



Response to Questions for the Record  
Director of Economy & Jobs, The Century Foundation  
House Education and Workforce Committee  
Subcommittee on Workforce Protections  
"The Future of Wage Laws: Assessing the FLSA's Effectiveness, Challenges, and Opportunities"  
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Andrew Stettner, Director of Economy & Jobs

Representative Summer Lee (D-PA)

1. We are one of the only countries in the world that allows employers to burden consumers with the cost of paying employees, a vestige of American segregation and slavery. In Pennsylvania, 74% of tipped workers are women, and nationally 29% of tipped workers are women of color. Not only are these workers more likely to endure abuse and sexual harassment, and face mistreatment because they rely on tips, they also make as little as \$2.13 an hour.

a. How does this different treatment under the Fair Labor Standards Act affect tipped workers' income security?

*A: The Fair Labor Standards Act allows employers to pay tipped workers a lower minimum wage. This leaves workers worse off, even after taking account tips. We know this because several states have one fair wage that pays tipped workers the same minimum wage as other workers. In these states, only 11% percent of wait staff are in poverty. That's compared to 18% of wait staff in states that abide by FLSA's \$2.13 subminimum wage for tipped workers.<sup>1</sup>*

b. Are tipped workers more susceptible to wage theft because of this treatment?

*Current law requires workers to receive tips to meet the minimum wage. Employers can use a variety of schemes to steal tips from workers. This includes adding tips automatically to customer bills and skimming tips off the top. Employers can force employees to pool tips and employers can illegally distribute tips to workers and managers not subject to the tipped*

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<sup>1</sup> Dave Cooper and Elise Gould, *Seven facts about tipped workers and the tipped minimum wage*, Economic Policy Institute, May 2018  
<https://www.epi.org/blog/seven-facts-about-tipped-workers-and-the-tipped-minimum-wage/>

*minimum wage. Having one fair wage for tipped workers provides transparency between hours worked and the minimum amount paid reducing the risk of wage theft.*

2. Conservatives love to use derogatory terms, like “welfare queen” to distance themselves from workers making low wages. But we know that workers making low wages are really just mathematicians who are constantly having to evaluate whether a one-dollar-an-hour wage increase can cover the difference of losing a one-hundred-dollar-a-week child care subsidy, losing Medicaid, CHIP, or housing vouchers if they make incremental wage gains that still do not afford them stability.

a. When we talk about wage increases, should we also be talking about the federal government increasing the eligibility threshold for benefits to ensure that workers actually come out ahead

*In nearly all communities, workers need to earn more than \$30 per hour in order to approach a level where they can meet their basic needs like food, child care, housing, transportation and health care.<sup>2</sup> Congress should look at how to ensure that workers earning above the minimum wage but below a living wage can best meet their needs. The best solutions are universal policies like universal pre-k and a public option for health insurance that all working families can count on. Short of that, Congress should start by finding ways to ease benefit cliffs for key benefits like child care, housing and health insurance to ensure that workers have support during a transition into a better paying job. Longer transition periods give these workers more time to remain on benefits. For example, allowing a parent to stay on subsidized child care for a year or more after getting a raise could serve as a bridge to school age years when child care costs go down.*

Representative Haley Stevens (D-MI)

Questions for Witness Andrew Stettner

1. American workers are the backbone of our economy. From your favorite main street local restaurant to cutting edge manufacturing facilities, businesses depend on their workers to deliver to consumers around the world. We here in Congress need to ensure that employees in all industries are compensated fairly, paid what they are owed, and are safe in their workplaces.

The Fair Labor Standards Act (FLSA) is the bedrock of worker rights and protections. I will always support good faith efforts to improve and expand the law in ways that make it easier for workers to make a dignified and safe living for their families.

However, I am deeply concerned that House Republican’s legislative agenda paired with the Trump Administration’s reckless efforts to dismantle federal agencies will leave workers exposed to bad actor employers looking to take advantage of vulnerable employees.

