



AFSCME SUPPORTS EFFORTS TO FIGHT INCOME INEQUALITY

Income Inequality is the "Defining Challenge of Our Time"

President Obama has called income inequality the defining challenge of our time, and he is right. The public understands these problems and recent polling shows that an overwhelming majority of Americans think that the income gap between the rich and the poor has grown in the past several years, and virtually no one thinks that is a good thing. The most immediate thing to do is raise America's pay.

Several things can be done immediately to begin to address income inequality. Congress can start by immediately passing the Raise the Wage Act. Congress must also strengthen unemployment insurance benefits and pass the Paycheck Fairness Act. Additionally, we must update overtime rules and strengthen collective bargaining and the right to organize.

Pass the Raise the Wage Act

Too many Americans are working too many hours for too few wages. America needs a raise, which is why AFSCME strongly supports the Raise the Wage Act (S.1150/H.R. 2150), introduced by Sen. Patty Murray (D-WA) and Rep. Robert "Bobby" Scott (D-VA) to raise the federal minimum wage to \$12.00 per hour by 2020. Right now, a worker employed for a full year at the federal minimum wage earns \$15,080 that is a poverty-level wage, and it is unacceptable for full-time work.

- In real terms, the minimum wage is worth less today than it was at the beginning of 1950.
- Since 1950, labor productivity has grown 278 percent, but the minimum wage's real value has declined.
- 38 million workers would benefit from the Act to increase the minimum wage to \$12.00 an hour.
- The vast majority of people who would see their wages increase are adults in the prime of their working years, not teenagers, as some have claimed. Eighty-nine percent of the beneficiaries would be over 20 years old.

Currently, working full time at the current federal minimum wage of \$7.25 an hour leaves a family of three below the federal poverty line. Raising the minimum wage to \$12 by 2020 will lift families of three above today's poverty threshold.

Strengthen Unemployment Insurance

While the overall percentage of unemployed workers has fallen since the height of the Great Recession, there is an unprecedented persistence of long-term unemployment. Currently, 30 percent of unemployed workers remain without work for six months or more. When workers' unemployment benefits expire before they become reemployed, they and their families suffer from the loss of this partial wage replacement, often losing their foothold in the middle class. And, local economies lose the stimulative effect of unemployment compensation benefits since the unemployed tend to spend every dollar they receive. The Congressional Budget Office has said that every \$1 spent on unemployment benefits generates up to \$1.90 in economic growth.

The federal government has a key role to play in strengthening states' unemployment compensation systems, including providing adequate administrative funding and incentives and oversight to ensure that states provide a maximum of 26 weeks of benefits and that they do not impose unreasonable barriers to access to benefits. In addition, Congress should strengthen the Emergency Unemployment Compensation (EUC) program so that the long-term unemployed receive federal unemployment benefits while they continue to search for work.

Pass the Paycheck Fairness Act

For too long, women have been paid inequitably for doing the same work as men. Even today, women on average only make 77 cents for every dollar paid to men. In today's economy, we simply cannot allow this unfairness to continue.

- The Paycheck Fairness Act (S. 862/H.R. 1619) introduced by Senator Barbara Mikulski (D-MD) and Rep. Rosa DeLauro (D-CT) is needed to enhance protections against gender-based wage discrimination.

The legislation will strengthen the Equal Pay Act of 1963 by making needed improvements, including barring retaliation against workers who voluntarily discuss or disclose their wages. It also allows women the same remedies for sex-based pay discrimination that are currently available to individuals who have been subjected to race- and ethnicity-based discrimination. Moreover, it provides training and technical assistance to prevent discrimination, in addition to authorizing data collection and research to monitor the law's progress.

Update Overtime Rules

Fewer and fewer workers receive overtime pay because of outdated federal rules. Today just 11 percent of salaried workers are eligible for overtime under existing Fair Labor Standards Act (FLSA) rules. President Obama has instructed the Department of Labor (DOL) to revise current rules. Raising the existing \$23,660 salary threshold would result in increased pay for millions of American workers whose wages have stagnated. Long overdue, the salary threshold has not kept up with inflation. Raising the threshold to its 1975 value, adjusted for inflation, for example, would provide overtime protections and increased wages to 6.1 million more workers.

DOL is expected to propose a new rule raising the threshold and may also address the poorly defined "white collar" exemptions included in the FLSA. AFSCME is working with congressional allies in support of the measure and against any legislative efforts to block a proposed rule.

Strengthen Collective Bargaining Rights

According to the Economic Policy Institute, over the last few decades, the single largest factor suppressing wage growth, which, in turn, contributes to income inequality for middle-class workers is the erosion of collective bargaining. The decline of collective bargaining has adversely affected both union and non-union workers alike.

To successfully address income inequality, we must make it easier for workers to join unions, reverse the spread of so-called “right to work” laws and increase penalties for employers that violate labor laws. We also need strong enforcement of labor standards so workers receive the protections, wages and benefits they are entitled to under the law.

Congressional Action Needed

We strongly support passing the Raise the Wage Act to provide an increase in the minimum wage, and strengthen unemployment insurance benefits. We also urge Congress to pass the Paycheck Fairness Act to help combat wage discrimination in the workplace. In addition, we must update overtime rules, and strengthen collective bargaining rights.

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