

**Opening Statement of Ranking Member Robert C. “Bobby” Scott
Full Committee Hearing on
“The Administration’s Overtime Rule and Its Consequences for Workers, Students,
Nonprofits, and Small Businesses.”
Thursday, June 9, 2016
10:00 a.m. – Rayburn 2175**

Thank you, Mr. Chairman.

Last month the Department of Labor took a long overdue step toward addressing the income inequality crisis facing our nation by restoring and strengthening overtime protections for millions of Americans.

For far too long, we have let the bedrock worker protections wither—leaving millions of Americans working harder than ever for very low pay.

In 1965, CEOs earned 20 times the pay of the typical worker. Today they earn over 300 times more.

In the 1970s, the federal minimum wage was equal to 50 percent of the average hourly worker's pay. Today the minimum wage is equal to only 35 percent of the average hourly worker's pay.

And in 1975, the overtime threshold below which most salaried workers are automatically eligible for overtime pay covered over 60 percent of salaried workers. Today it covers only 7 percent.

The overtime protections in the Fair Labor Standards Act of 1938 were intended to curb overwork and help create jobs by encouraging employers to hire more workers, rather than overworking a few. But the overtime salary threshold has been allowed to erode so badly that today a worker earning less than the poverty threshold for a family of four still makes too much to automatically qualify for overtime pay.

Congress intended the FLSA to protect and expand the middle class. And for a long time, the overtime regulations were consistent with that goal. Between 1938 and 1975, the salary threshold was updated seven

times—it was set at a meaningful level initially and kept pace with a changing economy. But in the past 40 years, the threshold has only been updated once (in 2004) —and that increase was far below the historical average.

The Department of Labor’s job is to implement the laws passed by Congress. With this rule, the Department has done its job – making the Fair Labor Standards Act’s overtime protections meaningful again.

The rule restores the 40-hour workweek by raising the salary threshold to \$913 per week, or roughly \$47,476 per year. This update will make 4.2 million workers newly eligible for overtime and strengthen overtime protections for 8.9 million more workers.

Today too many workers are deemed ‘salaried’ and then work 50, 60, or even 70 plus hours a week—working the last 10, 20 or 30 hours for no pay at all. That’s right after they’ve worked the first 40 hours, the additional 10, 20 or 30 hours, as it’s been said, they have the ‘freedom’

to work those 10, 20 or 30 hours. Well I agree. Unfortunately the interpretation is different, because 10, 20 or 30 hours extra hour are worked for free. I'm not sure that's the freedom that workers want.

Some of these workers wind up earning below the minimum wage when all of their work hours are taken into account. That is wrong. When you work extra, you should get paid extra.

Instead of forcing workers to put in extra hours for no pay, the rule will result in some employees getting back precious time with their families, which we know is so critical to parents' ability to help children thrive. It will also create jobs by putting incentives in place for employers to spread work hours to new employees, and it will result in part-time employees having the opportunity to work additional hours that many want and need. Critically, the rule ensures that we will not see eligibility for overtime erode so badly again by requiring automatic updates to the salary threshold every three years.

Seventy-nine percent of Americans agree that it is time for our nation's overtime rules to be updated and Committee Democrats stand with our fellow Americans in welcoming this increase.

I look forward to hearing from our witnesses about how this rule can reduce income inequality and strengthen the middle class. And I commend the Department of Labor for its excellent work on this important issue.

I now yield to the Ranking Member of the Subcommittee, Mrs. Wilson.