

K. Employment, Earnings and Assistance: Other Accomplishments

Chapter IV of the report, Accomplishments: Employment, Earnings and Assistance, describes the Department of Labor's (DOL) major developments in this area during the Clinton Administration. The following are brief summaries of additional accomplishments.

1. Coordinated services for adults



Telework. On October 16, 2000, the Department of Labor hosted a one-day academic symposium on telework at Xavier University in New Orleans, Louisiana to help frame a national dialogue on the changing American workplace and the impact of technology on how, when, and where Americans work. This symposium was attended by about 160 of the nation's leading experts in the telework field, including academics, consultants, economists, and corporate executives. Secretary Herman, who opened the symposium via video tape, explained that its purpose was to examine the "state of the question" of what we know about this increasingly important phenomenon in the American workplace. Academics and practitioners of telework then presented papers, addressing questions relating to economics, organizational management, behavioral issues and the societal aspects of teleworking.¹⁰

The Telework Symposium was an overwhelming success as attested to by the attendees and presenters. As a result of this event, a telework book will be compiled from the papers from the authors and respondents. It will be made available in late December 2000.

Online services. The Employment and Training Administration (ETA) employed cyberspace technologies to connect workers to job opportunities through America's Job Bank, which lists 1.75 million jobs, 750,000 current resumes, and has more than two million registered job seekers. America's Service Locator System offers employment and training service to providers such as One-Stop Career Centers and childcare specialists.

ETA also established America's Career Kit InfoNet, which provides comprehensive information on job openings and job seekers, occupational skills and wages, state and local labor market data, and education and training opportunities to help individuals make better, more informed career decisions. ETA won the E-GOV Award for excellence and leadership for America's Learning eXchange (ALX), a component of America's Career Kit. ALX offers life-long learning resources, such as a listing of 200,000 courses and 5,000 training providers, for career development and advancement.

The Occupational Information Network (O*NET) captures worker characteristics and job requirements that reflect the U.S. economy. O*NET supplies the nation with updated occupational information critical to the effective training, education, counseling and employment of workers.

Skills training. In 1999, ETA distributed \$83 million in technical training grants to help workers keep up with the rapidly changing economy through training in high-tech occupations

that are beset by skill shortages. These grants, funded by visa application fees for foreign workers, provided training for more than 10,000 workers in about 200 firms.

To help address the shortage of trained childcare workers, DOL increased the number of childcare specialists by funding training programs in 10 States and the District of Columbia; future funding will establish childcare credentials programs in another 20 States. DOL also launched a one-year pilot program to train individuals transitioning off welfare as certified child care providers with guaranteed job placement. Participants will be based in the Department of Labor's Frances Perkins Building, Esther Peterson Child Development Center.

Apprenticeship. The United Services Military Apprenticeship Program (USMAP) was registered nationally in April 2000. The United States Navy, United States Marine Corps, and the U. S. Coast Guard jointly form the USMAP. The United States Navy and the United States Marine Corps had separately registered National programs prior to the consolidation. The consolidation of the programs eliminates duplication, supports professional development of military personnel, and encourages the re-enlistment of registered personnel in order to complete their apprenticeship.

DOL certified the training and apprenticeship standards for the USMAP that is currently serving more than 37,000 members of the armed services. More than 17,000 veterans completed apprenticeship training while on active duty.

ETA's Office of Apprenticeship Training, Employer and Labor Services continued to work in partnership with the U. S. Department of Housing and Urban Development (HUD) to address the needs of public housing residents and other low income people through the STEP-UP Apprenticeship Program. STEP-UP programs utilize formal apprenticeship standards and meld them with HUD STEP-UP components.

Workforce Investment Act (WIA). DOL conducted the Pacific Rim workforce and apprenticeship conference to provide technical assistance to the insular areas in implementing the Workforce Investment Act through local, employer-supported boards and youth development councils.

Working women. DOL awarded \$5,641,000 in Women in Apprenticeship and Nontraditional Occupations Act (WANTO) technical assistance grants between 1994 to 2000 to community-based organizations which assist employers and labor unions in increasing employment opportunities for women. To date, 27 community-based organizations have developed technical assistance programs and assisted over 2,500 employers and unions to train, place, and retain women in nontraditional occupations.

DOL also increased women's participation in non-traditional occupations through grants totaling more than \$4 million; 27 community-based organizations provided technical assistance to more than 2,700 employers and labor unions. These organizations have increased employment opportunities in these occupations for more than 5,000 women.

From 1994 to 2000, the Women's Bureau (WB) helped more than 400,000 displaced homemakers re-enter the workforce by providing \$8,074,000 to Women Work!, which in turn gave technical assistance to approximately 1,300 displaced homemaker service providers.

DOL implemented a ground-breaking framework to integrate women in the Asia Pacific Economic Cooperation (APEC), in coordination with the President's Interagency Council on Women and the Departments of Commerce and Education. Secretary Herman chairs the Council's Committee on Women in the Global Economy, which has focused its efforts on several major projects—raising women's economic issues in international forums, including the gender perspective in trade negotiations, and collecting gender-neutral data in support of APEC analysis and decision-making.

Veterans. The Department has helped veterans make a successful transition back into civilian occupations through protection of their rights and benefits. In 1994, the Uniformed Services Employment and Reemployment Rights Act (USERRA) was signed into law. The Act strengthened the Department's role in enforcing job rights of veterans and members of the National Guard and Reserves. USERRA prohibits an employer from discriminating in employment or taking any adverse employment action against any person when they are called up for active duty in the military. The Act also entitles a person reemployed after military service to all seniority and other employment rights and benefits. The Veterans' Employment and Training Service agency (VETS) recovered millions of dollars for veterans in lost wages and benefits, including pensions, pursuant to its responsibilities under USERRA. For example, in FY 1998,

VETS' recovered \$1,098,588 in lost wages and benefits through mediation of 425 cases. In FY 1999, VETS recovered \$652,597 through mediation of 398 cases. In 1998, in recognition of VETS' success in enforcing USERRA and its predecessor statutes, Congress enacted the Veterans Employment Opportunities Act. This legislation authorized VETS to investigate claims involving veteran's preference in Federal employment, which previously was investigated by the Office of Personnel Management.

In addition, VETS connected more than 200,000 separating service members and millions of veterans to job opportunities through a Web site targeted at licensing and certification. The site compares military training and experience with the training and experience credentials needed for certain civilian jobs.

VETS provided more than \$55 million for job training of veterans, either to upgrade their skills or provide them with the new skills needed for 21st century jobs. The Veterans Workforce Investment Programs (VWIP), which is authorized under the WIA of 1998, expands the provision of services to veterans with significant barriers to employment and to veterans who served on active duty during a war, campaign or expedition in which a campaign badge has been authorized. DOL also invested more than \$25 million in programs to help homeless veterans obtain employment and to progress toward self-sufficiency.

An innovative national campaign was launched by VETS to encourage women veterans to seek employment based on their service records, focusing on the theme, "Hire a Vet: A Model

of Success.” The winning poster from this campaign is displayed at U.S. employment service offices.

2. Improved youth opportunities

Grants. In 1999, youth offender training grants of \$12.5 million were awarded by ETA for the development of pilot projects incorporating job training and placement, life skills development, and education for those youth involved in gangs, under criminal justice supervision, or living in poverty-stricken communities. An additional \$13.9 million was appropriated in 2000.

Job Corps. ETA increased training opportunities for at-risk-youth through the \$73 million awarded to eight new Job Corps centers in Maine, Massachusetts, Florida, Tennessee, Alabama, Illinois, and Michigan. Today, the Job Corps serves 70,000 young people in almost every State.

School to Work. The 1994 School-to-Work Opportunities Act enabled 500,000 secondary students to receive integrated curriculum by 1995. The number of secondary students receiving integrated training increased to 1.6 million students in 1999, representing a boost of 220 percent.

Apprenticeship. The ETA Office of Apprenticeship Training, Employer and Labor Services and the Office of Youth Services collaborated on the recognition of the occupation of

Youth Development Practitioner on October 27, 2000. The occupation of Youth Development Practitioner provides an opportunity to significantly impact the youth workforce development system under WIA by providing accreditation, training opportunities, apprenticeship, and certification of youth workers. It will provide comprehensive workforce preparation for those working with youth who are transitioning to adulthood and careers.

Scholarships. The Department played a key role in securing the 1997 passage of the Hope Scholarship and Lifetime Learning Credit, which provide tax credits to families for education and training expenditures. Under the Hope Scholarship, students in the first two years of college or vocational school will receive a 100 percent tax credit for the first \$1,000 of tuition and required fees, and a 50 percent credit on the second \$1,000. Under the Lifetime Learning Credit, students in the third and fourth years of college, and adults taking classes part- or full-time to upgrade their skills, will receive a 20 percent credit for the first \$5,000 of tuition and fees each year.¹¹

3. Increased opportunities for persons with disabilities

Outreach. To honor the 10th Anniversary of the Americans with Disabilities Act (ADA) on July 26, 2000, the Presidential Task Force in Employment of Adults with Disabilities (PTFEAD) and the American Association of People with Disabilities co-sponsored the Spirit of ADA 2000 Torch Relay, which began its official tour on June 11, 2000 in Houston, Texas. It traveled through 25 cities, culminating in New York City at the United Nations on August 7. In addition, on July 25 and July 26, Task Force and DOL employees participated in national

ceremonial events on Capitol Hill, at the FDR Memorial, Gallaudet University, and at the Independence Center of Northern Virginia.

Grants. ETA has worked to enhance the employability and career advancement of people with disabilities in the new one-stop delivery system by awarding \$20 million in competitive Work Incentive Grants (WIGs) in October 2000. The grants will provide for partnerships of public and private non-profit entities, working in coordination with a State and/or local one-stop delivery system, to develop innovative approaches for ensuring that people with disabilities can obtain comprehensive, accessible, and streamlined employment services.

Discrimination. DOL actively enforces regulations that promote workplaces that are safe, healthy, and fair, including those prohibiting discrimination against persons with disabilities. One example of these efforts is the settlement DOL obtained when American Airlines agreed to pay nearly \$1.7 million to 99 people who were discriminated against when denied jobs in Nashville, Tennessee and Detroit, Michigan – the largest ever obtained for people with disabilities.

4. Gathering and reporting information on the U.S. economy

In April 1999, the Bureau of Labor Statistics (BLS) issued "Highlights of Women's Earnings in 1998." A subsequent report, "Highlights of Women's Earnings in 1999," was issued in May 2000. These reports provide a rich source of data drawn from the Current Population Survey, on women's earnings as compared to men's.

In January 1994, BLS connected its LABSTAT (LABor STATistics) database of press releases and statistical series to the Internet to make statistical information more accessible. Substantial improvements have been made to the BLS website to make it easier for customers to find information. A wider range of data and information related to labor statistics are now available on the web site.

L. Documents relating to DOL's most significant achievements

Chapter I of this report highlights the Department of Labor's most significant achievements since 1993. These achievements are list below. This Appendix contains documents relating to each of these achievements that explain the nature of the achievements or what steps the Department took in realizing them.

1. Enactment of the Family and Medical Leave Act
2. Increase in the minimum wage
3. "No Sweat" campaign
4. Implementation of the Workforce Investment Act
5. Creation of the Youth Opportunity Movement
6. Adoption of Convention 182
7. Promulgation of the ergonomics regulations
8. Savings Matters
9. Equal pay/41 CFR 60-2 rulemaking
10. Employment of persons with disabilities

Documents Relating to DOL's Most Significant Achievements

1. Enactment of the Family and Medical Leave Act

- Remarks by the President on signing the Family and Medical Leave Act of 1993 (1993) (FMLA), February 5, 1993
- Press Release: FMLA Final Regulations Published, January 5, 1995
- Letter to the editor, *Wall Street Journal*, from Wage-Hour Administrator, Maria Echaveste, April 20, 1995
- Press Release: Secretary Reich Reports Few Problems in Enforcing FMLA, August 4, 1995
- Text of President Clinton's Radio Address, August 5, 1995
- Text of President Clinton's Radio Address, April 12, 1997
- Department of Labor Report on FMLA, "Five Years of Success," August 5, 1998

2. Increase in the Minimum Wage

- Press Release by Secretary Reich on the need to increase the minimum wage, March 26, 1996
- Department of Labor Report, "Making Work Pay: The Case for Raising the Minimum Wage," April 1996
- Text of oral remarks by President Clinton on the signing of the new law, August 20, 1996
- Written statement by President Clinton on the new minimum wage law, August 20, 1996
- Press Release by Secretary Reich on the increase to the minimum wage, August 20, 1996
- Text of PL 104-188, amending the FLSA to increase the minimum wage, August 20, 1996
- Department of Labor press release on the effective date of the second step of the minimum wage increase, August 29, 1997
- Text of President Clinton's letter to Congress on the need for an increase, November 4, 1999

3. "No Sweat" Campaign

- Department of Labor Conference materials from the Fashion Industry Forum, Marymount University, July 16, 1996
- Department of Labor fact sheet on the "No Sweat Initiative"
- Ford Foundation and Harvard University press release on the Innovations in American Government award to the Department of Labor's "No Sweat" Campaign, December 3, 1996
- Remarks of Secretary Alexis Herman at the Marymount University Academic Search for Sweatshop Solutions, May 30, 1997
- Remarks of Secretary Alexis Herman at the Smithsonian Institution's National Museum of American History, Sweatshop Exhibit, April 21, 1998
- Conference materials from the Smithsonian Institution's National Museum of American History, "No Sweat University" forum, October 6, 1998
- Apparel Industry Partnership's Fair Labor Association charter document, November 2, 1998

4. Implementation of the Workforce Investment Act (WIA)

- Statement of Raymond L. Bramucci, Assistant Secretary for Employment and Training, before the Subcommittee on Employment, Safety and Training, Senate Health, Education, Labor and Pensions Committee, July 1, 1999
- Memorandum to Department of Labor regional officials from Espiridion (Al) Borrego, Assistant Secretary for Veterans' Employment and Training Service on Workforce Investment Act Requirements, February 24, 1999
- Memorandum to Department of Labor regional officials from Espiridion (Al) Borrego, Assistant Secretary for Veteran's Employment and Training Service, on Clarifications of Workforce Investment Act Requirements, July 7, 1999

5. Creation of the Youth Opportunity Movement

- Meeting summary, Secretary of Labor's policy meetings on out-of-school youth, June 18, 1998
- Department of Labor youth opportunity grants implementation plan, March 1999
- Department of Labor Programs: Plan of Action, April 29, 1999

6. International labor issues (Adoption of Convention 182)

- Statement of Secretary Alexis Herman before the International Labor Organization, June 9, 1998
- Statement of Secretary Alexis Herman before the Child Labor Committee of the International Labor Organization, June 11, 1998
- International Labor Organization's declaration on fundamental principles and rights at work, 1998
- Text of the International Labor Organization's Convention 182, Worst Forms of Child Labor, June 1, 1999
- Statement of Secretary Alexis Herman before the International Labor Organization, June 15, 1999
- Statement of President Clinton before the International Labor Organization, June 16, 1999

7. Promulgation of the ergonomics regulations

- OSHA Ergonomic Chronology, 2000
- Press Release by U.S. Chamber of Commerce, U.S. Chamber Condemns New Ergonomics Draft –Wait for Sound Science, Group Tell OSHA, February 19, 1999
- Report of the Small Business Advocacy Review panel on the Occupational Safety and Health Administration's Draft Proposed Ergonomic Program Rule, April 30, 1999
- Letter to Charles Jeffress, Assistant Secretary of Labor, Occupational Safety and Health Administration from numerous members of Congress requesting an extension to the

comment period and hearing schedule for the proposed Ergonomics Program standard, January 6, 2000

- Letter from Charles Jeffress, Assistant Secretary of Labor, Occupational Safety and Health Administration to the Honorable John Ashcroft on decision to extend the comment period for the proposed Ergonomic Program standard, February 16, 2000
- Statement of Charles N. Jeffress, Assistant Secretary for Occupational Safety and Health, Department of Labor before the Subcommittee on Regulatory Reform and Paperwork Reduction of the House Small Business Committee, April 13, 2000
- Statement of Charles N. Jeffress, Assistant Secretary for Occupational Safety and Health, Department of Labor before the Subcommittee on Employment, Safety, and Training of the Senate Health, Education, Labor, and Pensions Committee, April 27, 2000
- Letter from Charles N. Jeffress to the Honorable Barbara Lee on May 12, 2000, thanking her for her letter of support for the proposed Ergonomic Program standard sent to the Secretary of Labor from numerous members of Congress on February 25, 2000
- Statement of Charles N. Jeffress, Assistant Secretary for Occupational Safety and Health, Department of Labor before the Subcommittee on Employment, Safety and Training of the Senate Health, Education, Labor, and Pensions Committee, July 13, 2000

