employees not subject to the minimum wage provisions of the FLSA	
	Exempt under section 13(a)(1) of FLSA ^{1/}	Executive, administrative, and professional personnel	Out-side salesmen	Non-supervisory employees excluding outside salesmen	Subject prior to the 1966 amendments ^{2/}	Subject as a result of the 1966 amendments	Subject as a result of the 1966 amendments	Subject as a result of the 1966 amendments
Services (excluding domestic service) ^{4/}	12,482	3,315	25	9,142	6,465	2,466	3,999	2,702
Domestic service	2,063	-	-	2,063	-	-	-	2,063
Public sector	13,553	5,070	-	8,483	3,453	-	3,453	5,030
Federal government	2,627	294	-	2,333	636	-	636	1,697
State and local government ^{4/}	10,926	4,776	-	6,150	2,817	-	2,817	3,333

1/ Section 13(a)(1) exempts from the minimum wage and overtime provisions of the Fair Labor Standards Act "any employee employed in a bona fide executive, administrative, or professional capacity (including any employee employed in the capacity of academic administrative personnel, or teacher in elementary or secondary schools), or in the capacity of outside salesman. . ."

2/ Relates to currently employed workers who would have been subject under criteria in effect prior to the 1966 amendments.

3/ Estimates for agriculture relate to May 1972.

4/ Estimates for educational services relate to October 1972.

Table 17. Estimated number of employed wage and salary workers in the civilian labor force classified by their status under the minimum wage provisions of the Fair Labor Standards Act, by Region and State, September 1972

(in thousands)

Region and State	: Employed wage and salary workers in the civilian labor force	: Nonsupervisory employees including outside salesmen ^{1/}	: Number of nonsupervisory employees subject to the minimum wage provisions of the FLSA ^{2/}	: Subject prior to the 1966 amendments	: Subject as a result of the 1966 amendments	: Number of nonsupervisory employees not subject to the minimum wage provisions of the FLSA
	:	:	: Total	:	:	:
United States	<u>77,340</u>	<u>63,889</u>	<u>46,950</u>	<u>35,159</u>	<u>11,791</u>	<u>16,939</u>
Domestic workers	2,063	2,063	-	-	-	2,063
ATLANTA	<u>11,161</u>	<u>9,239</u>	<u>7,020</u>	<u>5,268</u>	<u>1,752</u>	<u>2,219</u>
Alabama	1,084	890	657	501	156	233
Florida	2,404	1,969	1,476	976	500	493
Georgia	1,663	1,369	1,039	801	238	330
Kentucky	1,012	838	626	456	170	212
Mississippi	674	557	396	293	103	161
North Carolina	1,913	1,609	1,278	1,025	253	331
South Carolina	936	780	600	477	123	180
Tennessee	1,475	1,227	948	739	209	279
BOSTON	<u>4,679</u>	<u>3,863</u>	<u>3,003</u>	<u>2,285</u>	<u>718</u>	<u>860</u>
Connecticut	1,207	1,007	810	639	171	197
Maine	348	286	219	159	60	67
Massachusetts	2,313	1,903	1,466	1,106	360	437
New Hampshire	289	238	179	136	43	59
Rhode Island	359	296	233	179	54	63
Vermont	163	133	96	66	30	37

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Table 17. Estimated number of employed wage and salary workers in the civilian labor force classified by their status under the minimum wage provisions of the Fair Labor Standards Act, by Region and State, September 1972
(Continued) (in thousands)

Region and State	Employed wage and salary workers in the civilian labor force	Nonsupervisory employees including outside salesmen ^{1/}	Number of nonsupervisory employees subject to the minimum wage provisions of the FLSA ^{2/}	Subject prior to the 1966 amendments ^{2/}	Subject as a result of the 1966 amendments	Number of nonsupervisory employees not subject to the minimum wage provisions of the FLSA
	:	:	Total :	:	:	:
CHICAGO	<u>16,706</u>	<u>13,846</u>	<u>10,894</u>	<u>8,466</u>	<u>2,428</u>	<u>2,952</u>
Illinois	4,469	3,704	2,935	2,307	628	769
Indiana	1,956	1,634	1,310	1,034	276	324
Michigan	3,158	2,614	2,081	1,610	471	533
Minnesota	1,418	1,164	872	641	231	292
Ohio	4,047	3,362	2,660	2,098	562	702
Wisconsin	1,658	1,368	1,036	776	260	332
DALLAS	<u>6,926</u>	<u>5,673</u>	<u>4,170</u>	<u>2,995</u>	<u>1,175</u>	<u>1,503</u>
Arkansas	652	546	371	268	103	175
Louisiana	1,124	919	678	497	181	241
New Mexico	331	263	182	118	64	81
Oklahoma	840	679	496	334	162	183
Texas	3,979	3,266	2,443	1,778	665	823
DENVER	<u>1,975</u>	<u>1,588</u>	<u>1,094</u>	<u>722</u>	<u>372</u>	<u>494</u>
Colorado	845	684	502	345	157	182
Montana	228	185	115	73	42	70
North Dakota	191	152	93	53	40	59
South Dakota	191	151	91	55	36	60
Utah	392	313	227	152	75	86
Wyoming	128	103	66	44	22	37

