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CABINET ISSUE MEMO

DECISION

X

DISCUSSION

To: Governor Ronald Reagan

Date: April 24, 1972

From: Human Relations Agency

No. HR 72-15

Signed
by

James M. Hall, Secretary

Originated
by

Sig Hansen, Director, Dept. of HRD

SUBJECT:

Proposed Federal Fair Labor Standards Amendments of 1971, HR 7130, increasing the hourly minimum wage to \$2.00 and extending coverage by about 6 million additional workers.

ISSUE:

Should the Administration take a position on the legislation, and if so, should we support or oppose HR 7130?

CONCLUSION:

Because of its potential adverse affects on employment opportunities and general economic activities in California, this Administration should take a position in opposition to HR 7130.

HR 7130 would provide, as minimum wage for non-agricultural employees, \$2.00 per hour. The \$2.00 minimum would apply to employees who were covered by the minimum wage law prior to certain 1966 amendments, other non-farm workers would receive a two-step boost; first to \$1.80 and later to \$2.00 per hour. Minimums for agricultural workers would rise in two stages to \$1.70 per hour. Current minimum wage is \$1.60 per hour for non-agricultural work and \$1.30 for agricultural employment.

The enactment of HR 7130 would probably have the following results: (1) Increase in inflationary trends by increasing the cost of goods and services; (2) Increase the importation of goods produced abroad under substandard labor conditions and thereby decrease domestic employment in related industries; (3) Increase unemployment of persons under 18 years of age, especially non-white youth whose unemployment level has risen each time the minimum wage has been increased; (4) Accelerate automation of agricultural labor and thereby decrease job opportunities for unskilled workers.

In California, an estimated 1.5 million workers in Federal, State and local government would be extended coverage by HR 7130. It is not possible to project the full potential impact of HR 7130 on California employees. The vast majority of government employees are earning more than the proposed minimum wage. However, some county and city employees would have their wages increased. The greatest impact would be on the thousands of employees outside of government.

The Nixon Administration may oppose a \$2.00 minimum wage for most workers. The Administration has established a \$1.90 per hour cutoff for low income exemptions from wage controls and has urged a more gradual boost in the minimum wage than that advocated by congressional Democratic leaders. However, HR 7130 is much closer to Administration goals than its Senate counterpart, S 1861. On April 6, Nixon issued a statement proclaiming his opposition to S 1861, which was approved by the Senate Labor Subcommittee. S 1861 calls for raising the minimum wage for farm and non-farm worker to \$2.20 in stages. Non-farm workers would get \$2.00 immediately and \$2.20 a year later. Farm workers would get \$1.70 immediately, \$2.00 a year later and \$2.20 in 1974. As the better of two choices, it is felt that Nixon would give tacit support to HR 7130.

The House Rules Committee began hearings on HR 7130 on

April 14.

4PTU

more on their schools, they must not be allowed ~~x~~ to go above the level that everyone else has. This is kind of levelling down which is a way to get ~~of~~ mediocrity rather than pushing up from the bottom.
Well, it

Q. /It is just that...this is not an important question~~x~~ but have you personally had a better time acting in movies rather than being a governor?

A. It depends on what day you ask me that. No, let me just say this...I loved my previous occupation. It was very exciting, very interesting and it had a lot of advantages that most jobs don't have in that it was feast or famine, you either worked, and believe me don't think picture work is easy, it's about as hard as anything. You are up at the crack of dawn and Lord only knows when you get home at the end of the day, but then sometimes there come weeks and/even months before you do another picture so you work very hard and then you have more vacations than other people. have ~~gut~~ but I have to say this, I, now looking back, I have never found anything that was as challenging or as fulfilling as this. This has been the greatest experience of my life, maybe partly because I not only get to read the script, I help write it.

SA X
Q. As a minor point to cope with the issue on inflation, how ~~to feel~~ ~~xxx~~ do you feel about ~~the~~ ^{Nixon's} minimum wage bill?

SA
A. Well, I was in favor. As a matter of fact, I spent a lot of years as president of a labor union before I was in this job. I was an actor, and I would like to take on some of my w friends, worthwhile friends, in organized labor on their support of this. The Minimum Wage Bill looks like the government is forcing everyone to get ~~xxx~~ a certain living wage

that
but what it has really resulted in ...every time/the Minimum Wage Bill
has been raised it has created more unemployment among young ~~per~~ people
your own age, the part time employment, & the summer jobs that you would
like to get to get some money together to go to college, and I think
the days is coming when we are going to have to sit down with the
leadership of organized labor and say, "wait a minute. These are your
own sons and daughters that are being penalized by this," and see if
there isn't a compromise, a happy compromise we can work out and say,
"yes." If we are talking about full time employment and grown up people
who are earning a living, all right basic wage we'll look at, but
certainly there should be an exception made not only with regard to the
minimum wage but I think with regard to social security and all sorts
of social reform programs that have come in in recent years for students
who are working part time while they are going to school & or who are
working in the summertime to go back to school. There once was a time
when it was very easy. I remember I went to work for a construction
company when I was 14 years old in the summer, and that the boss could
reach in his pocket at the end of the week and pay me in cash. He didn't
have to have an accountant and a bookkeeper keeping tract, deducting for
Social Security and Industrial Insurance and all of those things. So,
you could go over and say to somebody, "give me a job"and they had jobs
they had jobs they could give you. Now as long as you protect and see
that those jobs do not become competitive with the regular employment of
heads of families who are out earning a living so that some employer could