8. Worker benefits (including Saving Matters!)

- Savings Matters – Retirement Savings Education Campaign Brochure
- “Saving Matters”, 5th Anniversary Celebration Documents

9. Equal pay/41 CFR 60-2 rulemaking

- 41 CFR 60-2 Regulatory Reform Proposal: Dialogue Process, undated
- President Clinton’s All Agency Head Memorandum on Evaluation of Affirmative Action Programs, July 19, 1995
- OFCCP transmittal from Shirley Wilcher, Deputy Assistant Secretary for Federal Contract Compliance, entitled Numerical Goals under Executive Order 11246, December 13, 1995
- Letter to Congressman Charles Canady from Bernard Anderson, Assistant Secretary for Employment Standards, opposing passage of H.R. 2128, the “Equal Opportunity Act of 1995”, January 26, 1996
- Letter to Congressman Henry Hyde from Secretary Alexis Herman opposing passage of H.R. 1909, the “Civil Rights Act of 1997”, November 5, 1997
- Contents of overhead slide presentation to the DOL Executive Staff on “Equal Pay Matters”, April 1999

10. Employment of persons with disabilities

- Memorandum to President Clinton from Alexis Herman, Secretary of Labor and Chair, Presidential Task Force on Employment of Adults with Disabilities, and Tony Coelho, Vice Chair, Presidential Task Force on Employment of Adults with Disabilities, September 16, 1998
- Memorandum to President Clinton from Alexis Herman, Secretary of Labor and Chair, Presidential Task Force on Employment of Adults with Disabilities, and Tony Coelho, Vice Chair, Presidential Task Force on Employment of Adults with Disabilities, October 7, 1998
- Memorandum to President Clinton from Alexis Herman, Secretary of Labor and Chair, Presidential Task Force on Employment of Adults with Disabilities, and Tony Coelho, Vice Chair, Presidential Task Force on Employment of Adults with Disabilities, November 10, 1998
- Memorandum to President Clinton from Alexis Herman, Secretary of Labor and Chair, Presidential Task Force on Employment of Adults with Disabilities, and Tony Coelho, Vice Chair, Presidential Task Force on Employment of Adults with Disabilities, December 17, 1998
- Memorandum to President Clinton from Alexis Herman, Secretary of Labor and Chair, Presidential Task Force on Employment of Adults with Disabilities, and Tony Coelho, Vice Chair, Presidential Task Force on Employment of Adults with Disabilities, January 28, 1999
- Memorandum to President Clinton from Alexis Herman, Secretary of Labor and Chair, Presidential Task Force on Employment of Adults with Disabilities, and Tony Coelho, Vice Chair, Presidential Task Force on Employment of Adults with Disabilities, February 11, 1999
- Memorandum to President Clinton from Alexis Herman, Secretary of Labor and Chair, Presidential Task Force on Employment of Adults with Disabilities, and Tony Coelho, Vice Chair, Presidential Task Force on Employment of Adults with Disabilities, March 23, 1999
- Memorandum to President Clinton from Alexis Herman, Secretary of Labor and Chair, Presidential Task Force on Employment of Adults with Disabilities, and Tony Coelho, Vice Chair, Presidential Task Force on Employment of Adults with Disabilities, May 17, 1999
- Memorandum to President Clinton from Alexis Herman, Secretary of Labor and Chair, Presidential Task Force on Employment of Adults with Disabilities, and Tony Coelho, Vice Chair, Presidential Task Force on Employment of Adults with Disabilities, July 9, 1999
- Memorandum to President Clinton from Alexis Herman, Secretary of Labor and Chair, Presidential Task Force on Employment of Adults with Disabilities, and Tony Coelho, Vice Chair, Presidential Task Force on Employment of Adults with Disabilities, September 13, 1999
- Memorandum to President Clinton from Alexis Herman, Secretary of Labor and Chair, Presidential Task Force on Employment of Adults with Disabilities, and Tony Coelho, Vice Chair, Presidential Task Force on Employment of Adults with Disabilities, November 3, 1999
- Memorandum to President Clinton from Alexis Herman, Secretary of Labor and Chair, Presidential Task Force on Employment of Adults with Disabilities, and Tony Coelho, Vice Chair, Presidential Task Force on Employment of Adults with Disabilities, July 26, 2000

- Memorandum to President Clinton from Alexis Herman, Secretary of Labor and Chair, Presidential Task Force on Employment of Adults with Disabilities, and Tony Coelho, Vice Chair, Presidential Task Force on Employment of Adults with Disabilities, August 31, 2000

Remarks on Signing the Family and Medical Leave Act of 1993

February 5, 1993

Mrs. Yandle, I never had a better introduction. Before we thank anyone else, I think all of us should acknowledge that it was America's families who have beaten the gridlock in Washington to pass family leave, people like this fine woman all over America who talked to Members of Congress, both Democrat and Republican, who laid their plight out, who asked that their voices be heard. When Senator Gore and I ran in the election last year, we published a book called

"Putting People First." I'm very proud that the first bill I am to sign as President truly puts people first.

I do want to thank the United States Congress for moving expeditiously on this matter and for doing it before their first recess so that every Member of Congress who voted for this bill can go home and say, "We are up there working on your problems and your promise, trying to make a better future for you." This sends a clearer signal than any words any of us could utter, that we have tried to give this Government back to the American people. And I am very appreciative that the Congress has moved so rapidly on this bill.

There are many, many Members of Congress here and many others who are not here who played a major role in this legislation. Time does not permit me to mention them all, but I do want to thank the Senate majority leader for his heroic efforts in the 11th hour to make sure we pass this bill; Senator Kennedy and Senator Dodd for their passionate and years-long commitment to this effort. I want to thank the Speaker, Speaker Foley, and Congressman Ford, the chairman of the committee that had jurisdiction over this bill, and Congresswoman Pat Schroeder and all the other Democrats who worked on this bill.

But I want to acknowledge, too, consistent with the promise I made in my Inaugural to reach out to members of both parties who would try to push for progress, that this bill also had passionate support among Republicans. My old colleague in the Governors' Association, Senator Kit Bond from Missouri, I thank you for your leadership. Senator Jeffords and Senator Coats I don't believe are here, but they supported this bill strongly; and Congresswoman Marge Roukema from New Jersey, her commitment on this was unwavering. Congresswoman Susan Molinari from New York and many other Republicans voted for, spoke for, and worked for this bill. I thank them, the subcommittee chairs who are here and all the others who worked so hard to make this bill a real live promise kept for the Congress to the people of the United States.

Family medical leave has always had the support of a majority of Americans, from

every part of the country, from every walk of life, from both political parties. But some people opposed it. And they were powerful, and it took 8 years and two vetoes to make this legislation the law of the land. Now millions of our people will no longer have to choose between their jobs and their families.

The law guarantees the right of up to 12 weeks of unpaid leave per year when it's urgently needed at home to care for a newborn child or an ill family member. This bill will strengthen our families, and I believe it will strengthen our businesses and our economy as well.

I have spent an enormous amount of time in the last 12 years in the factories and businesses of this country talking to employers and employees, watching the way people work, often working with them. And I know that men and women are more productive when they are sure they won't lose their jobs because they're trying to be good parents, good children. Our businesses should not lose the services of these dedicated Americans. And over the long run, the lessons of the most productive companies in the world, here at home and around the world, are that those who put their people first are those who will triumph in the global economy.

The business leaders who have already instituted family and medical leave understand this, and I'm very proud of some of the business leaders who are here today who represent not only themselves but others all across America who were ahead of all of us who make laws in doing what is right by our families.

Family and medical leave is a matter of pure common sense and a matter of common decency. It will provide Americans what they need most: peace of mind. Never again will parents have to fear losing their jobs because of their families.

Just a week ago, I spoke to 10 people in families who had experienced the kinds of problems Mrs. Yandle has talked about today. Vice President Gore and I talked to people all across America who moved us deeply. We were saddened to hear their stories, but today all of us can be happy to think of their future.

Now that we have won this difficult battle, let me ask all of you to think about what

we must do ahead to put the public interest ahead of special interest, to pass a budget which will grow this economy and shrink our deficit, and to go on about the business of putting families first. There's a lot more we need to do to help people trapped in welfare move to work and independence; to strengthen child support enforcement; to reward those who work 40 hours a week and have children at home with an increase in the earned income tax credit so we can really say we're rewarding work instead of dependence; to immunize all the children of this country so more parents won't have to take advantage of family leave because their children will be well and strong and healthy.

Let all of us who care about our families, our people, the strength of our economy, and the future of our Nation put our partisan and other interests aside and be inspired by this great victory today to have others when Congress returns to this city and we go on about the people's business.

Thank you very much.

NOTE: The President spoke at 9:22 a.m. in the Rose Garden at the White House. In his remarks, he referred to Vicki Yandle, whose daughter's illness resulted in both parents losing their jobs. H.R. 1, approved February 5, was assigned Public Law No. 103-3.

Statement on Signing the Family and Medical Leave Act of 1993 February 5, 1993

Today, I am pleased to sign into law H.R. 1, the "Family and Medical Leave Act of 1993." I believe that this legislation is a response to a compelling need—the need of the American family for flexibility in the workplace. American workers will no longer have to choose between the job they need and the family they love.

This legislation mandates that public and private employers with at least fifty workers provide their employees with family and medical leave. At its core is the provision for employees to take up to 12 weeks of unpaid leave for the care of a newborn or newly adopted child, for the care of a family member with a serious medical condition, or for

their own illness. It also requires employers to maintain health insurance coverage and job protection for the duration of the leave. It sets minimum length of service and hours of work requirements before employees become eligible.

The need for this legislation is clear. The American workforce has changed dramatically in recent years. These changes have created a substantial and growing need for family and medical leave for working Americans.

In 1965, about 35 percent of mothers with children under 18 were labor force participants. By 1992, that figure had reached 67 percent. By the year 2005, one of every two people entering the workforce will be women.

The rising cost of living has also made two incomes a necessity in many areas of this country, with both parents working or looking for work in 48 percent, or nearly half, of all two parent families with children in the United States.

Single parent families have also grown rapidly, from 16 percent of all families with children in 1975 to 27 percent in 1992. Finally, with America's population aging, more working Americans have to take time off from work to attend to the medical needs of elderly parents.

As a rising number of American workers must deal with the dual pressures of family and job, the failure to accommodate these workers with adequate family and medical leave policies has forced too many Americans to choose between their job security and family emergencies. It has also resulted in inadequate job protection for working parents and other employees who have serious health conditions that temporarily prevent them from working. It is neither fair nor necessary to ask working Americans to choose between their jobs and their families—between continuing their employment and tending to their own health or to vital needs at home.

Although many enlightened companies have recognized the benefits to be realized from a system providing for family and medical leave, not all do. We all as a nation must join hands and extend the ethic of long-term workplace relationships and reciprocal commitment between employer and employee.

It is only when workers can count on a commitment from their employer that they can make their own full commitments to their jobs. We must extend the success of those forward-looking workplaces where high-performance teamwork has already begun to take root and where family and medical leave already is accepted.

Data from the Bureau of Labor Statistics support the conclusion that American business has been fully responsive to the need of workers for family and medical leave. This data showed that, in 1991, for private business establishments with 100 workers or more, 37 percent of all full-time employees (and 19 percent of all part-time employees) had unpaid maternity leave available to them, and only 26 percent of all full-time employees in such establishments had unpaid paternity leave available. The most recently available data for smaller business establishments (those with fewer than 100 workers) are for 1990, and show that only 14 percent of all these employees had unpaid maternity leave available, and only 6 percent had unpaid paternity leave available.

The insufficient response to the family and medical leave needs of workers has come at a high cost to both the American family and to American business. There is a direct correlation between health and job security in the family home and productivity in the workplace. When businesses do not give workers leave for family needs, they fail to establish a working environment that can promote heightened productivity, lessened job turnover, and reduced absenteeism.

We all bear the cost when workers are forced to choose between keeping their jobs and meeting their personal and family obligations. When they must sacrifice their jobs, we all have to pay more for the essential but costly safety net. When they ignore their own health needs or their family obligations in order to keep their jobs, we all have to pay more for social services and medical care as neglected problems worsen.

The time has come for Federal legislation to bring fair and sensible family and medical leave policies to the American workplace. Currently, the United States is virtually the only advanced industrialized country without a national family and medical leave policy.

Now, with the signing of this bill, American workers in all 50 States will enjoy the same rights as workers in other nations. This legislation balances the demands of the workplace with the needs of families. In supporting families, it promotes job stability and efficiency in the American workplace.

The Family and Medical Leave Act of 1993 sets a standard that is long overdue in working America. I am very pleased to sign this legislation into law.

William J. Clinton

The White House,
February 5, 1993.

NOTE: H.R. 1, approved February 5, was assigned Public Law No. 103-3.

Exchange With Reporters Prior to a Meeting With Prime Minister Brian Mulroney of Canada February 5, 1993

The President. Hi, Helen [Helen Thomas, United Press International].

Q. Hi.

Prime Minister Mulroney. Hi, Helen. How are you?

Unemployment

Q. What's your reaction to the unemployment numbers, Mr. President?

The President. Better, but still too high: the recession, unemployment was 6.8 percent, lower than it is now. And now we've had 14 months over 7 percent, and I hope it's going down. But until we get it way down, there will still be a lot of unused capacity in the country and a lot of idle people.

Bosnia

Q. Are you going to have a statement soon on Bosnia, Mr. President?

The President. Well, Mr. Christopher is working on it, and we're working on it. I've spent a good deal of time on it in the last 2 weeks. But I don't have anything to say yet. It's a very difficult problem, I'm very concerned about it, and I have spent a good deal of time on it. When I have something to say, I will.

Q. Will that be a topic for this meeting, sir?

The President. We're going to talk about a lot of things. We don't have a typed agenda.

Q. This isn't the first time you've met, is it?

The President. Yes, but we've talked before several times.

Q. On the phone, but not—

The President. This is our first meeting.

Prime Minister Mulroney. And you were probably mentioned in those conversations. [Laughter]

[At this point, one group of reporters left the room, and another group entered.]

Trade

Q. Prime Minister, will you be seeking some assurances against the winds of protectionism in Congress you mentioned yesterday?

Prime Minister Mulroney. Yes, I will. I think that any time protectionism takes hold in the United States or Canada or elsewhere, it's bad for prosperity. It cripples growth everywhere. And so the President's a free trader, and so am I. And so I expect meeting, but over a period of time. And so I look forward to the meeting. I have been very encouraged by my earlier telephone conversation with the President in regard to trade and other matters.

[At this point, a question was asked and answered in French, and a translation was not provided.]

Q. Mr. President, what do you think about the free trade of Canada? Is it important for U.S., do you think?

The President. I think it's very important for both of us. And I think it will have real benefits over the long run. As a Governor, I was one of those who took responsibility for trying to lobby the original agreement through the Congress here. And I hope we can complete the North American Free Trade Agreement, bringing in Mexico, making some changes that I think will be good for the Mexicans and good for the Canadians and the Americans.

But I think that if you just look at the last 50 years, the only way you can have growth within advanced countries over the long run



EMPLOYMENT STANDARDS ADMINISTRATION

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USDOL: 95-07
FOR RELEASE: Immediate
Fri., Jan. 5, 1995

FAMILY AND MEDICAL LEAVE ACT (FMLA) FINAL REGULATIONS PUBLISHED

Final regulations for the Family and Medical Leave Act of 1993 (FMLA) are published in today's Federal Register. The rules will take effect 30 days after publication.

While largely unchanged from the interim final regulations previously published, the final regulations include revised definitions of terms such as "serious health condition" and "health care provider"; clarification of employers' responsibilities on designation of FMLA leave; and information responding to employers' questions about medical certification.

The final rules incorporate suggestions from more than 900 public comments received by the Labor department during the six-month public comment period on the interim rules. The FMLA, which became effective on Aug. 5, 1993, covers private employers with 50 or more employees, employees of public agencies and employees of local public or private schools.