Table 17. Estimated number of employed wage and salary workers in the civilian labor force classified by their status under the minimum wage provisions of the Fair Labor Standards Act, by Region and State, September 1972
(Continued)

(in thousands)

Region and State	: Employed wage and salary workers in the civilian labor force	: Nonsupervisory employees including outside salesmen ^{1/}	: Number of nonsupervisory employees : subject to the minimum wage provisions of the FLSA ^{1/}		: Number of nonsupervisory employees not subject to the minimum wage provisions of the FLSA	
			: Total :	: Subject prior to the 1966 amendments ^{2/} :	: Subject as a result of the 1966 amendments :	: employees not subject to the minimum wage provisions of the FLSA
KANSAS CITY	<u>3,960</u>	<u>3,240</u>	<u>2,372</u>	<u>1,722</u>	<u>650</u>	<u>868</u>
Iowa	969	795	566	400	166	229
Kansas	728	589	415	289	126	174
Missouri	1,721	1,415	1,078	818	260	337
Nebraska	542	441	313	215	98	128
NEW YORK	<u>9,889</u>	<u>8,088</u>	<u>6,176</u>	<u>4,805</u>	<u>1,371</u>	<u>1,912</u>
New Jersey	2,710	2,246	1,720	1,383	337	526
New York	7,179	5,842	4,456	3,422	1,034	1,386
PHILADELPHIA	<u>8,830</u>	<u>7,216</u>	<u>5,454</u>	<u>4,108</u>	<u>1,346</u>	<u>1,762</u>
Delaware	225	187	146	113	33	41
District of Columbia	582	427	237	145	92	190
Maryland	1,449	1,172	842	611	231	330
Pennsylvania	4,363	3,620	2,861	2,242	619	759
Virginia	1,664	1,356	1,017	728	289	339
West Virginia	547	454	351	269	82	103

Table 17. Estimated number of employed wage and salary workers in the civilian labor force classified by their status under the minimum wage provisions of the Fair Labor Standards Act, by Region and State, September 1972
(Concluded)

(in thousands)

Region and State	: Employed wage and salary workers in the civilian labor force	: Nonsupervisory employees including outside salesmen ^{1/}	: Number of nonsupervisory employees : subject to the minimum wage provisions of the FLSA			: Number of nonsupervisory employees not subject to the minimum wage provisions of the FLSA
			: Total :	: Subject prior to the 1966 amendments ^{2/} :	: Subject as a result of the 1966 amendments :	
SAN FRANCISCO	8,785	7,148	5,379	3,801	1,578	1,769
Arizona	688	562	410	286	124	152
California	7,532	6,137	4,635	3,320	1,315	1,502
Hawaii	327	263	201	111	90	62
Nevada	238	186	133	84	49	53
SEATTLE	2,366	1,925	1,388	987	401	537
Alaska	106	83	58	39	19	25
Idaho	251	205	138	94	44	67
Oregon	825	677	491	362	129	186
Washington	1,184	960	701	492	209	259

^{1/} Section 13(a)(1) exempts from the minimum wage and overtime provisions of the Fair Labor Standards Act "any employee employed in a bona fide executive, administrative, or professional capacity, (including any employee employed in the capacity of academic administrative personnel, or teacher in elementary or secondary schools), or in the capacity of outside salesmen. . .

^{2/} Relates to currently employed workers who would have been subject under criteria in effect prior to the 1966 amendments.

