



NEWS

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FOR IMMEDIATE RELEASE
10 September, 2003

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Senate Votes to Deny Overtime Pay to 1.3 Million Workers

Forty-Eight Senate Democrats and six Senate Republicans vote for amendment to prevent Labor Department from updating 50-year-old regulations defining exemptions from the Fair Labor Standards Act.

WASHINGTON — Today the Senate passed an amendment introduced by Senator Tom Harkin (D-IA) to S.1356, the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act of 2004. The amendment prevents the U.S. Department of Labor (DoL) from modernizing the 50-year-old regulations defining exemptions from the Fair Labor Standards Act (FLSA) for “white-collar” employees and effectively denied overtime pay for 1.3 million workers.

“This vote clearly shows that Senate Democrats, and a small handful of Senate Republicans, care more about protecting their special interests than hard working Americans,” said Grover Norquist, President of Americans for Tax Reform (ATR). **“Senator Harkin and his band of merry Democrats think padding union coffers is more important than increasing the pay of low-wage workers.”**

On March 27, 2003, the U.S. Department of Labor published a proposal to modernize the 50-year-old regulations defining exemptions from the Fair Labor Standards Act (FLSA) for white-collar employees. Enactment of this proposal will help small businesses grow and guarantee overtime pay for 1.3 million more low-wage workers.

Under current rules, employees earning only \$155 a week qualify as a white collar employee who is not entitled to overtime pay. The department’s new rule raises this minimum salary to \$425 a week. This represents an increase of \$270 a week and is the largest increase since Congress passed the FLSA in 1938.

“By enacting the new proposed rules Department of Labor Secretary Chao will save the U.S. economy between \$870 million and \$1.5 billion by reducing regulatory red tape and litigation costs for business,” said Norquist. **“This amendment just increases the overwhelming regulatory red tape and litigation costs that business face, and prevents resources from being used to stimulate needed economic growth.”**

ATR remains committed to Secretary Chao’s continued efforts to bring the department’s rules into the 21st century while clarifying outdated regulatory language. Passage of this amendment prevents employees from understanding their rights to ensure that they receive their hard-earned pay. In addition, employers will continue to misunderstand their obligations and have difficulty following the law.

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all federal and state tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by e-mail at jcollegio@atr.org.

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