Efforts will continue to educate both employees and employers about their rights and responsibilities under the law.

The FMLA allows eligible employees to take up to 12 weeks of unpaid, job-protected leave during a 12-month period for the birth of a child and to care for the newborn; placement of a child for adoption or foster care; care of a spouse, child or parent with a serious health condition; or an employee's own serious health condition.

Highlights of the changes include:

- changing the definition of "serious health condition" to clarify the circumstances under which employees with chronic health conditions are not required to see a health care provider during FMLA absence;

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- amending the definition of "health care provider" to include clinical social workers; any health care provider recognized by the employer or the employer's group health plan benefits manager as authorized to provide certification of a serious health condition for claims; and health care providers in countries outside the U.S.;
- clarifying employers' responsibilities in designating leave as FMLA leave and employees' responsibilities in giving notice of FMLA leave;
- defining actions employers may not take to avoid granting FMLA leave to employees;
- allowing an employer's health care provider to contact the employee's health care provider for clarification of the medical certification, but continuing to prohibit requests for additional information; and
- clarifying the FMLA's relationship with federal and state anti-discrimination laws, particularly the Americans with Disabilities Act, and workers compensation laws.

Assistant Secretary of Labor for Employment Standards Bernard E. Anderson said, "We take very seriously our responsibility to protect workers and their families. We are proud of our record in successfully resolving more than 90 percent of the violations of FMLA since the law went into effect. We think this is partly attributable to the outreach and education efforts we put forth and, with these changes, this effort will be continued."

Single copies of new regulations and a fact sheet, which may be reproduced, are available from local offices of the U.S. Department of Labor's Wage and Hour Division.

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This information will be made available to sensory impaired individuals upon request. Voice phone: (202) 291-5555. TDD Message Phone: 1-800-326-2577.

The text of this release is available from the Department of labor electronic bulletin board, LABOR NEWS, at (202) 219-4784. Callers must pay any toll-call charges. 300, 1200, 2400, 9600 or 14,400 BAUD; Parity: None; Data Bits = 8; Stop Bit =1. Voice phone: (202) 219-8831.

MOST SIGNIFICANT CHANGES TO THE FMLA REGULATIONS

- The definition of serious health condition has been changed to clarify the circumstances under which FMLA leave may be taken. Additional guidance has been provided regarding what is considered a "continuing regimen of treatment" for chronic conditions such as asthma, long-term or permanently incapacitating conditions such as Alzheimer's, and absences for multiple treatments for serious conditions such as cancer. Examples have been provided of conditions that do not ordinarily constitute serious health conditions. The definition has been modified so that employees with chronic conditions or who are pregnant are not required to see a health care provider during every absence.
- The definition of health care provider has been expanded to include clinical social workers and any health care provider recognized by the employer (or the employer's group health plan benefits manager) as authorized to provide certification for purposes of claims.
- It remains the employer's responsibility to designate leave in writing as FMLA leave and to notify the employee. Generally, this designation must be made when the employer learns the reason for the leave. In a change in this rule, an employer is permitted to designate FMLA leave after the leave ends only if (1) the employer has preliminarily designated the leave but is awaiting medical certification, or (2) the employer did not know the reason for the leave at the time the leave was taken (but makes the designation within two business days after the employee's return to work). Similarly, employees may not retroactively claim that paid or unpaid leave was for an FMLA purpose.
- Leave taken for a serious health condition pursuant to a disability benefit plan or worker's compensation can be credited against an employee's FMLA leave entitlement (and of course accrued paid leave may not be substituted while such benefits are being received).
- If an employee voluntarily accepts a light duty assignment in lieu of continuing on FMLA leave, the employee's right to restoration to the original or an equivalent job continues until 12 weeks has passed, including FMLA leave and the period in the light duty job.
- An employer's health care provider may contact the employee's health care provider for clarification of information contained in a medical certification, but may not request additional information.
- An employer is ordinarily only required to give written notice of its specific requirements relating to FMLA leave the first time in a six-month period in which leave is taken, rather than each time. However, individual notice must be given each time medical certification or a "fitness-for-duty" report is required unless the requirement is clearly set forth in the six-month notice and any employer handbook.



April 20, 1995

LETTER TO THE EDITOR, Wall Street Journal

Your recent editorial on the Family and Medical Leave Act of 1993 (FMLA) ("Taking Leave," April 17) does a serious disservice both to the FMLA and to the Clinton Administration's significant achievements in reinventing government.

The editorial reprises the hue and cry that preceded the enactment of the FMLA but does not accord with the facts -- the experience of businesses since the Act became law. The 108 firms surveyed by the business-backed Conference Board reported that compliance with the FMLA was actually "relatively easy." Furthermore, the regulations implementing the Act were expressly designed to be clear and easy to use by customers. Additional material was included in the recently-published final regulations to respond to the questions and suggestions of employers. Finally, the scope of the law is relatively small -- only 5% of all American employers are covered.

The facts are that until the passage of the FMLA, the United States was the only industrialized nation with no provisions for family leave. The facts are that family leave is cost-effective for employers and for our nation as a whole, increasing productivity, decreasing turnover, and cutting down on the expense of replacing experienced employees. The facts are that the biggest protection against the abuse of FMLA leave by employees is the reality that it is *unpaid*. It is thus an attractive option only to employees confronted with serious health problems in themselves or in family members -- who otherwise would simply lose their jobs.

The facts are that well over ninety percent of complaints under FMLA have been easily resolved without "a huge government ball of red tape" -- indeed, without any red tape at all, often over the telephone. In fact, less than 1 in 1,000 employee complaints received by the Department have gone to court -- and only one case is still pending.

This Administration has consistently rejected the false idea that the interests of business and workers need to be in conflict. In fact, the evidence is that the best businesses prosper while doing right by their employees -- and the FMLA, the first bill signed into law by President Clinton, is a shining example.

Maria Echaveste
Maria Echaveste
Administrator

News Release



U.S. Department of Labor

Office of Public Affairs
Washington, D.C.

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USDL: 95-303
FOR RELEASE: IMMEDIATE
Fri., August 4, 1995

U.S. LABOR SECRETARY ROBERT B. REICH REPORTS FEW PROBLEMS IN ENFORCING LANDMARK FAMILY LEAVE POLICY

U.S. Labor Secretary Robert B. Reich said today compliance with the landmark Family and Medical Leave Act remains a simple issue for most firms and few employees are finding difficulty working with their employees to obtain the unpaid leave.

Reich testified today on the eve of the second anniversary of President Clinton's signing of the legislation before a bi-partisan commission established by Congress to monitor compliance with the law.

"On its second birthday, the FMLA has turned out to be a happy and healthy toddler," Reich told the Family and Medical Leave Commission during its third and final regional hearing in Washington.

"The Act is working -- for employers and employees," Reich said. "Workers in this country no longer have to make agonizing choices between receiving medical treatment or caring for seriously ill loved ones and keeping their jobs. Businesses retain valuable, trained employees and employees are happier and more productive when they do not fear losing jobs."

According to enforcement figures Reich released today, the Department of Labor's Wage and Hour Division has successfully resolved 90% of the 1,784 complaints it received that violated the law. Another 1,232 complaints were received that were not violations of the Act. The department logged almost 250,000 calls and faxes for information about the Act.

The report also includes state-by-state statistics that show how many employers and workers are entitled to coverage under the Act. In addition, the report includes data on the resolution of complaints in each state.

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The cases successfully resolved included granting FMLA leave to 326 employees and restoring jobs for 704 workers. Monetary awards to employees include:

--\$89,970 to 126 employees for restoration of benefits;

--\$665,285 to 224 employees for back wages without job restoration; and

--\$575,119 to 309 employees for job restoration with pay and benefits.

There are 181 unresolved violation cases, of which 167 involve job restoration. Since August 5, 1994, the Department has filed three complaints in District Courts in Massachusetts, Michigan, and Texas. Two of the three cases have been settled out of court.

"We are proud of our record in enforcing the Family and Medical Leave Act," said Assistant Secretary of Labor for Employment Standards Bernard E. Anderson. "Our investigators have successfully resolved 90 percent of the violations in the two years since the Act went into effect. We are also proud of our vigorous outreach and education program which helps employers and employees understand their rights and responsibilities under the Act."

The Act covers about 45 million employees in the private sector and 15 million state and local government employees. It allows eligible workers to take up to 12 weeks of unpaid, job-protected leave for specified events such as the birth or adoption of a child, care of an immediate family member with a serious health condition, or a serious health condition that prevents an employee from doing his or her job.

Employers must continue to pay group health insurance for employees on family and medical leave and allow them to return to the same or equivalent job. FMLA is enforced by the Labor Department's Wage and Hour Division which has offices throughout the country.

The Commission on Family and Medical Leave's mandate is to conduct a comprehensive study to assess the impact of family and temporary medical leave policies, programs and practices on employers and employees. The Commission, chaired by Senator Christopher Dodd of Connecticut, was established by Title III of the Family Medical Leave Act of 1993.

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Saturday Radio Address

Saturday Radio Address - 1995-08-05

[Listen to Address from Beginning](#) | [Download Soundfile \(.au ~3.5MB\)](#)

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

August 5, 1995

RADIO ADDRESS BY THE PRESIDENT
TO THE NATION

Children's Inn
National Institutes of Health
Bethesda, Maryland

10:06 A.M. EDT

THE PRESIDENT: Good morning. Today I'm at the Children's Inn at the National Institutes of Health in Bethesda, Maryland, with young patients and their families, some of whom are guests of the Inn. For them, the Children's Inn is home while their children get well. The Inn is built on a simple premise -- that even with the best doctors, medicine and technology, no treatment is complete unless it includes the family.

Children know that better than anyone -- that their mothers and fathers carry them through the tough times. And that's true for all of us. But we all know, too, that our families all across America are going through tough times today. Right now, our families are feeling real pressure. Too many are working harder for less. Too many are afraid of losing their jobs, or their retirement, or their health care. Too many live in fear that their children are exposed to violence and drugs.

We have to do what we can to strengthen our families and to help them through these changing times. That's what we did with the very first law I signed as President which took effect two years ago today. It's called the Family and Medical Leave Act, that could be

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called the working family protection action. Under this law, if you get sick, if your child gets sick, or your parent needs medical care, you can take time away from work without losing your job. Sometimes this time off can be the most important time in a family's life. It can also be the toughest time. But it would be a lot tougher if the family couldn't face it together.

If you know a family who's needed to use this leave, you know why it's so important. I know some of these families, and three of them are here today. Kenny Weaver, a Texas petroleum worker, took guaranteed leave to be with his daughter, Melissa. Diane Atwood of Little Rock, Arkansas, needed leave to fight her own battle with Hodgkins' Disease. J.C. Shardo of Atlanta needed to take leave when her brother, Swartz, needed her by his side when he became ill. Because of this law, families in crisis can be together, and the breadwinners need not fear they'll lose their jobs.

The Family and Medical Leave Law is good for our families, and it's good for our businesses because it allows our people to be both good parents, or good children, or good siblings and good workers. It supports family stability and family responsibility.

I want to make sure that if you're eligible for guaranteed leave, you know about it. As many as 50 million Americans are eligible, and as many as 3 million people a year may need to use it. If you work in the public sector or in the private sector for an employer who employs 50 or more people, you qualify to apply for a leave of 12 weeks for family or medical reasons.

The U.S. Labor Department has backed the claims of thousands of workers who were denied leave or fired when they tried to use this law. That's illegal. We'll protect your rights and the rights of your family. This law shows that we, as a nation, can value families through the choices we make together.

We've got a lot of other family choices to make in the weeks and months ahead. This week the Senate finally will take up welfare reform, which is also all about helping people become good workers and good parents. We reached agreement on requiring teen mothers to live at home and stay in school, requiring parents to pay the child support they owe or work off what they owe. Now we need a bipartisan agreement that requires people on welfare to work, but make sure they get the child care they need to stay off welfare for good and to be good parents.

Family values are a big part of national budget. Two years ago our national budget reduced the deficit -- that's good family values. But we increased the number of children in Head Start, we provided for immunizing all our children under two, we made college loans more affordable and easier to repay. We increased tax relief for working parents, and we increased job training. We need to build on that family agenda, not tear it down.

The congressional majority seems to be determined to cut back on programs that advance our family values. How can you talk about family values in one breath, and in the next, take Head Start away from 50,000 poor children, or cut back college loans and grants for students who need and deserve them, or cut back worker training for people who are unemployed? But all that happened in the House of Representatives this week. They call it change. I say it shortchanges America's families in the fight for the future. This vote is anti-family, and I won't let it stand.

It's not too late to build a legacy -- to build on the legacy of family leave. We ought to invest in education, invest in our families, raise the minimum wage, target tax relief to raising children and educating them, protect the Medicare of our seniors, and protect the right of people to keep their health insurance if they change jobs or if someone in the family gets sick.

These are the kind of things that are worthy of the legacy of family leave. We have to work hard so that we know that our families will be better off, so that we can make tomorrow better than today for every family.

Thanks for listening.

End

10:12 P.M. Edt



To comment on this service: feedback@www.whitehouse.gov

Radio Address

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

April 12, 1997

RADIO ADDRESS OF THE PRESIDENT TO THE NATION

THE PRESIDENT: Good morning. Today, I want to talk about the toughest job any person can have. It's not a job you can quit, show up late for, or do just enough to get by. In every way, it's a lifetime commitment -- it's being a parent.

In our times, parenting has become an even greater challenge. The world moves faster, and parents rightly worry more about how to protect their children's health, their safety and their future. Jobs place more demands on mothers and fathers. Finding a balance between home and work takes more effort than ever.

Parents can use some help. And while government doesn't raise children, it can sometimes give parents the tools they need to make their jobs easier. That's why we fought for and won the V-chip and a ratings systems for TV, so parents can better protect their

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young children from unsuitable shows. That's we fought to keep the tobacco industry from advertising their products to children. And why we're fighting to keep streets safer and to reduce juvenile crime. All these help parents to do a better job with their children.

But there is still work to be done. Parents want to do right thing by their children from the very start. And giving our youngest children what they need to thrive from the very first days of life is something the First Lady has studied for a long time. In her book, "It Takes a Village," Hillary called on our nation to give its attention to new findings about the early years of children's lives that so often are overlooked in intellectual, social and emotional development.

Our administration has worked hard to better understand these early years. Since 1993, we increased funding for children's research at the National Institutes of Health by 25 percent -- or \$322 million -- and my balanced budget plan promotes further increases in funding. We expanded and improved Head Start, and we created an Early Head Start Program for children age three or younger so that they could get the stimulation they need at those critical times.

From our research, we know that from the very first days of life a child is developing emotionally and intellectually, and how he or she does in those first three years of life will help to determine how a child does later in school and in life. That's why we need to begin teaching and nurturing our children before they go to school.

We want to sort through our research and get it to parents and to care givers who work with children. So next week Hillary and I will bring together researchers, parents and other experts for the White House Conference on Early Childhood Development and Learning: What New Research on the Brain Tells Us About Our Youngest Children.

We will meet for a full day at the White House, with satellite hook-ups to more than 60 sites around our nation. This conference is an exciting and an enormous undertaking. It is a call to action to parents, to businesses, to care givers, the media, the faith community and the government, each to do their part to enhance the earliest years of life. It grows out of our commitment to find new ways to support parents and to help their children reach their God-given potential.

As part of that commitment, I also want to call today on the members of Congress to do their part to come to the aid of our families. They can do that very simply by passing my expansion of the Family and Medical Leave Act.

This bill would allow workers up to 24 hours of unpaid leave each year to fulfill certain family obligations. It could allow a worker to attend a parent-teacher conference, or take a child to the pediatrician, or to find quality child care, or to care for an elderly relative.

Families occasionally need these small pieces of time to take care of their own. More than 12 million American workers have taken leave for reasons covered by the Family and Medical Leave Act since it became the very first bill I signed into law in 1993. It was needed then, it's needed now and we need to improve on it. So I urge the Congress to act soon on this legislation. Don't ask people to choose ever between being good workers and good parents. We can help them to do both. Pass the expanded Family and Medical Leave Act.

I think this bill is so important that today I am asking

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all federal departments and agencies to make expanded Family and Medical Leave available to their workers immediately. Wherever possible, I want workers to have access right now to essential time off for family obligations.