Table 18. Estimated number of nonsupervisory employees subject to the minimum wage provisions of the Fair Labor Standards Act, by sex and race, September 1972

(in thousands)

Sex and race	Total number of nonsupervisory employees 1/	Number of nonsupervisory employees subject to the minimum wage provisions of the FLSA			Number of nonsupervisory employees not subject to the minimum wage provisions of the FLSA
		Total	Subject prior to the 1966 amendments 2/	Subject as a result of the 1966 amendments	
Total	<u>63,889</u>	<u>46,950</u>	<u>35,159</u>	<u>11,791</u>	<u>16,939</u>
White	55,487	41,887	31,670	10,217	13,600
Negro and other races	8,402	5,063	3,489	1,574	3,339
Negro	7,799	4,687	3,244	1,443	3,112
Male	<u>39,248</u>	<u>29,134</u>	<u>23,679</u>	<u>5,455</u>	<u>10,114</u>
White	34,686	25,751	21,074	4,677	8,935
Negro and other races	4,562	3,383	2,605	778	1,179
Negro	4,203	3,148	2,446	702	1,055
Female	<u>24,641</u>	<u>17,816</u>	<u>11,480</u>	<u>6,336</u>	<u>6,825</u>
White	20,801	16,136	10,596	5,540	4,665
Negro and other races	3,840	1,680	884	796	2,160
Negro	3,596	1,539	798	741	2,057

1/ All employees are included except academic administrative personnel and teachers in elementary and secondary schools and executive, administrative, and professional employees in all other activities.

2/ Relates to currently employed workers who would have been subject under criteria in effect prior to the 1966 amendments.

Table 19. Estimated number of employed wage and salary workers in the civilian labor force classified by their status under the overtime compensation provisions of the Fair Labor Standards Act, by industry division, United States, September 1972
(in thousands)

Industry division	Number of employed wage and salary workers in the civilian labor force				Number of nonsupervisory employees subject to the overtime compensation provisions of the FLSA		Number of non-supervisory employees not subject to the overtime compensation provisions of the FLSA	
	Exempt under section 13(a)(1) of FLSA ^{1/}	Executive, administrative, and professional personnel	Out-side salesmen	Non-supervisory employees excluding outside salesmen	Subject prior to the 1966 amendments ^{2/}	Subject as a result of the 1966 amendments	Subject to the overtime compensation provisions of the FLSA	
All industries	77,340	13,451	2,069	61,820	40,489	32,312	8,177	23,400
Private sector	63,787	8,381	2,069	53,337	37,181	32,312	4,869	18,225
Agriculture ^{3/}	1,267	68	-	1,199	-	-	-	1,199
Mining	613	66	-	547	531	531	-	16
Contract construction	3,785	304	2	3,479	3,424	2,832	592	57
Manufacturing	19,298	1,942	459	16,897	16,145	16,113	32	1,211
Transportation, communications, utilities	4,548	468	9	4,071	2,398	2,362	36	1,682
Wholesale trade	3,962	575	804	2,583	2,350	2,268	82	1,037
Retail trade	11,812	1,081	102	10,629	4,713	3,407	1,306	6,018
Finance, insurance, real estate	3,957	562	668	2,727	2,576	2,487	89	819

See footnotes at end of table.

Table 19. Estimated number of employed wage and salary workers in the civilian labor force classified by their status under the overtime compensation provisions of the Fair Labor Standards Act, by industry division, United States, September 1972 (Concluded)

(in thousands)

Industry division	Number of employed wage and salary workers in the civilian labor force				Number of nonsupervisory employees subject to the overtime compensation provisions of the FLSA		Number of non-supervisory employees not subject to the overtime compensation provisions of the FLSA	
	Exempt under section 13(a)(1) of FLSA ^{1/}	Executive, administrative, and professional personnel	Out-side salesmen	Non-supervisory employees excluding outside salesmen	Subject prior to the 1966 amendments ^{2/}	Subject as a result of the 1966 amendments	Subject as a result of the 1966 amendments	Subject as a result of the 1966 amendments
Services (excluding domestic service) ^{4/}	12,482	3,315	25	9,142	5,044	2,312	2,732	4,123
Domestic service	2,063	-	-	2,063	-	-	-	2,063
Public sector	13,553	5,070	-	8,483	3,308	-	3,308	5,175
Federal government	2,627	294	-	2,333	636	-	636	1,697 ^{5/}
State and local government ^{4/}	10,926	4,776	-	6,150	2,672	-	2,672	3,478

1/ Section 13(a)(1) exempts from the minimum wage and overtime provisions of the Fair Labor Standards Act "any employee employed in a bona fide executive, administrative, or professional capacity (including any employee employed in the capacity of academic administrative personnel, or teacher in elementary or secondary schools), or in the capacity of outside salesman. . ."

