

EXHIBIT 17.2 (Continued)

Department of Labor (DOL)	The DOL's Wage and Hour Division (WHD) monitors and enforces compliance with the FLSA, FMLA, Davis-Bacon, Walsh-Healey, and other Acts. The DOL's Equal Employment Opportunity Commission (EEOC) monitors and enforces compliance with equal employment opportunity laws, including Title VII of the Civil Rights Act, ADA, ADEA, PDA, and the Equal Pay Act. The DOL's Office of Federal Contract Compliance (OFCCP) monitors and enforces compliance with equal employment opportunity laws, primarily Executive Order 11246, which applies to companies that do business (federal contractors and subcontractors) with the federal government.
Benefits	For further information on benefits-related regulation, see Chapters 12 and 13.

*The SEC is responsible for developing specific rules/policies for implementing the different provisions of Dodd-Frank. Rules for the provisions listed have been issued at various points in time since 2010.

framework, especially as it applies to wages and salaries and other forms of direct pay. Please see Chapters 12 and 13 for information on benefits-related regulations (e.g., the Employee Retirement Income Security Act, ERISA).

FAIR LABOR STANDARDS ACT OF 1938

The **Fair Labor Standards Act of 1938 (FLSA)** covers all employees (with some exceptions, discussed later) of companies engaged in interstate commerce or in the production of goods for interstate commerce. In spite of its age, this law remains a cornerstone of pay regulation in the United States. The FLSA's major provisions are:

1. Minimum wage
2. Hours of work (including overtime)
3. Child labor

An additional provision requires that records be kept of employees, their hours worked, and their pay. As noted earlier, in recent years, U.S. employers have paid out billions of dollars (see Exhibit 17.1) as a result of FLSA lawsuits and enforcement activity by the DOL Wage and Hour Division. Exhibit 17.3 provides a breakdown of the claim types covered in such settlements.

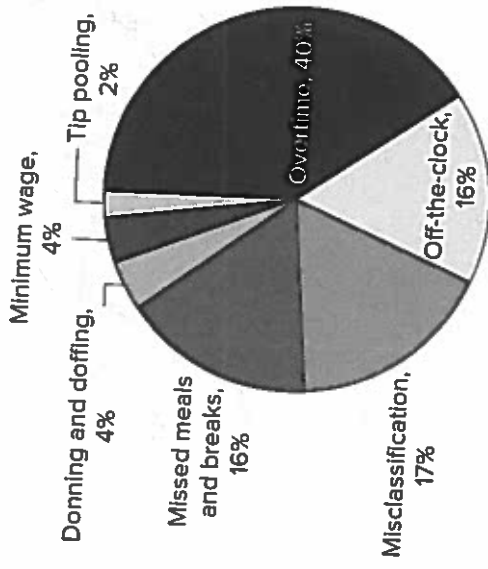
Minimum Wage

Minimum-wage legislation is intended to provide an income floor for workers in society's least productive jobs. When first enacted in 1938, the minimum wage was 25 cents an hour. It has been raised periodically; in 2009, it was raised to \$7.25 and, at press time, remained there.

Forty-five states plus the District of Columbia have their own minimum wages to cover jobs omitted from federal legislation.⁹ If state and federal laws cover the same

EXHIBIT 17.3

FLSA Wage and Hour Settlements, 2007 to 2011, by Type of Claim

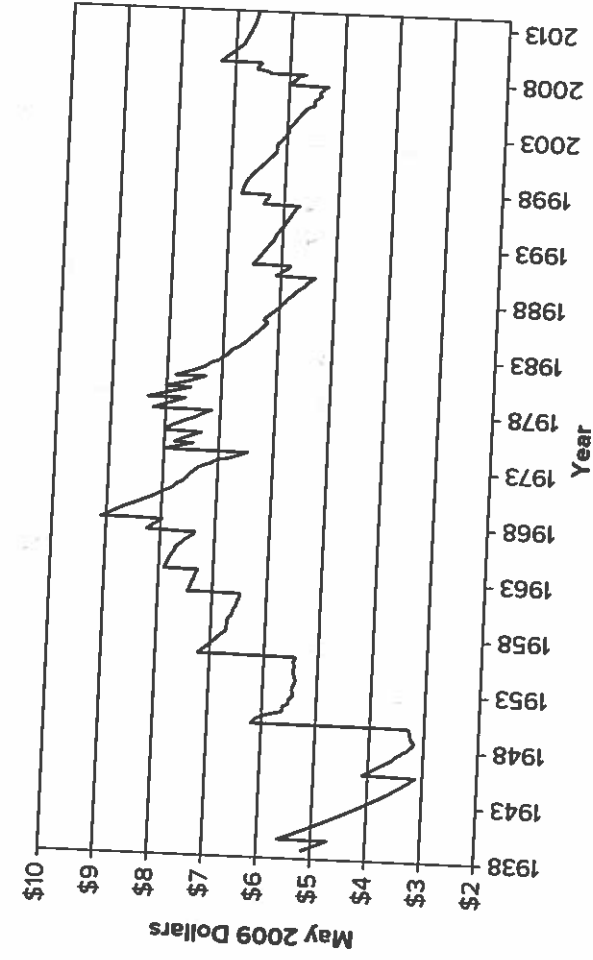


Source: Denise Martin, Stephanie Planchet, and Janeen McIntosh, "Trends in Wage and Hour Settlements: 2013 Update," November 20, 2013, NERA Economic Consulting, www.nera.com.

job, the higher rate prevails. Several states have minimums higher than the federal rate, with Washington being the highest at \$9.47, closely followed by Oregon and District of Columbia at \$9.25. San Francisco and Seattle have the highest minimum wage of any city, at \$11.05 and \$11.00, respectively. By 2018, San Francisco's minimum wage will be \$15.00. Seattle's minimum wage will be \$15 by 2019 for large employers and \$12 for smaller employers. A lower minimum wage in Seattle exists for employers providing medical insurance.

Exhibit 17.4 shows the purchasing power of the federal minimum wage over time, adjusted for inflation. The decline in real purchasing power (especially prior to the recent increase in the minimum wage) could be used to argue for indexing the minimum wage to changes in the consumer price index.

EXHIBIT 17.4 Real (Inflation-Adjusted) Value of the Minimum Wage, by Year



Source: For 1938 to 2009 data, Kai Filion, "Minimum Wage Issue Guide" (Figure A), Economic Policy Institute, July 21, 2009, <http://epi.uchicago.edu/economic-policy/9556bec02393cbe44e6b631v.pdf>. Estimates for 2010-2014 obtained using CPI-U from Bureau of Labor Statistics, U.S. Department of Labor.