I am committed to doing all we can to support families as they struggle to do right by their children. We know that the very earliest years will decide whether children grow up to become healthy and happy people. That's why we're giving parents time off to care for them, why we should extend the family leave law so millions more parents can have that opportunity and why we must focus all our science, education and public efforts to give our children the very best start in life.

Almost a century and a half ago, Oliver Wendell Holmes said, "A child's education should begin at least a hundred years before he was born."

What we do now can benefit generations of Americans to come. We can start with the smallest community – the family. And from there we can rebuild and renew the best in America by beginning with the best of America, our children

Thanks for listening.

END

Five Years of Success

Report on the Family and Medical Leave Act

**U.S. Department of Labor
Alexis M. Herman, Secretary**

L 0017

A Statement by Secretary of Labor Alexis M. Herman August 5, 1998

Five years ago today, the Family and Medical Leave Act – the first law signed by President Clinton – took effect. The landmark measure reaffirmed a basic American principle: No worker should have to choose between the job they need and the family they love. The Family and Medical Leave Act gives workers legal assurance that they can be there for their families in the difficult times without jeopardizing their jobs or health insurance.

The past five years have produced ample evidence that this new law has worked. It has protected millions of Americans as they took time off during family and medical emergencies or for the birth or adoption of a child. It also has helped the companies that employ them at the same time.

Employees who are treated fairly, and whose family commitments are honored at work, are more loyal and productive workers. By promoting job security and encouraging greater productivity, the FMLA enables American businesses to compete more effectively in the global economy.

The Department of Labor has made extraordinary efforts to educate Americans and their employers about the law. The extremely small number of complaints from those who have taken FMLA leave tells us this outreach effort has paid off. As it enters its sixth year, the Family and Medical Leave Act is being used by more and more working Americans and is now firmly in place within businesses' administrative structures.

In short, the FMLA has been a success for workers and businesses. The Act has gone a long way towards helping Americans balance work and family, a goal that will continue to be one of my top priorities.



Five Years of Success

Report on the Family and Medical Leave Act

The Family and Medical Leave Act (FMLA), which has now been in effect for five years, is a success for both America's workers and its businesses.

Until the passage of the FMLA, the United States was virtually the only advanced industrialized nation without a national family and medical leave policy. In the short time it has been in effect, the law has been good for America's workers and good for the country's employers.

In his radio address of August 5, 1995, President Clinton emphasized the significance of this law for American families when he stated:

“The Family and Medical Leave Act is good for our families, and it's good for our businesses because it allows our people to be both good parents, or good children, or good siblings and good workers. It supports family stability and family responsibility.”

Since the law became effective on August 5, 1993,¹ millions of working Americans have taken FMLA-protected time off to meet essential family and medical needs without risking their jobs. Employer benefits include reduced turnover, increased productivity, and greater uniformity and consistency in their family and medical policies.

The Department of Labor's five year experience in implementing and enforcing the FMLA, along with the findings of the bipartisan Commission on Family and Medical Leave, leads us to conclude that the law functions smoothly and has broad support from Americans who rely upon it to help them balance the demands of work and family.

¹ The FMLA allows employees up to 12 weeks unpaid leave a year to care for seriously ill family members, the birth or adoption of a child or their own serious health problems. Public agencies and private employers with 50 or more workers must offer eligible employees family and medical leave. The law covers about 70 percent of the American labor force — about 88 million workers.

Earlier this year, Secretary Herman underscored the successful implementation of the law in stating:

“Millions of American workers have gained precious time to be with their families during medical emergencies. At the same time, their employers have not realized the disruptions that many opponents of the law feared. The FMLA has made it possible for workers in this country to balance work and family responsibilities.”

Enforcement

The Department of Labor administers and enforces the FMLA. As of June 30, 1998, the Department's Wage and Hour Division completed action on 12,633 complaints – an extremely small number given the millions of workers who have taken time off under FMLA. Nearly 90 percent of the complaints of an apparent FMLA violation were successfully resolved, many with a simple phone call.

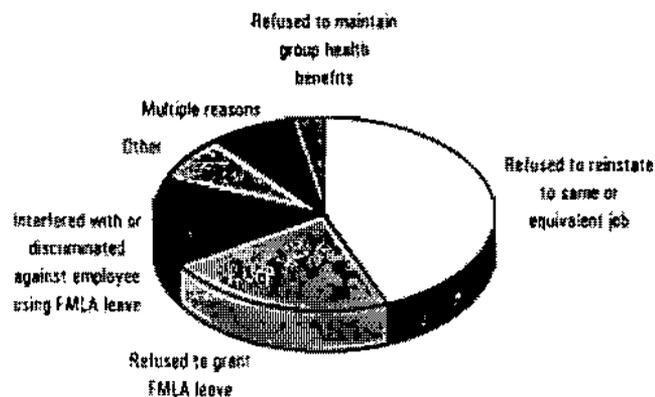
A review of the FMLA compliance actions completed through June 30, 1998, shows that by far the largest number of covered workers who filed complaints – 44 percent – did so because their employers refused to reinstate them to the same or equivalent positions after they returned from FMLA leave. In the rest of the cases, employees complained that their employers:

- refused to grant them FMLA leave – 22 percent;
- interfered with or discriminated against them for using FMLA leave – 15 percent; or
- refused to maintain their group health benefits during leave – 3 percent.

Eight percent of the complaints involved a combination of these issues, while most of the remaining complaints involved other issues, primarily administrative.

Nature of Complaints

Source: U.S. Department of Labor Statistics



Because emergency medical situations are often involved in FMLA leave cases, the Department has worked to resolve complaints quickly through a conciliation process. If necessary, a full investigation is conducted. Over 60 percent of the completed compliance actions have been resolved through conciliation.

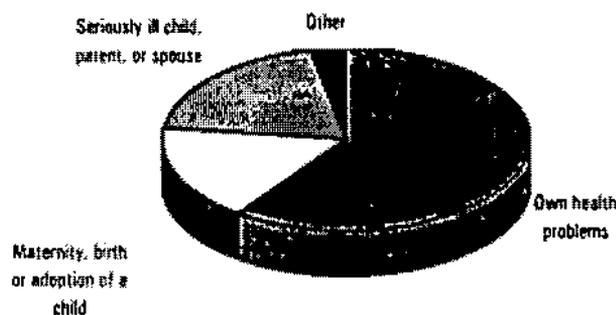
Since FMLA's enactment, the Department has initiated legal action in only 28 cases, most of which involve the issues of job restoration and leave denial. Seventeen cases were ultimately resolved before a court decision was issued. Of the remaining 11 cases, the courts issued a favorable decision in one case, unfavorable decisions in two, and eight cases are pending in district court.

Reasons for FMLA Leave

According to the bipartisan Commission on Family and Medical Leave's (Commission) report to Congress in April 1996, entitled "*A Workable Balance*," during an 18-month period in 1994-1995, about 60 percent of FMLA-protected leave was taken for the employee's own health problems. Seventeen percent of FMLA-protected leave was taken for maternity reasons and the birth or adoption of a child, and approximately 20 percent was to care for an ill child, spouse or parent. The median length of leave was ten days.

Reasons for FMLA Leave

Source: Commission on Family and Medical Leave "*A Workable Balance*," April 1996



The Commission also found that about 58 percent of FMLA-protected leave was used by women, about 42 percent by men.

Employees most likely to take leave were those between the ages of 25 and 34, those with children, employees paid by the hour, and workers with family incomes between \$20,000 and \$30,000 a year.

Compliance Experience

Employers in general have not had serious problems complying with the law. In a national survey that covered 18 months in 1994-95, the Commission on Family and Medical Leave found that more than nine in ten covered employers said it was "very easy" or "somewhat easy" to administer the FMLA.

According to the Commission's report to Congress, nearly 90 percent of all employers surveyed reported that complying with the FMLA entailed "no" or only "small" administrative costs, and roughly nine of ten employers reported no noticeable effect on productivity, profitability or growth.

User-Friendly Law

The Department has gone to great lengths to inform the business community and the public about the law by establishing a toll-free information number (1-800-959-FMLA), distributing radio and television public service announcements to all major markets, giving over 3,700 speeches, seminars and media interviews on the law and providing information on the Internet (<http://www.dol.gov/dol/esa/fmla.htm>). In addition, Departmental staff have responded to more than 621,000 telephone inquiries to offices throughout the country and to the toll-free number.²

In a continuing effort to provide easy-to-understand information on the FMLA, the Department has developed an FMLA advisor as part of the Employment Laws Assistance for Workers and Small Business (*elaws*) on the Internet. The FMLA *elaws* Advisor is an interactive program designed to help employees and employers learn more about the FMLA, and determine their rights and responsibilities under the law. This system can be accessed at <http://www.dol.gov/elaws>. Since its inception in November of 1997, more than 13,000 individuals have accessed the FMLA *elaws* advisor.

From the outset, the Department has provided user-friendly informational materials by issuing compliance guides and fact sheets written in non-technical language and preparing a prototype employee notification form for employers.

This concentrated outreach has paid off. Most of the evidence from the Commission's report and the Department's experience suggests there have not been widespread problems or abuses under the FMLA. While there have been some concerns about the definition of a serious health condition and whether employees qualify for intermittent FMLA leave, most issues arose primarily when employers tried to blend pre-existing leave and attendance policies with new FMLA requirements.

² Data on speeches, seminars, and media interviews and the information on telephone inquiries includes assistance provided by both the Wage and Hour Division and the Women's Bureau.



U.S. DEPARTMENT OF LABOR

Office of Public Affairs

OPA Press Release: Statement Of Secretary Of Labor Robert B. Reich Regarding Minimum Wage [03/26/1996]

For more information call: (202) 219-7316

"Rather than turning legislative somersaults, members of the Senate leadership should have allowed an up-or-down vote on increasing the minimum wage and given American working families a well-deserved and long-awaited raise.

For all the talking going on lately about how to help America's working families, all American working families got today was talk.

If we really want to keep the American Dream alive for people who work hard and play by the rules, then we've got to raise the minimum wage.

The President's proposal to increase the minimum wage 90 cents an hour over two years is an important way to raise the living standards of nearly 12 million workers across the country who currently earn between \$4.25 and \$5.14 an hour.

Eighty one percent of the minimum wage increase that was passed in 1989--and went into effect in 1991--has been eaten away by inflation.

Contrary to popular belief, the typical minimum wage worker is not a teenager flipping hamburgers or working part-time at a record store. More often than not, a minimum wage worker is a white woman, over age 20 working in the service sector or the retail industry.

America cannot afford to leave anyone behind. The people who watch the kids, care for our elderly, haul the trash and sweep the halls ought to be able to make a living doing their jobs. They do the work that keeps America going. The very least we can do for them is to make work pay."

This fight will continue, and millions of Americans who work hard and play by the rules will be the real winners."

--DISCLAIMER--



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Making Work Pay

The Case for Raising the Minimum Wage

U.S. Department of Labor
Robert B. Reich, Secretary
April 1996

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Making Work Pay

The Case for Raising the Minimum Wage

Fact Sheet

Americans know a raise in the minimum wage is one way to help make work pay. For many working Americans an increase in the minimum wage will make the difference between living in poverty and not. Furthermore, a higher minimum wage -- a floor to ensure workers that they're getting a fair deal for their efforts -- provides a foothold into the middle class for many other families.

The Problem: The Minimum Wage is Worth Less Than It Used to Be

The Federal minimum wage is currently \$4.25 per hour. Adjusted for inflation, the value of the minimum wage has fallen by nearly 50 cents since it was last increased in 1991, and is now 29% lower than it was in 1979. If left unchanged, its real value will be at a forty-year low by January 1997.

Raising the minimum wage is one way to make work pay. A recent study concluded that the decline in the real value of the minimum wage since 1979 accounts for 20% of the rise in wage inequality for men, and 30% for women (see DiNardo, Lemieux & Fortin). According to the Bureau of Labor Statistics, 3.66 million workers paid by the hour earn at or below the minimum wage. An increase in this living wage is a strong response to the stagnant incomes that many of these workers face.

Many Adults Rely on the Minimum Wage as a Living Wage

Contrary to popular opinion, the average worker affected by an increase in the minimum wage is not just a teenager flipping hamburgers. Only one in fourteen is a teenage student from a family with above average earnings.

The fact is, almost two-thirds of minimum wage workers are adults, and four in ten are the sole bread winner of their family.

Increasing the Minimum Wage Lifts Families out of Poverty

Twenty percent of those living on the minimum wage the last time it was raised in 1991 were in poverty, and an additional 13% were near poverty. In 1993, the President expanded the Earned Income Tax Credit (EITC), which raised income for 15 million families, helping many working families move above the poverty line. Yet to complete the goal of insuring that full-time working families are out of poverty, we need to raise the minimum wage. Recent analysis by the Economic Policy Institute and preliminary work by the Department of Health

and Human Services suggests that 300,000 people would be lifted out of poverty if the minimum wage was raised to \$5.15 per hour. This figure includes 100,000 children who are currently living in poverty.

The current poverty line for a family of 4 is \$15,600. A family of 4 with one worker earning \$4.25 an hour and working full-time year round (\$8,500) would receive a tax credit of \$3,400 under the 1996 provisions of the EITC, will collect food stamps worth \$3,516, and will pay \$650 in payroll taxes. This family would end up \$834 below the poverty line. On the other hand, for a family of 4 with one worker earning \$10,300 (a full-time year round worker at \$5.15 per hour), the EITC would provide the maximum tax credit (\$3,560), food stamps would provide \$2,876, and they would pay \$788 in payroll taxes. The increase in the minimum wage -- along with EITC and food stamps -- would lift this family out of poverty.

What a Moderate Increase in the Minimum Wage Would Mean for Workers

The President's proposal to raise the minimum wage by \$.90 would generate \$1800 in potential income for minimum wage workers.

Based on expenditure patterns of an average family, \$1800 would buy:

- Seven months of groceries
- One year of health care costs, including insurance premiums, prescription drugs, and out-of-pocket costs
- Nine months' worth of utility bills
- More than a full-year's tuition at a 2-year college
- Basic housing costs for almost 4 months

Many Working Women Depend upon the Minimum Wage

Fifty nine percent of workers earning from \$4.25 to \$5.14 per hour are women; of those, 72 percent are adults 20 years old or over. The President's proposal to increase the minimum wage would raise wages of more than 5.7 million working women. This includes more than 950,000 African-American women and 760,000 women of Hispanic origin. Single heads of households, who are often women, represent over one-fifth of all families who currently rely on the earnings of a worker making \$4.25 to \$5.14 per hour.

A Moderate Increase in the Minimum Wage Does Not Cost Jobs

The standard criticism of the minimum wage is that it raises employers' costs and reduces employment opportunities for teenagers and disadvantaged workers. However, several studies have found that the last two increases in the minimum wage had an insignificant effect on employment. Furthermore, an extension of the time-series studies that had previously been used to claim that raising the minimum wage decreases employment, no longer finds a significant impact.

In a recent review of the literature, Professor Richard Freeman of Harvard, a widely respected labor economist, wrote: "At the level of the minimum wage in the late 1980s, moderate legislated increases did not reduce employment and were, if anything, associated with higher employment in some locales."

In discussing the minimum wage, Robert M. Solow, a Nobel laureate in economics at the Massachusetts Institute of Technology, recently told the New York Times, "The main thing about (minimum wage) research is that the evidence of job loss is weak. And the fact that the evidence is weak suggests that the impact on jobs is small."

Americans Want an Increase in the Minimum Wage

The American public supports increasing the minimum wage by a solid margin. Nearly every survey finds overwhelming support for raising the minimum wage. For example, a national poll conducted in January 1995 for the Los Angeles Times found that 72% of Americans backed an increase in the wage, confirming a December 1994 Wall Street Journal/NBC News survey that found raising the minimum wage is favored by 75%.

Despite expected criticism in some corners, the minimum wage has traditionally had bipartisan support. In 1989, the minimum wage increase passed the House by a vote of 382 to 37 (with 135 Republicans voting for the bill), and 89 to 8 in the Senate (with the support of 36 Republicans).

