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# Economic Policy Institute

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## Santorum Offers Trojan Horse for Workers

The minimum wage amendment proposed by Sen. Rick Santorum, which is expected to come to a vote on Monday, would harm far more workers than it helps.

The Economic Policy Institute estimates that a straightforward raise of \$1.10 in the minimum wage could directly benefit, at most, about 1.8 million workers.

The Santorum proposal, however, is anything but straightforward. Other provisions would take away minimum wage eligibility, overtime rights, and would overrule higher state standards for workers who earn tips. Many millions of workers would stand to lose pay and protections to which current law entitles them.

- **WEAKENING FLSA COVERAGE:** Employees of businesses with revenues of more than \$500,000 and all workers who engage in interstate commerce now have important protections under the Fair Labor Standards Act, such as the right to be paid a minimum wage and to receive overtime pay when they work more than 40 hours a week. The Santorum amendment eliminates FLSA protections for all workers at businesses with revenues up to \$1,000,000. In 1997, 6.8 million employees worked at firms with revenues of between \$500,000 and \$1 million.
- **CUTTING OVERTIME PAY:** The amendment abolishes the 40-hour work week and replaces it with an 80-hour, two-week work period. Today, those who work 50 hours in one week and 30 the next receive 10 hours of time-and-a-half overtime pay. Under the amendment, such workers would no longer get overtime pay, making mandatory overtime cheaper for employers. This change encourages employers to overwork employees in busy periods and cut their hours when things are less busy—leaving workers less able to control their work hours and to balance work and family. Construction workers, for example, whose work hours often vary from week to week, will be particularly hard hit. Currently about 100 million workers are eligible to receive overtime pay.
- **WORKING FOR TIPS ONLY:** The Santorum amendment forces states and local governments to adopt a 100% tip credit. In other words, employers will be allowed, under state law, to pay nothing to tipped employees, as long as their tips from customers add up to the minimum wage. In convoluted language, the Santorum amendment prohibits states and local governments from enforcing any state or local minimum wage law or ordinance that requires any part of tipped employees' wages to be paid in cash by the employer. Even states

*The Economic Policy Institute is an independent, nonprofit, nonpartisan research institute – or “think tank” – that researches the impact of economic trends and policies on working people in the United States and around the world.*

that have eliminated the tip credit entirely, and that require restaurant workers and other tipped employees to be paid the minimum wage by their employers, will have their laws overridden by the Santorum amendment. Tipped employees include a wide range of workers such as taxi drivers, porters, hotel cleaning staff, and the like. Restaurant wait staff alone currently number about 2 million.

- **WEAKENING SAFETY & OTHER PROTECTIONS:** The Santorum amendment excuses millions of employers from paying fines for violations of federal safety and health, pension, and labor regulations. First violations of “information collection requirements” – even if knowing and willful – will be excused for the more than 5 million businesses with revenues under \$7 million a year. Information collection requirements include a broad class of notices and postings required in order to inform and protect employees, such as hazardous material warnings, training requirements, and information about pension and health benefit plans.