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U. S. DEPARTMENT OF LABOR
Wage and Hour and Public Contracts Divisions
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File

Fifty-one percent of the establishments inspected under the Fair Labor Standards Act and the Public Contracts Act during the year ending June 30 were found in violation of the major provisions—minimum wage, overtime and child labor—of one or both of the Acts.

This was revealed today by Wm. R. McComb, Administrator of the Wage and Hour and Public Contracts Divisions, U. S. Department of Labor.

Of the 40,350 establishments inspected 20,570 were in violation during the period covered by the inspections — usually four years, McComb said.

More than \$18,000,000 in illegally withheld wages were found due 311,236 underpaid employees. Of this amount, \$8,864,000 was paid at the request of the Divisions or on court order by approximately 15,000 of the violating employers. The remaining 5,000 employers failed to pay the back wages due under the Acts.

The inspection results also showed that:

Most violations—affecting approximately 14,000 employers and 175,000 employees involved in the restitution—resulted from failure to pay for overtime work beyond 40 hours a workweek at the rate of at least time and one-half the employees' regular rate of pay, as required under the Wage and Hour Law.

Of the employers making restitution over 2700 owed back wages to some 37,000 of their employees who at some time during the period covered by the inspections had not been paid in accordance with the 40-cents-an-hour minimum wage provision of the Wage and Hour Law.

Violations of child labor provisions of the Public Contracts Act were found in 185 establishments, and liquidated damages assessments for child labor violations cost 141 contractors \$232,890 for illegal employment of 942 minors.

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Overtime violations usually result from failure on the part of employers to pay overtime wages to all employees—except those specifically exempt—covered by the Wage and Hour Law, (The law covers employees engaged in interstate commerce or in the production of goods for interstate commerce, including occupations necessary to such production.) Another cause of overtime violations is improper allocation of bonus and other special earnings in overtime calculations.

Substantial violations of the record-keeping regulations under the Wage and Hour Law were disclosed in 14,000 of the inspected establishments and in 199 cases, falsification of records was reported.

Approximately seven percent of the 550,000 establishments estimated to be covered by provisions of the two Acts were inspected during the year, inspections having been made on the basis of complaints and studies indicating industries where violations existed.

"Because so many violations result from misapplication of the exemptions provisions of the Acts," McComb said, "employers are urged to consult the Divisions for assistance whenever in doubt. It is not advisable to guess about which employees may be exempt as 'administrative,' 'executive,' or 'professional,' or under any of the other exemption categories established by the Acts and regulations."

"Of course," the Administrator pointed out, "it is difficult to understand how employers can pay some of their employees covered by the Wage and Hour Law less than the modest 40 cents an hour minimum wage it requires. General wage levels prevailing today and the constantly rising cost of living make such practices intolerable, and it is the aim of the Divisions to eliminate them."

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