4A
say, "well, I'll take young people cheaper and then I won't have to hire these other ~~people~~ people." As long as you could work out a system where you could protect against that, I think that we ~~really~~ ought to really reveal this because the whole history of the Minimum Wage Law ~~xx~~ has shown that that unemployment goes up. As a matter of fact, right now among our minority young people, teenagers, unemployment is as high as 35%, ~~xxx~~ and that's what is contributing to the whole general average. Actually, there is not unemployment in this country regarding heads of households, permanent workers, ~~xxxx~~ virtually none. The average has been brought up by the inability of young people to get jobs, that they want to get started and work their way through school. So I was in favor of them because I think that it would have I think that it would have just... what happens is somebody/^{that}~~who~~ is hiring some young person and they raise what he has to pay them up to a certain level, he says the job is not worth it. It isn't the young people that ~~arn't~~ worth it. This job is not worth that much ~~money~~ money to me to get ~~now~~ done. I can get along without having this job performed. So, somebody else is unemployed.

+ Q. Why do you favor reinstating the death penalty.

A. Well, because for one thing I personally believe it is a deterrent, that it aids in ~~p~~reventing murder but you have to also add that that ~~really~~ is no longer kind of an argument. The people of California, more than a 2/3rds majority, voted they believed they were safer if there was a death penalty. The vote on the ballot was better than 67%. in favor of the death penalty, but I personally do happen to believe in it. I have used as an

RONALD REAGAN
GOVERNOR

State of California
GOVERNOR'S OFFICE
SACRAMENTO 95814



June 21, 1974

The Honorable Peter J. Brennan
Secretary of Labor
14th and Constitution Avenue N.W.
Washington, D.C. 20210

Dear Secretary Brennan:

On June 3 and 4, the Department of Labor held hearings to draft regulations for the implementation of the recent amendments to the Fair Labor Standards Act (FLSA). I am deeply concerned as to the effect that the minimum wage and overtime provisions of the amendments will have on California's fire protection and law enforcement programs.

Most California fire departments have a rather unique scheduling scheme which we may have to eliminate if appropriate considerations are not made in the regulations. For example, the Division of Forestry operates on a complicated three and one-half day work shift. This work schedule is very popular with the employees in the Division of Forestry since it allows them to have a number of days off in succession. However, under the strict interpretation of the amendments, we will have to drastically alter this procedure or be faced with substantially higher salary costs. The impact of the minimum wage provisions has already required the Division of Forestry to almost double its budget for season fire fighters.

The amendments to the Fair Labor Standards Act will also have a potentially detrimental effect on our Office of Emergency Services. In California, we have a Mutual Aid program whereby public safety employees of one jurisdiction will be asked to aid a neighboring jurisdiction which is the scene of some disaster. The jurisdiction which provides aid does so at its own cost; there is no reimbursement made by the jurisdiction which receives the assistance. With our propensity for serious floods, earthquakes, forest fires, tidal waves, and civil disorders, you can understand how important mutual aid is to the well being of our citizens.

If the regulations include mutual aid assistance in the class of activity which necessitates the payment of overtime, many jurisdictions will by necessity have to curtail their participation in this valuable program. This will thus reduce our ability to cope with disasters to the detriment of our citizens.

We are also concerned as to the effect the amendments will have on the California Highway Patrol Academy. The cadets in this program are required to reside at the academy and participate in classes and study programs in excess of normal working hours. We, of course, do not favor paying these cadets overtime for this activity. However, we fear that the regulations may not take this training activity into consideration when the regulations are drafted.

The conferees of the Joint Congressional Committee who drafted the amendments did not intend to disrupt the work schedules and internal integrity of the ongoing programs to the detriment of the community.

I do not feel that the Department of Labor has received sufficient information so that it can draft meaningful regulations which will allow these vital public safety programs to continue. Additional forums and a more comprehensive presentation of information will better acquaint your staff with the impact that this legislation will have on public safety programs in California.

I therefore request that additional hearings be conducted on a regional basis so that California and other states can provide you and your staff with pertinent data regarding the drafting of the regulations.

Sincerely,

RONALD REAGAN
Governor

cc: ✓ Ray Hunter, Director
Conservation