As our country looks to prepare our economy to lead the world in the 21 st century, we

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<sup>2</sup> MIT Living Wage Calculator, <https://livingwage.mit.edu/>

need to ensure workers are put first and foremost so that the gains of that leadership translate into economic security for families.

On that note of America's global economic competitiveness, I'd like to talk about manufacturing, the main economic driver of my district in Southeast Michigan. Building American manufacturing capacity has many benefits including bolstered national security and less vulnerable supply chains, but perhaps the most important of these benefits is the thousands of middle-class jobs it created in communities like mine.

a. Mr. Stettner, you've written extensively on manufacturing in this country and are well aware that workforce development is a huge factor in expanding our capacity. How do strong worker protections help attract people to manufacturing jobs?

*A: Workers have historically been attracted to manufacturing jobs because they have been family sustaining, paying a higher wage with better benefits than other comparable jobs for workers without a college degree. In recent years, the manufacturing wage premium has narrowed dramatically. During that same period, the number of manufacturing job openings have increased and Deloitte predicted that the sector could be near 4 million workers over the next decade.<sup>3</sup> Raising the conditions of work is a critical element in attracting additional workers to these careers, which are critical for national security and economic prosperity overall. Strong workforce protections, including the minimum wage, health and safety and the right to collectively bargain, can help increase the quality of jobs and attract more workers into the field.*

b. On the flip side, how would hallowing out the Department of Labor offices that enforce wage laws, worker safety regulations, and other legal protections undermine efforts to build a strong manufacturing workforce?

*Manufacturing workforce advocates often talk about the sector's reputation as being dirty, dangerous and dark, which is discouraging younger workers from coming into the sector. Advances in technology are helping the sector to shed that reputation. However, each time a worker is maimed or killed on the job, it makes it harder to 'sell' the sector to parents and community leaders. Already hundreds of OSHA staff have been forced out through DOGE's "fork in the road" program. This will make it harder for OSHA to inspect factories to prevent injuries before they take place, and to respond quickly to violations that can spiral into life-threatening situations.*

c. What would be the signal sent to bad actor employers, if these protections and enforcement mechanisms were gutted?

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<sup>3</sup> John Coykendal, et al. *Taking charge: Manufacturers support growth with active workforce strategies*, March 2024

<https://www2.deloitte.com/us/en/insights/industry/manufacturing/supporting-us-manufacturing-growth-amid-workforce-challenges.html>

*Gutting workforce protections makes it harder for factories that follow the rules to compete. It sends the message that companies can cut corners and put workers at risk as a business strategy. In the long run, workers and companies all thrive when health and safety is protected. Policy should encourage the high road.*

2. Now I'd like to go a bit deeper on federal workforce reductions and how they'll impact workers across the country. DOL's Wage and Hour Division is charged with enforcing FLSA wage laws that make sure workers are paid what they are owed. I am concerned that the Trump Administration's massive regulatory rollback and workforce reductions will come to Wage and Hour.

a. Mr. Stettner, you are a veteran of the Department of Labor. Wage and Hour has been under-resourced for years and will likely continue to be so under the Trump Administration and Congressional Republicans. How would legislation to water-down existing wage protection laws make it even more difficult for an already stretched enforcement workforce to protect workers from wage theft?

*We need strong wage and hour laws, with meaningful consequences for violations, to incentivize companies to play by the rules and enable Americans to enjoy the fruits of their labor.*

*Already there is only 1 Wage Hour Division investigator for every 270,000 workers in the country. As a result of the cut-backs to WHD staff, these ratios will get even worse. If companies know that DOL is less likely to investigate them, and that even if they do they are less likely to be found liable for violations, they have less incentive to abide by the law. Weaker laws and fewer investigators give a carte blanche to those employers who seek to gain a competitive advantage by cutting corners at the expense of workers.*