Currently, ten states, the District of Columbia, and the Virgin Islands have minimum wages that exceed the Federal minimum wage (Alaska, Connecticut, Hawaii, Iowa, Massachusetts, New Jersey, Oregon, Rhode Island, Vermont and Washington). Delaware is expected to pass legislation that will raise its minimum wage on April 15, 1996. The minimum wage in the District of Columbia and Hawaii is \$5.25 an hour and Massachusetts will match this in January 1997; New Jersey's is \$5.05.

The Minimum Wage

Myth and Reality

The federal minimum wage now stands at \$4.25 per hour. A person who works full-time all year long at that wage earns only \$8500 in a year. The buying power of the minimum wage is already 29 percent lower than in 1979 -- and if left unchanged, will be at its lowest point in 40 years by January 1997. To restore that buying power and to make work pay, the President has challenged Congress to raise the minimum wage.

But the debate has been muddied by several myths that anti-minimum wage forces repeat at every opportunity.

Myth: The only Americans working for the minimum wage are teenagers.

Reality: 63 percent of minimum-wage workers are adults age 20 or over. (Source: Bureau of Labor Statistics)

Myth: Minimum wage workers don't support families.

Reality: The last time the federal minimum wage was increased, the average minimum wage worker brought home 51 percent of his or her family's weekly earnings. (Source: Analysis of Census Bureau's Current Population Survey by Professors David Card and Alan Krueger)

Myth: Raising the minimum wage hurts the poor by causing job loss.

Reality: Nearly 10 million working Americans would get a pay raise if the minimum wage is increased to \$5.15 per hour. As Nobel Prize-winning economist Robert Solow said, "[T]he evidence of job loss is weak. And the fact that the evidence is weak suggests that the impact on jobs is small." (Source: *New York Times*, January 12, 1995)

Myth: The only study showing that raising the minimum wage does not cost jobs was a study funded by the U.S. Labor Department.

Reality: One major study -- conducted in 1992 and financed by Princeton University and the University of Wisconsin -- was published by two Princeton University economists. One of those economists later joined the Labor Department. (Source: *Washington Post*, January 11, 1995) Furthermore, a similar conclusion has been reached by at least ten other independent studies.

Myth: Raising the minimum wage will have a negligible impact on people's lives.

Reality: A 90-cent per hour increase in the minimum wage means an additional \$1,800 for a minimum wage earner who works full-time, year round -- as much as the average family spends on groceries in more than 7 months. (Source: Bureau of Labor Statistics)

Myth: Increasing the minimum wage has always been a bitter, partisan issue that only Democrats have supported.

Reality: In 1989, the last time the minimum wage was increased, the House of Representatives vote in favor of the proposal was 382 to 37, and the Senate vote was 89 to 8. Indeed, Senator Dole said at the time, "[T]his is not an issue where we ought to be standing and holding up anybody's getting a 30 to 40 cents an hour pay increase, at the same time that we're talking about capital gains. I never thought the Republican Party should stand for squeezing every last nickel from the minimum wage." (Source: *Congressional Quarterly Almanac 1989*)

Making Work Pay

Questions and Answers on Raising the Minimum Wage

With unemployment at its lowest level in years, should we be tinkering with the minimum wage? Won't an increase in the minimum wage hinder the creation of new jobs?

The minimum wage is currently valued at 29% lower in real terms than it was in 1979.

A number of recent studies have found that a moderate rise in the minimum wage has little, if any, affect on job creation starting at such a low level. In fact, "The impact of a minimum wage rise on jobs is small," the New York Times quoted Nobel Laureate Robert Solow as saying. The Times also reported that economists agree that a minimum wage rise will lift the incomes of low wage workers.

Isn't the minimum wage poorly targeted to people in poverty? The Democratic Leadership Council reports that a number of minimum wage workers are in households with earnings higher than the median worker. Wouldn't a rise in the minimum wage just help middle class teenagers?

Although some people who earn the minimum wage are teenagers, almost two-thirds are adults age 20 and older. The average minimum wage worker brings home about half of his or her family's earnings. Increasing the minimum wage will help these workers to make up for lost ground due to inflation -- it will help make work pay.

The minimum wage provides a foothold into the middle class. A family with two full-time year round workers would earn \$20,600 a year with a \$5.15 minimum wage.

Wouldn't a rise in the minimum wage hurt minorities and the disadvantaged due to job loss?

As the New York Times reported, most economists agree that raising the minimum wage increases the incomes of low wage workers, which more than offsets any effect on jobs. Further, studies of minimum wage increases fail to show disproportionate impacts for minority youth.

Additionally, public support for a minimum wage increase is strong. A January 1995 Los Angeles Times poll found that 72% of Americans back an increase, confirming a December 1994 Wall Street Journal/NBC News poll that found that 75% of adults favored a rise in the minimum wage.

How many workers are affected by a rise in the minimum wage?

An estimated 10 million hourly paid workers earn between \$4.25 and \$5.14, and would directly benefit from the President's proposal to increase the minimum wage.

How can you contemplate a rise in the minimum wage with a new Congress intent on getting government off the backs of business?

The minimum wage has historically enjoyed bipartisan support. Sens. Dole and Kassenbaum, Speaker Gingrich and Rep. Goodling voted for the last minimum wage increase to \$4.25 an hour in 1989.

Governors across the country are fighting against unfunded mandates. Isn't the minimum wage an unfunded mandate on businesses and states?

The minimum wage is not a new unfunded mandate. In fact, given the erosion of the value of the minimum wage over the last 15 years it is now much less of a mandate on businesses and the public sector than it used to be.

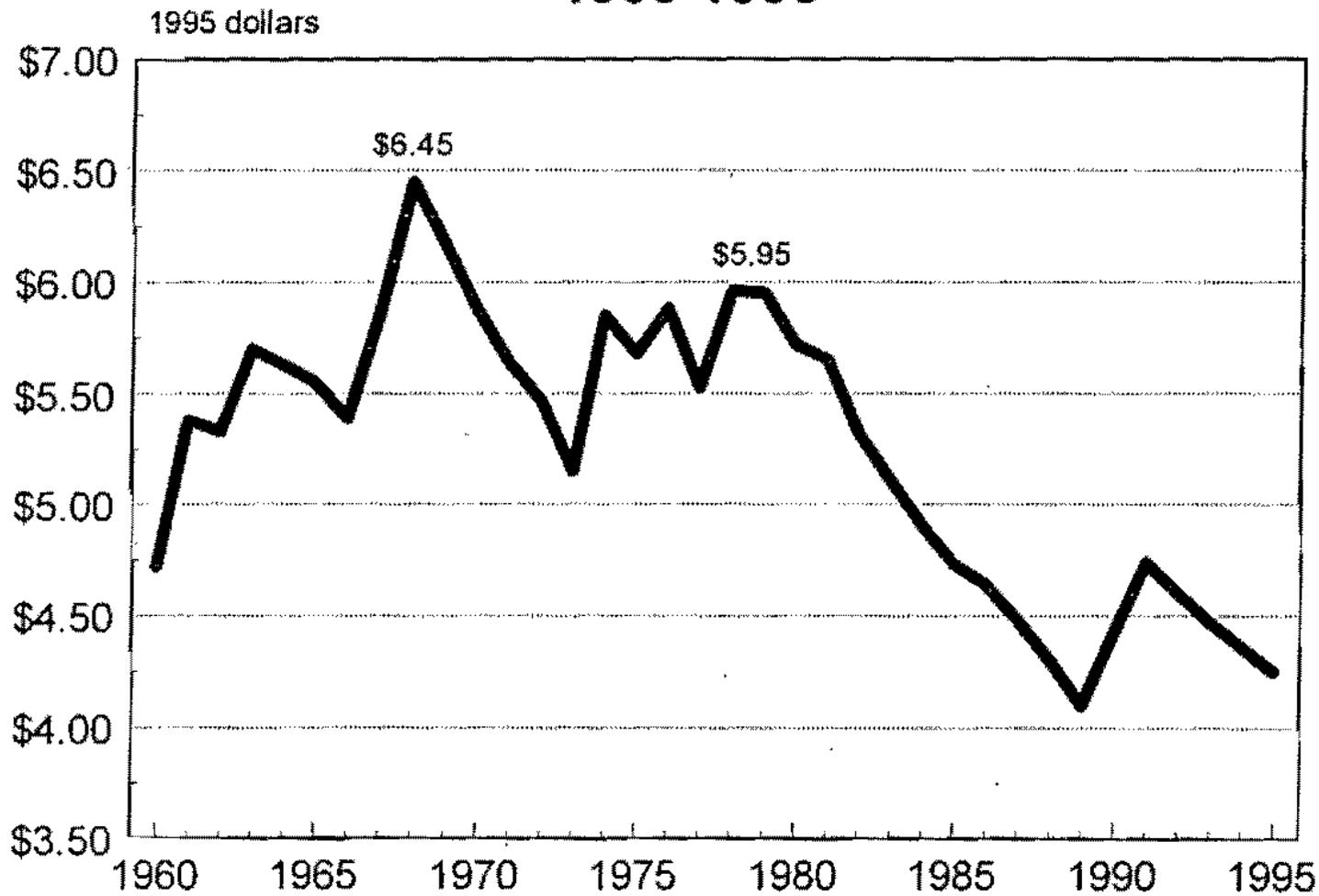
What do you say to all the businesses that say they will lose profit and possibly go bankrupt if the minimum wage is raised? Aren't you just antagonizing the business community by proposing a minimum wage increase?

Inflation has eroded the minimum wage so much that it is currently at its second lowest level since the 1950s. The economy has been very strong, but wages have not grown as much as they need to for the middle class to keep up.

The Clinton Administration has pursued economic policies to put our fiscal house in order, laying the foundation for the current economic expansion. But the problem is that low-wage and middle class workers have not shared fully in this recovery.

The Real Minimum Wage

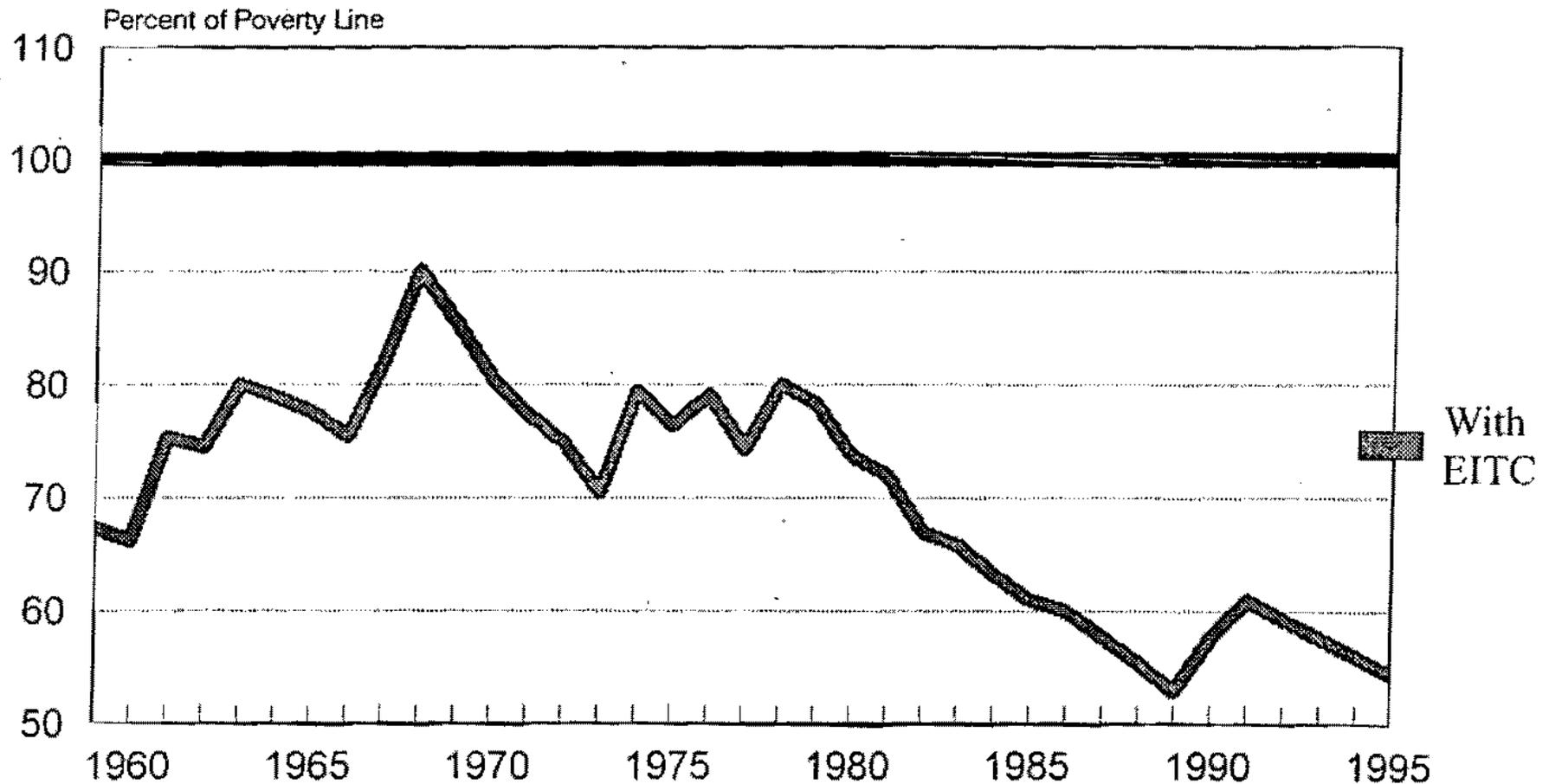
1960-1995



NOTE: Minimum wage is in 1995 CPI-U-X1 dollars.

Minimum Wage Work Does Not Lift Families Out of Poverty

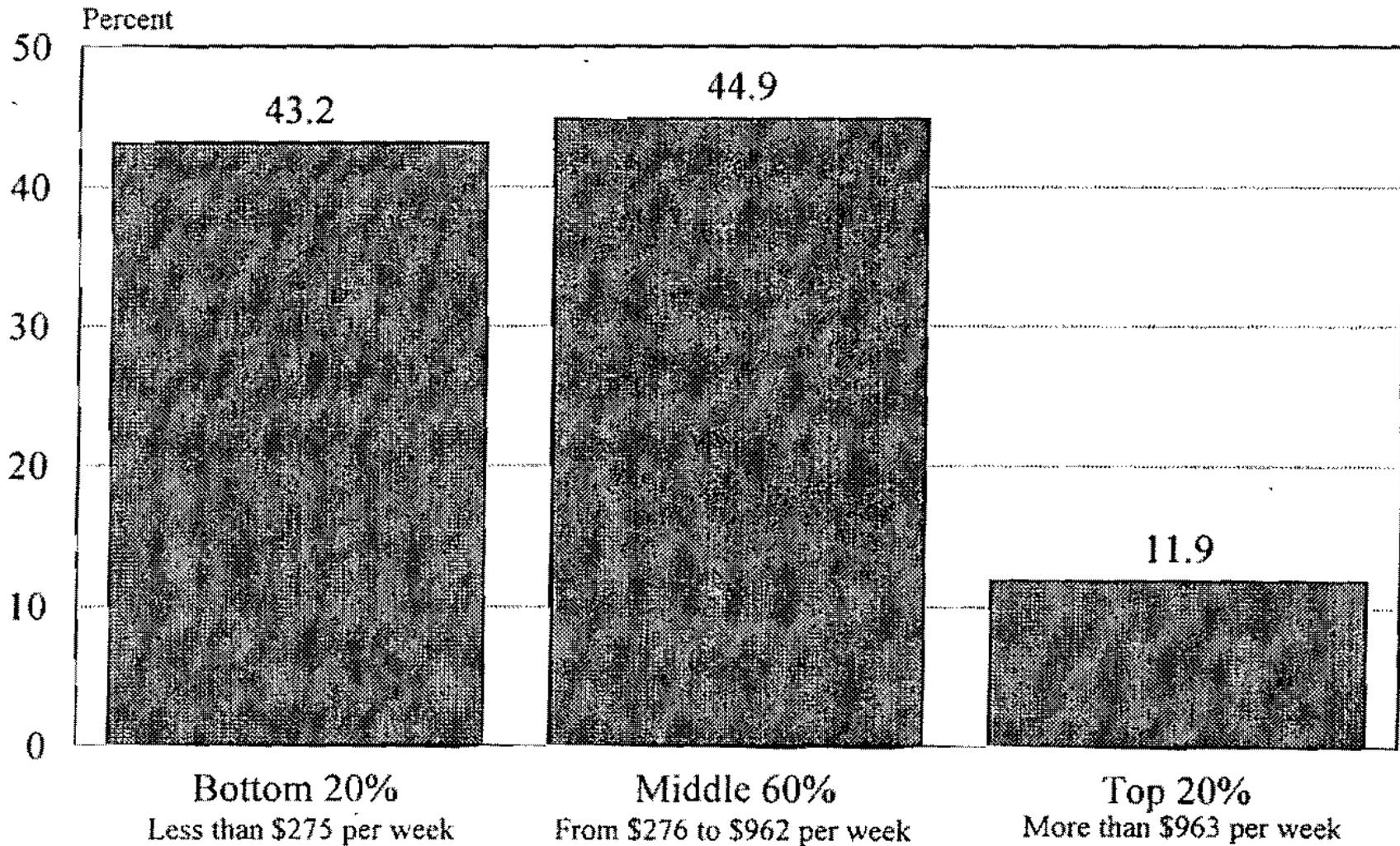
Annual Earnings at the Minimum Wage as a Percentage of the Poverty Line: 1959-1995



Note: Annual earnings for a family of four with one full-time, year-round minimum wage worker as a percentage of the four-person poverty line. The four-person poverty line for 1994 and 1995 are from Congressional Budget Office projections.

