

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date March 18, 1949

To Governor Eccles

Subject: H. R. 3190 - The Fair Labor

From Mr. Cherry

Standards Amendments of 1949.

Pursuant to our telephone conversation the other day, I have examined a copy of the reported bill and the report of the Committee which has just been made available and have indicated on the margin of these documents the provisions in which I think you may be interested. In general, the bill amends existing law in the following respects:

1. The minimum wage is increased from 40¢ to 75¢ an hour.
2. The wage and hour coverage of the Act is extended to "employees employed in or about or in connection with an enterprise" of an employer engaged in commerce or in the production of goods for commerce.
3. Exemption from the wage and hour provisions is granted to retail and service establishments having a total annual volume of sales of not more than \$500,000. (According to the report this exemption would not apply to retail or service establishments operated by an employer whose total annual volume of sales or servicing "in all such establishments operated by him as a single enterprise" in the preceding calendar year was more than \$500,000. The report points out that this withdraws the exemption from large department stores, hotels and chain store enterprises, even though gross receipts of particular individual outlets of the chain might be less than \$500,000.)
4. The bill eliminates certain devices known as the Belo plan or the guaranteed salary contract and the fluctuating work week.
5. The bill also clarifies the exemption for local retail and service establishments by providing that they shall not be exempt if they derive more than 25 per cent of their dollar volume from retail activities other than their selling or servicing.
6. The statute of limitations provided in the Portal-to-Portal Act of 1947 has been extended from a two-year period to a four-year period.
7. The term "wage" has been defined to include tips received by an employee for which records are kept by the employer, but the cost of board, lodging, and other similar facilities shall not be included as wages.

The application of the law to Federal Reserve Banks has not been changed.

MCC