



# Opening Statement

COMMITTEE ON EDUCATION & LABOR

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The Hon. Robert C. "Bobby" Scott • Chairman

## **Opening Statement of Chair Alma Adams (NC-12)**

Subcommittee on Workforce Protections Hearing

*Restoring the Value of Work: Evaluating DOL's Efforts to Undermine Strong Overtime Protections*

2175 Rayburn House Office Building

Wednesday, June 12, 2019 | 10:15 a.m.

Today, we will discuss the importance of strong overtime pay protections for American workers.

Since the passage of the Fair Labor Standards Act in 1938, Congress has guaranteed basic overtime protections by requiring certain workers be paid one-and-a-half times their regular rate of pay for any hours worked over 40 in a workweek.

As our witnesses will discuss, strong overtime protections help achieve three key goals:

- They prevent workers from being forced to work excessive hours,
- They ensure that working extra time comes with extra pay, and
- They encourage employers to hire more employees rather than overwork current employees.

Unfortunately, due to weak overtime standards, some employers are relying on a business model that shifts extra work normally done by workers *with* overtime protections to workers *without* overtime protections.

This leaves some salaried workers – who should be eligible for overtime – working 50- and 60- hour weeks without any additional pay and other workers with too few hours.

While growing income inequality and the declining power of workers have only reinforced the need for strong overtime protections, the federal government has repeatedly failed to properly update overtime standards to keep pace with the economy.

Under Fair Labor Standard Act regulations, salaried workers who earn below a salary level established by the DOL are automatically eligible for overtime pay.

In 1975, the Department of Labor set the salary level to \$13,000 per year.

That was equivalent to almost \$58,000 a year when translated into 2020 dollars.

At that salary level, over 60 percent of full-time, salaried workers were eligible for overtime pay based on their salaries alone.

Twenty-nine years later in 2004, the Department of Labor under the Bush Administration set the salary level to \$23,660 a year.

This is the equivalent of about \$33,000 a year in 2020.

This salary level covered only about 13 percent of the full-time, salaried workforce in 2004, compared with 60 percent back in 1975.

This salary threshold was developed using a flawed methodology.

Over the next decade, failure to update the salary level meant more and more workers were without overtime protections.

In 2016, the \$23,660 a year salary level covered fewer than 7 percent of the full-time, salaried workforce.

Recognizing this harmful trend, the Obama Administration finalized a rule to raise the salary level to roughly \$47,500 in 2016.

This long-overdue update would have:

- Extended overtime protections for 4.2 million workers,
- Restored overtime protections to one-third of the full-time, salaried workforce,
- Put \$1.2 billion into the pockets of lower- and middle-wage workers, and
- Established automatic updates to prevent another lapse in overtime protections.

In 2020, the salary level would have been approximately \$51,000 a year.

Unfortunately, a flawed district court ruling blocked the Department from implementing and enforcing the rule.

Rather than defending the Obama-era overtime update in court, the Department of Labor is now proposing a new, lower salary level of about \$35,000 a year to take effect in 2020.

The Trump administration's proposed salary level, based on a flawed methodology first used in 2004, would cover only 15 percent of full-time, salaried workers compared to the 33 percent that would have been covered under the Obama-era rule.

It would leave 8.2 million workers behind and deny American workers more than \$1.2 billion in additional pay.

The new proposal also fails to include automatic updates to the salary level, leaving salaried workers vulnerable to once again losing overtime protections in the foreseeable future.

After more than 40 years without an adequate update to the overtime rule, the Trump administration's proposal falls well short of what workers deserve.

Despite the president's promise to fight for American workers, his administration continues to block federal policies that would lift working families into the middle class.

Congressional Democrats stand ready to protect workers where the Administration fails to do so.

The *Restoring Overtime Pay Act*, H.R. 3197, introduced by Congressman Mark Takano, would codify the strong salary threshold set in the 2016 final rule and require automatic updates every three years to ensure the level remains in line with overall increases in workers' wages.

Restoring workers' access to strong overtime protections, raising the federal minimum wage, and protecting workers' right to join a union are federal policies that would improve standards of living and stimulate local economies across the country.

These three pillars are essential labor market institutions upon which working people rely.

However, the Trump administration continues to oppose each of these efforts to give hardworking Americans a raise.

Today's hearing is an opportunity to examine the federal government's responsibility to restore overtime protections for millions of workers.

It is also a chance to discuss the importance of building an economy that works for all Americans, not just the wealthy few.

I want to thank all of our witnesses for being with us today and I look forward to your testimony.

I now yield to the Ranking Member, Mr. Byrne for his opening statement.