

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

To Chairman Eccles
From Kenneth B. Williams *KBW*

Date February 19, 1943

Subject: 48-Hour Order: Conflict with
Wage and Salary Stabilization Orders

Under the Wage and Salary Stabilization Order, the Treasury has jurisdiction over:

1. All salary payments in excess of \$5,000; and over
2. Salary payments of \$5,000 or less for persons:
 - a. Employed in executive, administrative, or professional capacities; and who
 - b. Are not represented in relations with employers by labor organizations.

The War Labor Board has jurisdiction over wages and over those salaries up to \$5,000 not the responsibility of the Treasury as indicated above.

Salaries mean all forms of compensation computed on a weekly, monthly, annual basis. Wages mean all forms of compensation computed on an hourly, daily, or piece-work basis.

Treasury rules provide that payment of overtime will constitute an increase in salary rate and thus require approval of the Treasury, unless the customary practice of the employer has been to pay for overtime and the rate has not been changed. Presumably this applies in the same way to wages subject to control of the War Labor Board.

The Fair Labor Standards Act exempts administrative, executive, and professional workers from the overtime pay requirement. While rulings defining these terms are rather complex, in general, exemptions are limited to those wages or salaries of \$200 a month or more.

These facts require a new decision by the Director of Economic Stabilization. This decision should cover the point: Does the 48-hour order permit payment of overtime at premium rates to groups exempt or not covered by the Fair Labor Standards Act, without approval of the Treasury or War Labor Board?

It appears that under present rulings the answer is "No". It is clear that the answer ought to be "Yes" if the 48-hour order is not to create inequities and defeat part of its purpose.

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Specifically, it appears that a junior officer performing administrative work who earns \$3,000 and is not a member of a union cannot be paid time and one-half for overtime without the approval of the Treasury.