2/ Relates to currently employed workers who would have been subject under criteria in effect prior to the 1966 amendments.

3/ Estimates for agriculture relate to May 1972.

4/ Estimates for education relate to October 1972.

5/ Federal employees, not covered by the overtime provisions of the Fair Labor Standards Act, who are under the General Schedule of salary rates are paid 1 1/2 times the employee's regular rate from Grade 1 through the first step of Grade 10.

Table 20. Estimated number of employed wage and salary workers in the civilian labor force classified by their status under the overtime compensation provisions of the Fair Labor Standards Act, by Region and State, September 1972

(in thousands)

Region and State	: Employed wage and salary workers in the civilian labor force	: Nonsupervisory employees including outside salesmen ^{1/}	: Number of nonsupervisory employees subject to the overtime compensation provisions of the FLSA	: Subject prior to the 1966 amendments	: Subject as a result of the 1966 amendments ^{2/}	: Number of nonsupervisory employees not subject to the overtime compensation provision of the FLSA
	:	:	: Total :	:	:	:
United States	<u>77,340</u>	<u>63,889</u>	<u>40,489</u>	<u>32,312</u>	<u>8,177</u>	<u>23,400</u>
Domestic workers	2,063	2,063	-	-	-	2,063
ATLANTA	<u>11,161</u>	<u>9,239</u>	<u>6,052</u>	<u>4,831</u>	<u>1,221</u>	<u>3,187</u>
Alabama	1,084	890	582	466	116	308
Florida	2,404	1,969	1,141	852	289	828
Georgia	1,663	1,369	906	729	177	463
Kentucky	1,012	838	540	415	125	298
Mississippi	674	557	347	273	74	210
North Carolina	1,913	1,609	1,152	960	192	457
South Carolina	936	780	545	450	95	235
Tennessee	1,475	1,227	839	686	153	388
BOSTON	<u>4,679</u>	<u>3,863</u>	<u>2,651</u>	<u>2,150</u>	<u>501</u>	<u>1,212</u>
Connecticut	1,207	1,007	729	609	120	278
Maine	348	286	187	143	44	99
Massachusetts	2,313	1,903	1,281	1,037	244	622
New Hampshire	289	238	160	129	31	78
Rhode Island	359	296	211	170	41	85
Vermont	163	133	83	62	21	50

Table 20. Estimated number of employed wage and salary workers in the civilian labor force classified by their status under the overtime compensation provisions of the Fair Labor Standards Act, by Region and State, September 1972 (Continued)

(in thousands)

Region and State	: Employed wage and salary workers in the civilian labor force	: Nonsupervisory employees including outside salesmen ^{1/}	: Number of nonsupervisory employees : subject to the overtime compensation provisions of the FLSA			: Number of nonsupervisory employees not subject to the overtime compensation provision of the FLSA
			: Subject prior to the 1966 amendments	: Subject as a result of the 1966 amendments ^{2/}	: Total	
CHICAGO	<u>16,706</u>	<u>13,846</u>	<u>9,536</u>	<u>7,835</u>	<u>1,701</u>	<u>4,310</u>
Illinois	4,469	3,704	2,560	2,118	442	1,144
Indiana	1,956	1,634	1,162	965	197	472
Michigan	3,158	2,614	1,855	1,517	338	759
Minnesota	1,418	1,164	729	577	152	435
Ohio	4,047	3,362	2,342	1,947	395	1,020
Wisconsin	1,658	1,368	888	711	177	480
DALLAS	<u>6,926</u>	<u>5,673</u>	<u>3,526</u>	<u>2,715</u>	<u>811</u>	<u>2,147</u>
Arkansas	652	546	307	242	65	239
Louisiana	1,124	919	574	443	131	345
New Mexico	331	263	156	107	49	107
Oklahoma	840	679	418	303	115	261
Texas	3,979	3,266	2,071	1,620	451	1,195
DENVER	<u>1,975</u>	<u>1,588</u>	<u>898</u>	<u>633</u>	<u>265</u>	<u>690</u>
Colorado	845	684	418	310	108	266
Montana	228	185	89	60	29	96
North Dakota	191	152	71	44	27	81
South Dakota	191	151	74	48	26	77
Utah	392	313	195	135	60	118
Wyoming	128	103	51	36	15	52

