Trends in Wage and Hour Enforcement by the U.S. Department of Labor, 1975-2004

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In this policy brief, we analyze data on the enforcement activities of the U.S. Department of Labor’s Wage and Hour Division. The Wage and Hour Division is responsible for enforcing basic laws governing the workplace, including the federal minimum wage, overtime pay requirements, limitations on the use of child labor, and other workplace protections.

Our analysis indicates that over the past three decades, enforcement resources and activities of the U.S. Department of Labor have either stagnated or declined, at the same time that the number of workers and workplaces in the country has expanded. In combination, these two trends indicate a significant reduction in the government’s capacity to ensure that employers are complying with the most basic workplace laws.
Specifically, Figure 1 shows that between 1975 and 2004:

- The number of Wage and Hour investigators declined by 14%.
- The number of compliance actions completed declined by 36%. This is a rough indicator of the number of establishments investigated each year, and includes a range of actions taken by the U.S. Department of Labor – from full investigations into a workplace (often covering all workers) that result in a judgment against the employer, to individual complaints where the Department settles with the employer, to investigations that uncover no violations.
- The total amount of back wages recovered by the Department of Labor grew by 7%, after adjusting for inflation. “Back wages” are the wages that the employer owes the worker – for example, as a result of paying less than the legally-required minimum wage.
- The number of workers who received back wages declined by 24%.

But during that same time period, we estimate that:

- The number of workers covered by wage and hour laws grew by 55%, and the number of covered establishments grew by 112%.

A key point in interpreting these findings is that across the country, there is strong anecdotal evidence that growing numbers of workers in the U.S. are experiencing workplace violations. Newspapers are increasingly covering this trend, profiling cases where employers paid less than the minimum wage, did not pay overtime, or failed to pay any wages at all, in industries as varied as construction, restaurants, nursing homes, and domestic work. This suggests that the decline in Wage and Hour enforcement is taking place at the very time that the need for worker protections is growing.

Data Sources for Figure 1

Figure 1 combines administrative data from the U.S. Department of Labor with estimates of the number of workers and establishments covered by wage and hour laws. The administrative data that underlie Figure 1 are as follows:

<table>
<thead>
<tr>
<th>Enforcement Statistics, U.S. Department of Labor, Wage &amp; Hour Division</th>
<th>FY 1975</th>
<th>FY 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of investigators</td>
<td>921</td>
<td>788</td>
</tr>
<tr>
<td>Number of compliance actions completed</td>
<td>58,758</td>
<td>37,842</td>
</tr>
<tr>
<td>Total number of workers who received back wages</td>
<td>380,254</td>
<td>288,296</td>
</tr>
<tr>
<td>Total back wages recovered (inflation adjusted to 2004 dollars)</td>
<td>$184,010,909</td>
<td>$196,664,146</td>
</tr>
</tbody>
</table>

Source: Letter from the U.S. Department of Labor, Employment Standards Administration, Wage and Hour Division, to the Brennan Center for Justice, in response to the Brennan Center’s Freedom of Information Act request, received May 2, 2005 (on file with the Brennan Center for Justice). Dollar amounts for back wages recovered were adjusted for inflation with the Consumer Price Index (Research Series).