Who was Affected by the Last Minimum Wage Increase

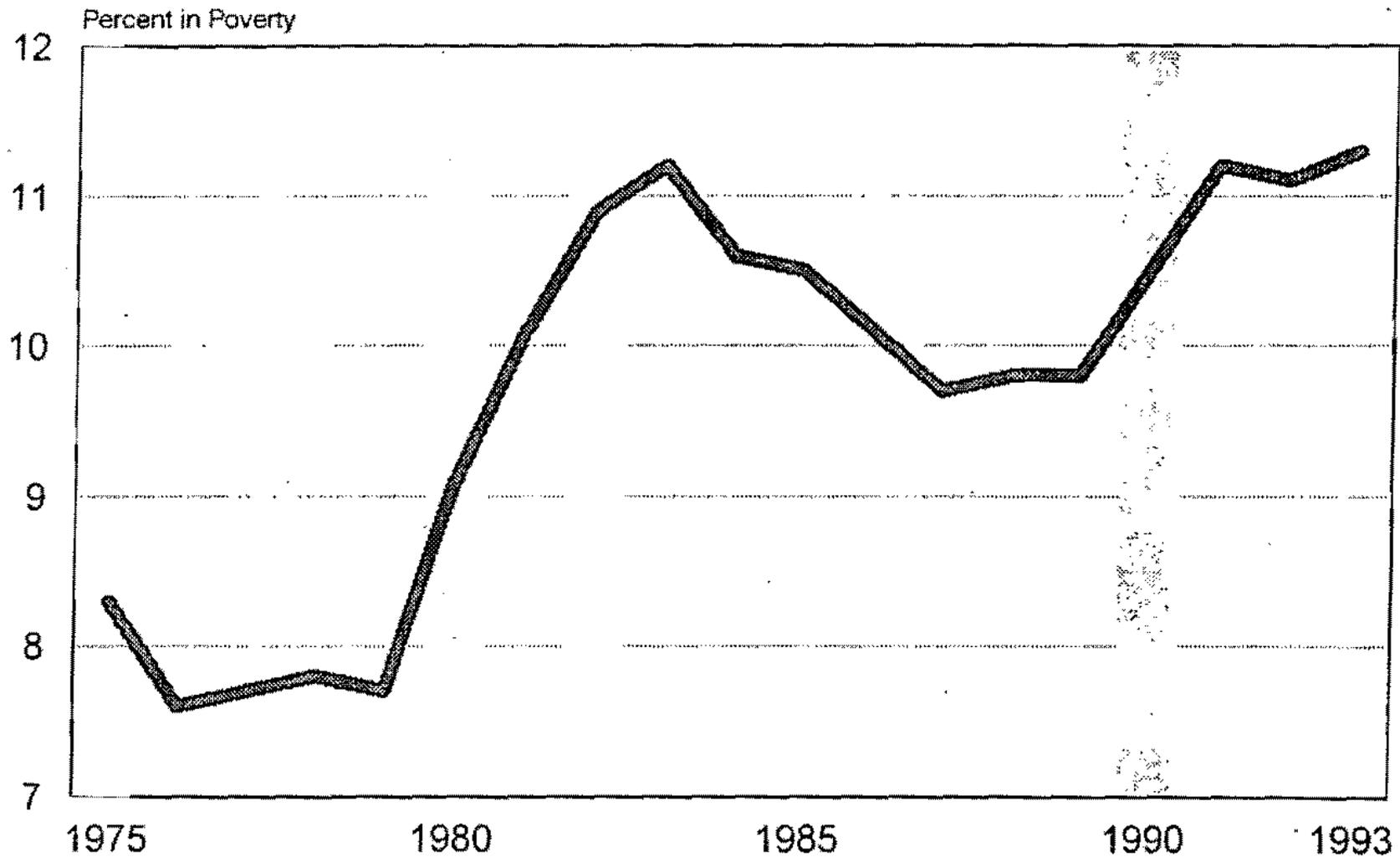
Distribution by Family Earnings



Source: Card and Krueger (1995)

More Working Families are Poor

Percentage of Working Families in Poverty: 1975-1993



Source: Bureau of the Census, Current Population Survey. A working family is defined as one with children where someone in the household worked.

Value of the Minimum Wage, 1955-1995

<u>Year</u>	<u>Value of the Minimum Wage, Nominal Dollars</u>	<u>Value of the Minimum Wage, 1995 Dollars</u>	<u>Minimum Wage as a Percent of the Average Private Nonsupervisory Wage</u>
1955	\$0.75	\$3.92	43.9
1956	1.00	5.13	55.6
1957	1.00	4.98	52.9
1958	1.00	4.84	51.3
1959	1.00	4.81	49.5
1960	1.00	4.72	47.8
1961	1.15	5.38	53.7
1962	1.15	5.33	51.8
1963	1.25	5.70	54.8
1964	1.25	5.63	52.9
1965	1.25	5.55	50.9
1966	1.25	5.39	48.7
1967	1.40	5.86	52.3
1968	1.60	6.45	56.2
1969	1.60	6.17	52.6
1970	1.60	5.88	49.6
1971	1.60	5.64	46.4
1972	1.60	5.47	43.3
1973	1.60	5.15	40.6
1974	2.00	5.85	47.2
1975	2.10	5.68	46.3
1976	2.30	5.88	47.3
1977	2.30	5.53	43.9
1978	2.65	5.96	46.6
1979	2.90	5.95	47.1
1980	3.10	5.72	46.6
1981	3.35	5.65	46.2
1982	3.35	5.32	43.6
1983	3.35	5.11	41.8
1984	3.35	4.90	40.3
1985	3.35	4.73	39.1
1986	3.35	4.64	38.2
1987	3.35	4.48	37.3
1988	3.35	4.30	36.1
1989	3.35	4.10	34.7
1990	3.80	4.42	38.0
1991	4.25	4.74	41.2
1992	4.25	4.60	40.2
1993	4.25	4.47	39.2
1994	4.25	4.36	38.2
1995	4.25	4.25	37.1

Adjusted for inflation using the CPI-U-X1

Source: Center on Budget and Policy Priorities

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VALUE OF THE FEDERAL MINIMUM WAGE, 1955-1995

Year	Value of the Minimum Wage	
	Nominal Dollars	1995 Dollars*
1955	\$0.75	\$3.93
1956	1.00	5.16
1957	1.00	4.99
1958	1.00	4.85
1959	1.00	4.82
1960	1.00	4.74
1961	1.15	5.39
1962	1.15	5.33
1963	1.25	5.72
1964	1.25	5.65
1965	1.25	5.56
1966	1.25	5.40
1967	1.40	5.87
1968	1.60	6.47
1969	1.60	6.20
1970	1.60	5.90
1971	1.60	5.66
1972	1.60	5.49
1973	1.60	5.17
1974	2.00	5.87
1975	2.10	5.69
1976	2.30	5.90
1977	2.30	5.55
1978	2.65	5.98
1979	2.90	5.97
1980	3.10	5.74
1981	3.35	5.66
1982	3.35	5.34
1983	3.35	5.12
1984	3.35	4.92
1985	3.35	4.75
1986	3.35	4.66
1987	3.35	4.49
1988	3.35	4.32
1989	3.35	4.12
1990	3.80	4.43
1991	4.25	4.76
1992	4.25	4.62
1993	4.25	4.48
1994	4.25	4.37
1995	4.25	4.25

* Adjusted for inflation using the CPI-U-X1 (and the CPI-U before 1966)

Note: Years in which the FLSA was amended to raise the minimum wage are indicated by the shading.

Source: Bureau of Labor Statistics

5/22/96



Remarks by the President at Signing of the Small Business Job Protection Act of 1996

August 20, 1996

THE WHITE HOUSE

Office of the Press Secretary

REMARKS BY THE PRESIDENT AT SIGNING OF THE SMALL BUSINESS JOB PROTECTION ACT OF 1996

The South Lawn

2:25 P.M. EDT

THE PRESIDENT: Thank you very much. Cathy, it may be your birthday, but I would say that everybody feels that you have given us a great gift today by reminding us about what this is all about. And we wish you and your fine children well. And I don't think being in the band will hurt them a bit. I'm glad you're going to do that. *(Laughter.)*

I want to thank the members of our administration who are here -- Secretary Reich, Small Business Administrator Phil Lader and others. I want to thank all the members of Congress who are here, especially Senator Kennedy who, himself, probably broke the wage in hour laws by working so hard to pass this bill. If we'd been paying him by the hour we'd be underpaying him in the last year. Thank you very much. *(Applause.)*

There are a lot of people who worked hard on this bill who aren't here -- Senator Daschle, Congressman Gephardt, Congressman Bonior, Congressman Clay, in particular did. I want to join with others and thank the countless labor unions who have championed this bill, led by the truly tireless John Sweeney. *(Applause.)*

I'd like to remind the American people of something, because sometimes our unions are criticized for looking out for their members too much. There are very few unions in America that have minimum wage workers. Most of these unions did this because they thought it was the right thing to do. They spent their time and their money and their energy trying to help other people who do not belong to their organization, and I thank you for that. *(Applause.)*

I'd like to thank the religious groups, the economists, the business people who have made this their cause of concern. Again, I thank the members, including members of both parties, who supported this legislation.

I'll say more in a moment about the rest of the bill, but let me just begin by saying this is a truly remarkable piece of legislation. It is pro-work, pro-business and pro-family; it raises the minimum wage; it helps small businesses in a number of ways that I will explain in a moment, including retirement and incentive to invest, and it promotes adoption in two very sweeping ways that have long needed to be done in the United States. This is a cause for celebration for all Americans of all parties, all walks of life, all faiths. This bill represents the very best in our country.

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It will give 10 million Americans, as Cathy said, a chance to raise stronger families and build better futures. By coming together across lines that have too often divided us and finding common ground, we have made this a real season of achievement for the people of America.

At its heart, this bill does reaffirm our most profoundly American values -- offering opportunity to all, demanding responsibility from all, and coming together as a community to do the right thing. This bill says to the working people of America: If you're willing to take responsibility and go to work, your work will be honored. We're going to honor your commitment to your family, we're going to recognize that \$4.25 an hour is not enough to raise a family.

It's harder and harder to raise children today and harder and harder for people to succeed at home and at work. And I have said repeatedly, over and over again to the American people: We must not force our families to make a choice. Most parents have to work. We have a national interest in seeing that our people can succeed at home where it counts the most in raising their children, and succeed at work so they'll have enough income to be able to succeed at home. We must do both, and this bill helps us achieve that goal. *(Applause.)*

These 10 million Americans will become part of America's economic success story. A success story that in the last four years has led us to 900,000 new construction jobs; a record number of new businesses started, including those owned by women and minorities; a deficit that is the smallest it's been since 1981, and 60 percent less than it was when I took office; 10 million new jobs; 12 million American families who have been able to take advantage of Family and Medical Leave; almost 4.5 million new homeowners and 10 million other Americans who refinanced their homes at lower mortgage rates. And, most importantly of all, perhaps, real hourly wages, which fell for a decade, have finally begun to rise again. America is on the move. *(Applause.)*

But our challenge, my fellow Americans, is to make sure that every American can reap the rewards of a growing economy, every American has the tools to make the most of his or her own life, to build those strong families and to succeed at home and at work. As the Vice President said, the first step was taken in 1993 with the passage of the Family and Medical Leave Law and with the Earned Income Tax Credit, which cut taxes for 15 million working families. Today, that earned income tax credit is worth about \$1,000 to a family of four with an income under \$28,000 a year.

Well, today, we complete the second half of that effort. Together with our tax cut for working families, this bill ensures that a parent working full-time at the minimum wage can lift himself or herself and their children out of poverty. Nobody who works full-time with kids in the home should be in poverty. If we want to really revolutionize America's welfare system and move people from welfare to work and reward work, that is the first, ultimate test we all have to meet. If you get up every day and you go to work, and you put in your time and you have kids in your home, you and your children will not be in poverty. *(Applause.)*

We have some hard working minimum wage people here today supporting Cathy. Let me tell you about them. Seventy percent of them are adults, six of 10 are working women, and for them, work is about more than a paycheck, it's about pride. They want a wage they can raise their families on. By raising the minimum wage by 90 cents, this bill, over two years, will give those families an additional \$1,800 a year in income -- enough to buy seven months of groceries, several months of rent, or child care. Or, as Cathy said, to pay all of the bills from the utilities in the same month.

For many, this bill will make the difference between their ability to keep their families together and their failure to do so. These people reflect America's values, and it's a lot harder for them than it is for most of us to go around living what they say they believe in. It's about time they got a reward and, today, they'll get it. *(Applause.)*

I would also like to say a very special word of thanks to the business owners, especially the small

business owners who supported this bill. Many of the minimum wage employers I talk to wanted to pay their employees more than \$4.25 an hour and would be happy to do so as long as they can do it without hurting their businesses, and that means their competitors have to do the same thing. This bill will allow them to compete and win, to have happier, more productive employees, and to know they're doing the right thing. For all of those small businesses, I am very, very appreciative. *(Applause.)*

I would also like to say that this bill does a remarkable number of things for small businesses. In each of the last three years, our nation has set a new record in each succeeding year in the number of new businesses started. And we know that most of the new jobs in America are being created by small- and medium-sized businesses. In 1993, I proposed a \$15,000 increase in the amount of capital a small business can expense, to spark the kind of investment that they need to create jobs. Well, in 1993 we only won half that increase, but today I'll get to sign the second half into law, and I thank the Congress for passing that, as well. *(Applause.)*

As the Vice President said, this bill also includes a Work Opportunity Tax Credit to provide jobs for the most economically disadvantaged working Americans, including people who want to move from welfare to work. Now, there will be a tightly drawn economic incentive for people to hire those folks and give them a chance to enter the workforce, as well. It extends the research tax credit to help businesses stay competitive in the global economy. It extends a tax incentive for businesses to train and educate their employees. That's good news for people who need those skills, and it's good news for America because we have to have the best educated workforce in the world in the 21st century.

This legislation does even more to strengthen small business by strengthening the families that make them up. It helps millions of more Americans to save for their own retirement. It makes it much easier for small businesses to offer pension plans by creating a new small business 401(k) plan. It also lets more Americans keep their pensions when they change jobs without having to wait a year before they can start saving at their new jobs. As many as 10 million Americans without pensions today could now earn them as a result of this bill.

I'm delighted we are joined today, among others, by Shawn Marcell, the CEO of Prima Facie, a fast-growing video monitoring company in Pennsylvania, which now has just 17 employees -- but that's a lot more than he started with. He stood with me in April and promised that if we kept our word and made pensions easier and cheaper for small businesses like his, he'd give pensions to all of his employees. Today, he has told us he's making good on that pledge. I'd like him to stand up, and say I predict that thousands more will follow Shawn's lead. Thank you, Shawn. Please stand up. Let's give him a hand. God bless you, sir. Thank you. *(Applause.)*

I'd also like to say a special word of thanks to our SBA Administrator, Phil Lader, and to the White House Conference on Small Business. When the White House Conference on Small Business met, they said one of their top priorities was increasing the availability and the security of pensions for small business owners in America. This is a good thing. It is also pro-work, pro-family and pro-business.