Table 20. Estimated number of employed wage and salary workers in the civilian labor force classified by their status under the overtime compensation provisions of the Fair Labor Standards Act, by Region and State, September 1972 (Continued)

(in thousands)

Region and State	: Employed wage and salary workers in the civilian labor force	: Nonsupervisory employees including outside salesmen ^{1/}	: Number of nonsupervisory employees : subject to the overtime compensation provisions of the FLSA			: Number of nonsupervisory employees not subject to the overtime compensation provision of the FLSA
			: Subject prior to the 1966 amendments	: Subject as a result of the 1966 amendments ^{2/}	: Total	
KANSAS CITY	<u>3,960</u>	<u>3,240</u>	<u>1,996</u>	<u>1,545</u>	<u>451</u>	<u>1,244</u>
Iowa	969	795	473	362	111	322
Kansas	728	589	344	255	89	245
Missouri	1,721	1,415	926	740	186	489
Nebraska	542	441	253	188	65	188
NEW YORK	<u>9,889</u>	<u>8,088</u>	<u>5,465</u>	<u>4,470</u>	<u>995</u>	<u>2,623</u>
New Jersey	2,710	2,246	1,532	1,287	245	714
New York	7,179	5,842	3,933	3,183	750	1,909
PHILADELPHIA	<u>8,830</u>	<u>7,216</u>	<u>4,818</u>	<u>3,810</u>	<u>1,008</u>	<u>2,398</u>
Delaware	225	187	129	105	24	58
District of Columbia	582	427	207	135	72	220
Maryland	1,449	1,172	730	558	172	442
Pennsylvania	4,363	3,620	2,557	2,106	451	1,063
Virginia	1,664	1,356	883	660	223	473
West Virginia	547	454	312	246	66	142

Table 20. Estimated number of employed wage and salary workers in the civilian labor force classified by their status under the overtime compensation provisions of the Fair Labor Standards Act, by Region and State, September 1972 (Concluded)

(in thousands)

Region and State	: Employed wage and salary workers in the civilian labor force	: Nonsupervisory employees including outside salesmen ^{1/}	: Number of nonsupervisory employees : subject to the overtime compensation provisions of the FLSA			: Number of nonsupervisory employees not subject to the overtime compensation provision of the FLSA
			: Subject prior to the 1966 amendments	: Subject as a result of the 1966 amendments	: Total : amendments ^{2/}	
SAN FRANCISCO	8,785	7,148	4,405	3,458	947	2,743
Arizona	688	562	347	264	83	215
California	7,532	6,137	3,821	3,021	800	2,316
Hawaii	327	263	138	95	43	125
Nevada	238	186	99	78	21	87
SEATTLE	2,366	1,925	1,142	865	277	783
Alaska	106	83	48	32	16	35
Idaho	251	205	101	73	28	104
Oregon	825	677	412	324	88	265
Washington	1,184	960	581	436	145	379

^{1/} Section 13(a)(1) exempts from the minimum wage and overtime provisions of the Fair Labor Standards Act "any employee employed in a bona fide executive, administrative, or professional capacity, (including any employee employed in the capacity of academic administrative personnel, or teacher in elementary or secondary schools), or in the capacity of outside salesman. . ."

^{2/} Relates to currently employed workers who would have been subject under criteria in effect prior to the 1966 amendments.

Table 21. Estimated number of nonsupervisory employees exempt from the minimum wage provisions or the overtime provisions of the Fair Labor Standards Act by industry division, September 1972

(in thousands)

Industry division	: Estimated number of : nonsupervisory em- : ployees in categories : in which minimum wage : exemptions apply :	: Estimated number of : nonsupervisory em- : ployees in categories : in which only overtime : exemptions apply :
All industries	<u>8,412</u>	<u>6,461</u>
Private sector	<u>8,412</u>	<u>6,316</u>
Agriculture	714	485
Mining	-	11
Contract construction	19	38
Manufacturing	517	643
Transportation, communi- cations, utilities	10	1,593
Wholesale trade	804	226
Retail trade	4,120	1,898
Finance, insurance, real estate	668	1
Services, (excluding domestic service)	1,561	1,421
Public sector	<u>-</u>	<u>145</u>
Federal government	-	-
State and local government	-	145

Note: Details may not add to totals due to rounding.