On the 75th Anniversary of the Fair Labor Standards Act

Statement of Christine Owens, Executive Director, National Employment Law Project

Washington, DC—Seventy-five years ago today, President Franklin D. Roosevelt signed into law the Fair Labor Standards Act, the landmark New Deal legislation that established a federal minimum wage and the right to overtime pay.

The law was a watershed achievement in U.S. history: it defined how a democratic nation ought to treat its workers, and showed us who we are as a people, striving for more advanced and humane social policies. And it demonstrated that enlightened policy that was good for workers could also be good for the economy.

But as we celebrate this historic legislation, we also must recognize that our fair labor standards have not kept up with the times. Today’s workers are facing a crisis of low wages. The federal minimum wage is far too low today to keep working families out of poverty, much less lift them into the middle class. And yet, large numbers of America’s workers—particularly home care workers—still find themselves shut out from the law’s most basic wage and hour protections.

Today’s federal minimum wage stands at $7.25 an hour. Its real value has lagged behind the rising cost of living for the past four decades. Had the minimum wage kept pace with inflation since 1968, it would be $10.59 today. Had it kept pace with productivity growth, it would be $18.72. But thanks to decades of Congressional neglect—Congress has voted to raise the minimum wage only three times in the past 30 years—the real value of the federal minimum wage has steadily eroded, even as the cost of food, utilities, housing, and education continues to rise. When wages for workers at the bottom fall farther and farther behind, workers’ ability to help boost the economy suffers too.

It’s clear what needs to be done. It’s time to raise the federal minimum wage—raise it over time to $10.10 an hour. Boost the guaranteed minimum wage rate for tipped workers, which has been stuck at $2.13 since 1991. And index the overall minimum wage to the cost of living.

And it’s time to end the unfair exclusion of home care workers from the basic minimum wage and overtime protections of the Fair Labor Standards Act. Home care workers provide in-home care and services to the elderly and disabled. But thanks to an overly broad U.S. Labor Department definition...
of the term “companion,” an exclusion that was only meant to apply to casual jobs like babysitting ended up ballooning to include what is now a highly skilled and professionalized workforce of 2.5 million home care workers.

Home care is one of our nation’s fastest-growing but lowest-paid occupations. One in five home care workers lives below the poverty line. Average hourly wages are low enough to qualify workers for public assistance in 34 states. Covering these workers under federal minimum wage and overtime standards will help improve wages and working conditions and help reduce the high turnover rate that plagues the industry, which in turn will improve quality of care.

The Labor Department has proposed reforms that will narrow the companionship exemption and finally extend fundamental wage and hour protections to these workers. Those new rules have cleared the Labor Department and are now awaiting final approval from the White House’s Office of Management and Budget. Unfortunately, the new rules have stalled there as a result of intense last-minute lobbying from industry interests. Getting these long-overdue rules across the finish line will require presidential leadership and push.

The Fair Labor Standards Act was an historic achievement, but there’s more work to be done. Let’s not allow our federal minimum wage to fall behind and slip into irrelevance, or let important reforms languish because of industry intransigence.

The National Employment Law Project is a non-partisan, not-for-profit organization that conducts research and advocates on issues affecting low-wage and unemployed workers. For more about NELP, visit www.nelp.org.

###