Finally, this bill does something else that is especially important to me and to Hillary -- and I'm glad she's here with us today. It breaks down the financial and bureaucratic barriers to adoption, giving more children what every child needs and deserves -- loving parents and a strong, stable home. *(Applause.)*

Two weeks ago, we had a celebration for the American athletes who made us so proud in Atlanta at the Centennial Olympics. Millions of Americans now know that one of them -- the Decathlon Gold medalist, Dan O'Brien -- speaks movingly about having been an adopted child and how much the support of his family meant in his life. Right now, there are tens of thousands of children waiting for the kind of family that helped to make Dan O'Brien an Olympic champion. At the same time, there are thousands of middle class families that want to bring children into their homes but cannot afford

it. We're offering a \$5,000 tax credit to help bring them together. It gives even more help to families that will adopt children with disabilities or take in two siblings, rather than seeing them split up.

And, lastly, this bill ends the long-standing bias against interracial adoption which has too often meant an endless, needless wait for America's children. *(Applause.)*

You know, as much as we talk about strong, loving families, it's not every day that we here in Washington get to enact a law that literally creates them or helps them stay together. This is such a day. Although he can't be with us today, I also want to thank Dave Thomas, himself adopted, who went on to found Wendy's and do so much for our country. Perhaps more than any other American citizen, he has made these adoption provisions possible, and we thank him.

Lastly, I'd like to point out that we do have some significant number of adoptive families here with us today, including some who are on the stage. And so I'd just like to acknowledge the Weeks *(ph.)* family, the Wolfington *(ph.)* family, the Outlaw *(ph.)* family, the Fitzwater *(ph.)* family, and ask them and anyone else here from the adoptive family community to stand up who'd like to stand. We'd like to recognize you and thank you for being here. Thank you all for being here. Thank you. *(Applause.)*

Beside me, or in front of me now, is the desk used by Frances Perkins -- Franklin Roosevelt's labor secretary and the very first woman ever to serve in the Cabinet. She was one of our greatest labor secretaries. It was from her desk that many of America's pioneering wage, hour and workplace laws originated -- including the very first 25 cent an hour minimum wage signed into law by President Roosevelt in 1938.

Secretary Perkins understood that a living wage was about more than feeding a family or shelter from a storm. A living wage makes it possible to participate in what she called the culture of community -- to take part in the family, the community, the religious life we all cherish. Confident in our ability to provide for ourselves and for our children, secure in the knowledge that hard work does pay. A minimum wage increase, portable health care, pension security, welfare to work opportunities -- that's a plan that's putting America on the right track.

Now, we have to press forward, giving tax cuts for education and child-rearing and child care, buying a first home, finishing that job of balancing the budget without violating our obligations to our parents and our children and the disabled and health care, to education and the environment and to our future. That's a plan that will keep America on the right track, building strong families and strong futures by working together.

For everyone here who played a role in this happy day, I thank you, America thanks you, and our country is better because of your endeavors. God bless you. Thank you. *(Applause.)*

(The bill is signed.) (Applause.)

Source: *The White House Web Site*



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Statement of The President on the Signing of the Small Business Job Protection Act of 1996

AUGUST 20, 1996

THE WHITE HOUSE

Office of the Press Secretary

STATEMENT BY THE PRESIDENT

Today I have signed into law H.R. 3448, the "Small Business Job Protection Act of 1996."

This is important and long overdue legislation that provides a badly needed pay raise for millions of Americans and their families who struggle to make ends meet while working at the minimum wage. The Act boosts the minimum wage in two steps -- a 50 cent increase from \$4.25 to \$4.75 an hour that takes effect October 1, followed by an additional 40 cent rise to \$5.15 an hour on September 1, 1997. This increase will help some 10 million of our hardest pressed working families build a better future. It is true to the basic American bargain that if you work hard you ought to have food on your table and a living wage in your pocket. It is the right thing to do.

I should note that I disagree with certain provisions added to the minimum wage title of the Act, such as the provision creating a new subminimum wage for young people and the one denying increased cash wages to most employees who rely on tips for part of their income. Still, those defects do not obscure the central accomplishment of this Act -- securing the first minimum wage increase since 1991.

Beyond raising the minimum wage, this Act represents real progress on a number of other fronts.

First, I am particularly gratified by the important provisions in this Act concerning adoption. The Act provides a nonrefundable tax credit of up to \$5,000 per child for adoption expenses; \$6,000 for children with special needs. It will help thousands of children waiting for a family who wants them. It will help thousands of middle class parents realize their dream of adopting a child. It will build stronger families and stronger communities.

Moreover, the Act bars placement agencies that receive Federal funds from denying or delaying adoptions based on race, color, or national origin. As I have consistently said, it is time to end the historical bias against interracial adoptions. That bias has too often meant interminable delay for children waiting to be matched with parents of the same race. It is time to put the creation of strong and loving families first.

Second, the Act creates a simplified, 401(k) retirement plan for small businesses, making it far easier for such companies to offer pensions to their employees. This new plan includes many of the pension reforms my Administration proposed more than a year ago. For example, it increases the portability of pensions, allowing more new workers to start saving for retirement from their first day on the job. It cuts the vesting period for workers in multiemployer plans from 10 years to 5, immediately vesting over 1 million workers in their benefits. It repeals the so-called "family aggregation rule," which limited the retirement benefits of family members working together in the same business. It allows nonprofit organizations and Indian tribes to maintain 401(k) plans for their workers; assures veterans they will have continued pension coverage if they return to a civilian job after military service; and

makes pension benefits safer and more secure for millions of employees of State and local governments. The pension provisions in the Act are not perfect – they provide a smaller share of benefits to lower and middle wage workers than I proposed. But they are a significant step in the right direction.

Third, the Act gives a boost to small business by increasing the amount of capital that small businesses can write off as an expense. I proposed a \$15,000 increase in 1993 in order to encourage the kind of investment that creates new growth and jobs. The Congress passed half of what we advocated then and this legislation gives us the other half. Although the measure in this Act is phased in more slowly than I proposed, it will still give small businesses a good incentive for capital investment.

Fourth, the Act extends the research tax credit, an important measure for a high-tech economy that will retain its competitive edge in the 21st century only if we remain committed to innovation and the research that underlies it. I wanted the Congress to go further by reinstating the research credit retroactively to July 1, 1995, when it last expired, and making it permanent. But this extension, through May of next year, is an important step forward.

Fifth, the Act extends a tax incentive for businesses that train and educate their employees. That incentive excludes from an employee's taxable income as much as \$5,250 of educational assistance provided by an employer. Such assistance is another key element in maintaining U.S. competitiveness because a better trained, better educated work force is vital to achieving higher productivity. I regret that the Congress failed to make this incentive permanent and that it has eliminated the incentive for post-graduate education. But in extending the incentive for undergraduate education through May 1997, the Act takes a useful step.

Sixth, by replacing the expiring Targeted Jobs Tax Credit (TJTC) with a new Work Opportunity Tax Credit, the Act provides a significant incentive for employers to hire people from certain targeted groups most in need of jobs, such as high-risk youth. I am pleased to see improvements that address many of the concerns raised about implementation of the TJTC. For example, the minimum employment period required before an employer becomes eligible for the credit will promote longer, more meaningful work experiences for those hired.

As strong a piece of legislation as this is overall, however, I am concerned about three provisions, two of which I objected to when they were included in legislation I vetoed last year.

The first provision repeals the tax credit related to corporate investments in Puerto Rico and other insular areas. I urged the Congress to reform the credit and use the resulting revenue for Puerto Rico's social and job training needs. My proposal would have, over time, prevented companies from obtaining tax benefits by merely attributing income to the islands, but it would have continued to give companies a tax credit for wages and local taxes paid and capital investments made there, as well as for earnings reinvested in Puerto Rico and qualified Caribbean Basin Initiative countries. This legislation ignores the real needs of our citizens in Puerto Rico, ending the incentive for new investment now and phasing out the incentive for existing investments. I remain committed to my proposal for an effective incentive based on real economy activity that preserves and creates jobs in underdeveloped islands, and I hope that the Congress will act to ensure that the incentive for economic activity remains in effect.

A second provision repeals a 1993 initiative of this Administration that reduces tax incentives for U.S. companies to move jobs and operations abroad. Repeal of this provision will allow businesses to avoid taxes by accumulating foreign earnings without limit.

Finally, I have reservations about a provision in the Act which makes civil damages based on nonphysical injury or illness taxable. Such damages are paid to compensate for injury, whether physical or not, and are designed to make victims whole, not to enrich them. These damages should

not be considered a source of taxable income.

Notwithstanding these objections, this is important, forward-looking legislation. It gives millions of hard-pressed workers a well-deserved raise, will make adoption a reality for thousands of grateful families and children, takes a good first step toward providing adequate retirement benefits and security for employees of small businesses, and creates useful tax incentives for the benefit of small businesses and their employees. Where there are improvements yet to be made, we will continue to work with the Congress to make them.

WILLIAM J. CLINTON

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News Release



U.S. Department of Labor

Office of Public Affairs
Washington, D.C.

CONTACT: Carl A. Fillichio
OFFICE: 202/219-8211

USDL: 96-344
FOR RELEASE: Immediate
Tuesday, August 20, 1996

STATEMENT OF LABOR SECRETARY ROBERT B. REICH REGARDING THE MINIMUM WAGE

Today, we are affirming that the American dream is possible for everyone--janitors, maids, child-care workers, cashiers, bus boys, fork-lift operators, gas station attendants--the people who clean offices at night, file the papers, answer the phones, serve the food, cut and sew our clothes, pick the crops, sweep the floors, care for our children, our sick and our elderly.

Next month, on the first day of October--when this legislation will go into effect--10 million hard working Americans will get the raise they deserve. An additional 50 cents per hour will mean the difference between buying fresh milk and powdered milk. It will mean a warm winter coat, or books and transportation for school. It will mean the difference between barely surviving and getting one leg up into a better life.

A raise in the minimum wage was supported by more than 85 percent of the American public. They know that raising the minimum wage was a simple and fair way to make work really pay. Now, millions of low-wage workers--and their families--know it too.

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The information in this news release will be made available to sensory impaired individuals upon request. TDD Message Referral Phone: 1-800-326-2577, Voice phone: (202) 219-7316.

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[DOCID: F:publ188.104]

[[Page 110 STAT. 175S]]

Public Law 104-188
104th Congress

N

An Act

To provide tax relief for small businesses, to protect jobs, to create opportunities, to increase the take home pay of workers, to amend the Portal-to-Portal Act of 1947 relating to the payment of wages to employees who use employer owned vehicles, and to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate and to prevent job loss by providing flexibility to employers in complying with minimum wage and overtime requirements under that Act. <<NOTE: Aug. 20, 1996 - [H.R. 3448]>>

Be it enacted by the Senate and House of Representatives of the United States of America <<NOTE: Small Business Job Protection Act of 1996.>> in Congress assembled,

SECTION 1. SHORT TITLE; <<NOTE: 26 USC 1 note.>> TABLE OF CONTENTS.

(a) Short Title.--This Act may be cited as the "Small Business Job Protection Act of 1996".

(b) Table of Contents.--

Sec. 1. Short title; table of contents.

TITLE I--SMALL BUSINESS AND OTHER TAX PROVISIONS

Sec. 1101. Amendment of 1986 Code.

Sec. 1102. Underpayments of estimated tax.

Subtitle A--Expensing; Etc.

Sec. 1111. Increase in expense treatment for small businesses.

Sec. 1112. Treatment of employee tips.

Sec. 1113. Treatment of storage of product samples.

Sec. 1114. Treatment of certain charitable risk pools.

Sec. 1115. Treatment of dues paid to agricultural or horticultural organizations.

Sec. 1116. Clarification of employment tax status of certain fishermen.

Sec. 1117. Modifications of tax-exempt bond rules for first-time farmers.

Sec. 1118. Newspaper distributors treated as direct sellers.

Sec. 1119. Application of involuntary conversion rules to presidentially declared disasters.

Sec. 1120. Class life for gas station convenience stores and similar structures.

Sec. 1121. Treatment of abandonment of lessor improvements at termination of lease.

Sec. 1122. Special rules relating to determination whether individuals are employees for purposes of employment taxes.

Sec. 1123. Treatment of housing provided to employees by academic health centers.

Subtitle B--Extension of Certain Expiring Provisions

Sec. 1201. Work opportunity tax credit.

Sec. 1202. Employer-provided educational assistance programs.

Sec. 1203. FUTA exemption for alien agricultural workers.

Sec. 1204. Research credit.

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- Sec. 1205. Orphan drug tax credit.
- Sec. 1206. Contributions of stock to private foundations.
- Sec. 1207. Extension of binding contract date for biomass and coal facilities.
- Sec. 1208. Moratorium for excise tax on diesel fuel sold for use or used in diesel-powered motorboats.

Subtitle C--Provisions Relating to S Corporations

- Sec. 1301. S corporations permitted to have 75 shareholders.
- Sec. 1302. Electing small business trusts.

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- Sec. 1303. Expansion of post-death qualification for certain trusts.
- Sec. 1304. Financial institutions permitted to hold safe harbor debt.
- Sec. 1305. Rules relating to inadvertent terminations and invalid elections.
- Sec. 1306. Agreement to terminate year.
- Sec. 1307. Expansion of post-termination transition period.
- Sec. 1308. S corporations permitted to hold subsidiaries.
- Sec. 1309. Treatment of distributions during loss years.
- Sec. 1310. Treatment of S corporations under subchapter C.
- Sec. 1311. Elimination of certain earnings and profits.
- Sec. 1312. Carryover of disallowed losses and deductions under at-risk rules allowed.
- Sec. 1313. Adjustments to basis of inherited S stock to reflect certain items of income.
- Sec. 1314. S corporations eligible for rules applicable to real property subdivided for sale by noncorporate taxpayers.
- Sec. 1315. Financial institutions.
- Sec. 1316. Certain exempt organizations allowed to be shareholders.
- Sec. 1317. Effective date.

Subtitle D--Pension Simplification

Chapter 1--Simplified Distribution Rules

- Sec. 1401. Repeal of 5-year income averaging for lump-sum distributions.
- Sec. 1402. Repeal of \$5,000 exclusion of employees' death benefits.
- Sec. 1403. Simplified method for taxing annuity distributions under certain employer plans.
- Sec. 1404. Required distributions.

Chapter 2--Increased Access to Retirement Plans

subchapter a--simple savings plans

- Sec. 1421. Establishment of savings incentive match plans for employees of small employers.
- Sec. 1422. Extension of simple plan to 401(k) arrangements.

subchapter b--other provisions

- Sec. 1426. Tax-exempt organizations eligible under section 401(k).
- Sec. 1427. Homemakers eligible for full IRA deduction.

Chapter 3--Nondiscrimination Provisions

- Sec. 1431. Definition of highly compensated employees; repeal of family aggregation.
- Sec. 1432. Modification of additional participation requirements.
- Sec. 1433. Nondiscrimination rules for qualified cash or deferred arrangements and matching contributions.
- Sec. 1434. Definition of compensation for section 415 purposes.

Chapter 4--Miscellaneous Provisions

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- Sec. 1441. Plans covering self-employed individuals.
- Sec. 1442. Elimination of special vesting rule for multiemployer plans.
- Sec. 1443. Distributions under rural cooperative plans.
- Sec. 1444. Treatment of governmental plans under section 415.
- Sec. 1445. Uniform retirement age.
- Sec. 1446. Contributions on behalf of disabled employees.
- Sec. 1447. Treatment of deferred compensation plans of State and local governments and tax-exempt organizations.
- Sec. 1448. Trust requirement for deferred compensation plans of State and local governments.
- Sec. 1449. Transition rule for computing maximum benefits under section 415 limitations.
- Sec. 1450. Modifications of section 403(b).
- Sec. 1451. Special rules relating to joint and survivor annuity explanations.
- Sec. 1452. Repeal of limitation in case of defined benefit plan and defined contribution plan for same employee; excess distributions.
- Sec. 1453. Tax on prohibited transactions.
- Sec. 1454. Treatment of leased employees.
- Sec. 1455. Uniform penalty provisions to apply to certain pension reporting requirements.
- Sec. 1456. Retirement benefits of ministers not subject to tax on net earnings from self-employment.
- Sec. 1457. Sample language for spousal consent and qualified domestic relations forms.

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- Sec. 1458. Treatment of length of service awards to volunteers performing fire fighting or prevention services, emergency medical services, or ambulance services.
- Sec. 1459. Alternative nondiscrimination rules for certain plans that provide for early participation.
- Sec. 1460. Clarification of application of ERISA to insurance company general accounts.
- Sec. 1461. Special rules for chaplains and self-employed ministers.
- Sec. 1462. Definition of highly compensated employee for pre-ERISA rules for church plans.
- Sec. 1463. Rule relating to investment in contract not to apply to foreign missionaries.
- Sec. 1464. Waiver of excise tax on failure to pay liquidity shortfall.
- Sec. 1465. Date for adoption of plan amendments.

Subtitle E--Foreign Simplification

- Sec. 1501. Repeal of inclusion of certain earnings invested in excess passive assets.

Subtitle F--Revenue Offsets

Part I--General Provisions

- Sec. 1601. Modifications of Puerto Rico and possession tax credit.
- Sec. 1602. Repeal of exclusion for interest on loans used to acquire employer securities.
- Sec. 1603. Certain amounts derived from foreign corporations treated as unrelated business taxable income.
- Sec. 1604. Depreciation under income forecast method.
- Sec. 1605. Repeal of exclusion for punitive damages and for damages not attributable to physical injuries or sickness.
- Sec. 1606. Repeal of diesel fuel tax rebate to purchasers of diesel-powered automobiles and light trucks.
- Sec. 1607. Extension and phasedown of luxury passenger automobile tax.
- Sec. 1608. Termination of future tax-exempt bond financing for local furnishers of electricity and gas.
- Sec. 1609. Extension of Airport and Airway Trust Fund excise taxes.
- Sec. 1610. Basis adjustment to property held by corporation where st

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- in corporation is replacement property under involuntary conversion rules.
- Sec. 1611. Treatment of certain insurance contracts on retired lives.
 - Sec. 1612. Treatment of modified guaranteed contracts.
 - Sec. 1613. Treatment of contributions in aid of construction.
 - Sec. 1614. Election to cease status as qualified scholarship funding corporation.
 - Sec. 1615. Certain tax benefits denied to individuals failing to provide taxpayer identification numbers.
 - Sec. 1616. Repeal of bad debt reserve method for thrift savings associations.
 - Sec. 1617. Exclusion for energy conservation subsidies limited to subsidies with respect to dwelling units.

Part II--Financial Asset Securitization Investments

- Sec. 1621. Financial Asset Securitization Investment Trusts.

Subtitle G--Technical Corrections

- Sec. 1701. Coordination with other subtitles.
- Sec. 1702. Amendments related to Revenue Reconciliation Act of 1990.
- Sec. 1703. Amendments related to Revenue Reconciliation Act of 1993.
- Sec. 1704. Miscellaneous provisions.

Subtitle H--Other Provisions

- Sec. 1801. Exemption from diesel fuel dyeing requirements with respect to certain States.
- Sec. 1802. Treatment of certain university accounts.
- Sec. 1803. Modifications to excise tax on ozone-depleting chemicals.
- Sec. 1804. Tax-exempt bonds for sale of Alaska Power Administration facility.
- Sec. 1805. Nonrecognition treatment for certain transfers by common trust funds to regulated investment companies.
- Sec. 1806. Qualified State tuition programs.
- Sec. 1807. Adoption assistance.
- Sec. 1808. Removal of barriers to interethnic adoption.
- Sec. 1809. 6-month delay of electronic fund transfer requirement.

Subtitle I--Foreign Trust Tax Compliance

- Sec. 1901. Improved information reporting on foreign trusts.

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- Sec. 1902. Comparable penalties for failure to file return relating to transfers to foreign entities.
- Sec. 1903. Modifications of rules relating to foreign trusts having one or more United States beneficiaries.
- Sec. 1904. Foreign persons not to be treated as owners under grantor trust rules.
- Sec. 1905. Information reporting regarding foreign gifts.
- Sec. 1906. Modification of rules relating to foreign trusts which are not grantor trusts.
- Sec. 1907. Residence of trusts, etc.

Subtitle J--Generalized System of Preferences

- Sec. 1951. Short title.
- Sec. 1952. Generalized System of Preferences.
- Sec. 1953. Effective date.
- Sec. 1954. Conforming amendments.

TITLE II--PAYMENT OF WAGES

- Sec. 2101. Short title.
- Sec. 2102. Proper compensation for use of employer vehicles.

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Sec. 2103. Effective date.
 Sec. 2104. Minimum wage increase.
 Sec. 2105. Fair Labor Standards Act Amendments.

TITLE I--SMALL BUSINESS AND OTHER TAX PROVISIONS

SEC. 1101. AMENDMENT OF 1986 CODE.

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

SEC. 1102. UNDERPAYMENTS <<NOTE: 26 USC 6654 note.>> OF ESTIMATED TAX.

No addition to the tax shall be made under section 6654 or 6655 of the Internal Revenue Code of 1986 (relating to failure to pay estimated tax) with respect to any underpayment of an installment required to be paid before the date of the enactment of this Act to the extent such underpayment was created or increased by any provision of this title.

Subtitle A--Expensing; Etc.

SEC. 1111. INCREASE IN EXPENSE TREATMENT FOR SMALL BUSINESSES.

(a) General <<NOTE: 26 USC 179.>> Rule.--Paragraph (1) of section 179(b) (relating to dollar limitation) is amended to read as follows:
 "(1) Dollar limitation.--The aggregate cost which may be taken into account under subsection (a) for any taxable year shall not exceed the following applicable amount:

If the taxable year begins in:	The applicable amount is:
1997.....	18,000
1998.....	18,500
1999.....	19,000
2000.....	20,000
2001 or 2002.....	24,000
2003 or thereafter.....	25,000."

(b) Effective Date.--The <<NOTE: 26 USC 179 note.>> amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1996.

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SEC. 1112. TREATMENT OF EMPLOYEE TIPS.

(a) Employee Cash Tips.--

(1) Reporting requirement not considered.--Subparagraph (A) of section 45B(b) (1) (relating to excess employer social security tax) is amended by inserting "(without regard to whether such tips are reported under section 6053)" after "section 3121(q)".

(2) Taxes paid.--Subsection <<NOTE: 26 USC 3B note.>> (d) of section 13443 of the Revenue Reconciliation Act of 1993 is amended by inserting "", with respect to services performed before, on, or after such date" after "1993".

(3) Effective <<NOTE: 26 USC 45B note.>> date.--The amendments made by this subsection shall take effect as if included in the amendments made by, and the provisions of, section 13443 of the Revenue Reconciliation Act of 1993.

(b) Tips for Employees Delivering Food or Beverages.--

(1) In general.--Paragraph (2) of section 45B(b) is amended to read as follows:

"(2) Only tips received for food or beverages taken int

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the Customs Service--

- (1) to locate the entry; or
- (2) to reconstruct the entry if it cannot be located.

SEC. 1954. CONFORMING AMENDMENTS.

(a) Trade Laws.--

(1) Section 1211(b) of the Omnibus Trade and Competitiveness Act of 1988 (19 U.S.C. 3011(b)) is amended--

(A) in paragraph (1), by striking "(19 U.S.C. 2463(a), 2464(c)(3))" and inserting "(as in effect on July 31, 1995)"; and

(B) in paragraph (2), by striking "(19 U.S.C. 2464(c)(1))" and inserting the following: "(as in effect on July 31, 1995)".

(2) Section 203(c)(7) of the Andean Trade Preference Act (19 U.S.C. 3202(c)(7)) is amended by striking "502(a)(4)" and inserting "507(4)".

(3) Section 212(b)(7) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702(b)(7)) is amended by striking "502(a)(4)" and inserting "507(4)".

(4) General note 3(a)(iv)(C) of the Harmonized Tariff Schedule of the United States is amended by striking "sections 503(b) and 504(c)" and inserting "subsections (a), (c), and (d) of section 503".

(5) Section 201(a)(2) of the North American Free Trade Agreement Implementation Act (19 U.S.C. 3331(a)(2)) is amended by striking "502(a)(2) of the Trade Act of 1974 (19 U.S.C. 2462(a)(2))" and inserting "502(f)(2) of the Trade Act of 1974".

[[Page 110 STAT. 1928]]

(6) Section 131 of the Uruguay Round Agreements Act (19 U.S.C. 3551) is amended in subsections (a) and (b)(1) by striking "502(a)(4)" and inserting "507(4)".

(b) Other Laws.--

(1) Section 871(f)(2)(B) of the Internal Revenue Code of 1986 is amended by striking "within the meaning of section 502" and inserting "under title V".

(2) Section 2202(8) of the Export Enhancement Act of 1988 (15 U.S.C. 4711(8)) is amended by striking "502(a)(4)" and inserting "507(4)".

(3) Section 231A(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2191a(a)) is amended--

(A) in paragraph (1) by striking "502(a)(4) of the Trade Act of 1974 (19 U.S.C. 2462(a)(4))" and inserting "507(4) of the Trade Act of 1974";

(B) in paragraph (2) by striking "505(c) of the Trade Act of 1974 (19 U.S.C. 2465(c))" and inserting "504 of the Trade Act of 1974"; and

(C) in paragraph (4) by striking "502(a)(4)" and inserting "507(4)".

(4) Section 1621(a)(1) of the International Financial Institutions Act (22 U.S.C. 262p-4p(a)(1)) is amended by striking "502(a)(4)" and inserting "507(4)".

(5) Section 103B of the Agricultural Act of 1949 (7 U.S.C. 1444-2) is amended in subsections (a)(5)(F)(v) and (n)(1)(C) by striking "503(d) of the Trade Act of 1974 (19 U.S.C. 2463(d))" and inserting "503(b)(3) of the Trade Act of 1974".

SEC. 2101. SHORT <<NOTE: Employee Commuting Flexibility Act of 1996. 29 USC 251 note.>> TITLE.

This section and sections 2102 and 2103 may be cited as the "Employee Commuting Flexibility Act of 1996".

SEC. 2102. PROPER COMPENSATION FOR USE OF EMPLOYER VEHICLES.

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Section 4(a) of the Portal-to-Portal Act of 1947 (29 U.S.C. 254(a)) is amended by adding at the end the following: ``For purposes of this subsection, the use of an employer's vehicle for travel by an employee and activities performed by an employee which are incidental to the use of such vehicle for commuting shall not be considered part of the employee's principal activities if the use of such vehicle for travel is within the normal commuting area for the employer's business or establishment and the use of the employer's vehicle is subject to an agreement on the part of the employer and the employee or representative of such employee.'`.

SEC. 2103. EFFECTIVE <<NOTE: 29 USC 254 note.>> DATE.

The amendment made by section 2101 shall take effect on the date of the enactment of this Act and shall apply in determining the application of section 4 of the Portal-to-Portal Act of 1947 to an employee in any civil action brought before such date of enactment but pending on such date.

SEC. 2104. MINIMUM <<NOTE: Minimum Wage Increase Act of 1996. 29 USC 201 note.>> WAGE INCREASE.

(a) Short Title.--This section may be cited as the ``Minimum Wage Increase Act of 1996''.

(b) Amendment.--Paragraph (1) of section 6(a) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)) is amended to read as follows:

[[Page 110 STAT. 1929]]

``(1) except as otherwise provided in this section, not less than \$4.25 an hour during the period ending on September 30, 1996, not less than \$4.75 an hour during the year beginning on October 1, 1996, and not less than \$5.15 an hour beginning September 1, 1997;''.

(c) Conforming Amendment.--Section 6 of such Act (29 U.S.C. 206) is amended by striking subsection (c).

SEC. 2105. FAIR LABOR STANDARDS ACT AMENDMENTS.

(a) Computer Professionals.--Section 13(a) of the Fair Labor Standards Act of 1938 (29 U.S.C. 213(a)) is amended by striking the period at the end of paragraph (16) and inserting ``; or'' and by adding after that paragraph the following:

``(17) any employee who is a computer systems analyst, computer programmer, software engineer, or other similarly skilled worker, whose primary duty is--

``(A) the application of systems analysis techniques and procedures, including consulting with users, to determine hardware, software, or system functional specifications;

``(B) the design, development, documentation, analysis, creation, testing, or modification of computer systems or programs, including prototypes, based on and related to user or system design specifications;

``(C) the design, documentation, testing, creation, or modification of computer programs related to machine operating systems; or

``(D) a combination of duties described in subparagraphs (A), (B), and (C) the performance of which requires the same level of skills, and

who, ~~in the case of an employee who is compensated on an hourly basis, is compensated at a rate of not less than \$27.63 an hour.~~''.

(b) Tip Credit.--The last sentence of section 3(m) of the Fair Labor Standards Act of 1938 (29 U.S.C. 203(m)) is amended by striking

``previous sentence'' and inserting ``preceding 2 sentences'' and by striking ``(1)'' and ``(2)'' and such section is amended by striking the next to last sentence and inserting the following: ``In determining the wage an employer is required to pay a tipped employee, the amount paid such employee by the employee's employer shall be an amount equal to--

``(1) the cash wage paid such employee which for purposes of such determination shall be not less than the cash wage required to be paid such an employee on the date of the enactment of this paragraph; and

``(2) an additional amount on account of the tips received by such employee which amount is equal to the difference between the wage specified in paragraph (1) and the wage in effect under section 6(a)(1).

The additional amount on account of tips may not exceed the value of the tips actually received by an employee.''.

(c) Opportunity Wage.--Section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206) is amended by adding at the end the following:

``(g)(1) In lieu of the rate prescribed by subsection (a)(1), any employer may pay any employee of such employer, during the first 90 consecutive calendar days after such employee is initially

[[Page 110 STAT. 1930]]

employed by such employer, a wage which is not less than \$4.25 an hour.

``(2) No employer may take any action to displace employees (including partial displacements such as reduction in hours, wages, or employment benefits) for purposes of hiring individuals at the wage authorized in paragraph (1).

``(3) Any employer who violates this subsection shall be considered to have violated section 15(a)(3).

``(4) This subsection shall only apply to an employee who has not attained the age of 20 years.''.

Approved August 20, 1996.

LEGISLATIVE HISTORY--H.R. 3448:

HOUSE REPORTS: ?Nos. 104-586 (Comm. on Ways and Means) and 104-737 (Comm. of Conference).

SENATE REPORTS: ?No. 104-281 (Comm. on Finance).

CONGRESSIONAL RECORD, Vol. 142 (1996):

May 22, considered and passed House.

July 8, 9, considered and passed Senate, amended.

Aug. 2, House and Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 32 (1996):

Aug. 20, Presidential remarks and statement.

<all>

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U.S. DEPARTMENT OF LABOR

Office of Public Affairs

OPA Press Release: Federal Minimum Wage Goes To \$5.15 An Hour On Labor Day [08/29/97]

For more information call: 202-219-8211

The federal minimum wage for hourly workers will increase to \$5.15 an hour on Monday, Sept. 1, 1997, completing the two-step minimum wage increase signed into law by President Clinton on Aug. 20, 1996.

"Thomas Jefferson once said, In matters of principle, stand like a rock," said President Clinton. "This increase in the minimum wage affirms our commitment to stand like a rock' for our working families and their right to jobs that provide fair compensation."

Full-time minimum wage earners will now make \$10,300 a year, up \$1,800 from the full-time annual earnings under the minimum wage of \$4.25 an hour that was in effect from April, 1991 until Oct. 1, 1996, when it was raised to \$4.75 an hour.

"America's robust economy has created more than 2 million jobs since October, 1996. Corporate profits and earnings for the average worker are rising. This minimum wage increase will help ensure that the lowest-paid Americans also share in this prosperity," said Secretary of Labor Alexis M. Herman.

In 1938, the newly-passed Fair Labor Standards Act established our first federal minimum wage at 25 cents an hour. Since then, minimum wage increases have been signed into law by Presidents Truman, Eisenhower, Kennedy, Johnson, Nixon, Carter, Bush and Clinton. The minimum wage increased to \$4.25 an hour by 1991, but remained at that level for more than five years. By 1996, approximately ten million American workers were earning between \$4.25 and \$5.14 per hour.

Click [here](#) for questions and answers about the minimum wage.

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