



COST OF LIVING COUNCIL ACTION

In a dramatic reversal of previous positions, the Cost of Living Council has exempted small businesses from the regulations of the price and pay freeze. The action went into effect May 1.

For the purposes of the ruling, a "small business" is defined as one with 60 or fewer employees.

According to the council, the number of employees will be determined by adding the total employees on each quarterly FICA report for the four quarters from June 30, 1971, to March 31, 1972, then dividing the total by four.

The exemption is entirely prospective and not retroactive prior to May 1.

MINIMUM WAGES

Although we have lived with them for four years the soon-to-be changed Fair Labor Standards Act of 1968 is, apparently, still an often misunderstood law. Areas of greatest misunderstanding are:

State versus Federal laws. Most states have wage and hour laws on their books. Because clubs, with rare exceptions, are engaged in interstate commerce through purchasing procedures and non-resident members, they come under the Federal regulations. What is often overlooked, however, is that the Federal law specifies that when a state law provides greater benefits to the employee, the state law prevails. A case in point is the recently passed law in the District of Columbia, which raises the minimum wage to \$2.25. This new law supersedes the \$1.60 Federal minimum in the District.

The golf shop. We still find golf professionals who feel they are not un-

der the Federal law, even though their club is. Both the National Club Assn. and the Professional Golfers' Assn. have repeatedly called attention to the Wage and Hour Administrator's position: Under the enterprise section of the law, the golf professional and the golf shop are considered a part of the club for purposes of the Wage and Hour Division of the Department of Labor. Although the professional probably is exempt under the terms of the Act, his assistant and all shop employees most certainly are covered whenever the club is.

Gratuities. The law clearly considers these a part of wages. Under current law, they may account for up to 50 per cent of the minimum wage, in which case they must also be included in the base for overtime when that applies.

Additionally, state laws may create great confusion in this area. New York State, for example, recently has passed legislation that requires all gratuities, automatically added to a member's bill, must be distributed in full to employees. Some clubs credit these "service charges" to payroll rather than directly paying employees. These clubs may be held liable for these amounts, even though they may have given substantial pay increases to employees at the time the service charge was instituted.

Current activity in Congress may well alter many sections of the present law. Three bills are currently under consideration and a fourth is waiting in the wings.

These bills are HR 7130 (John Dent, D-Pa.), S 1861 (Williams, D-N.J.) and HR 14104 (John Erlenborn, R-Ill.).

HR 7130 would raise the current

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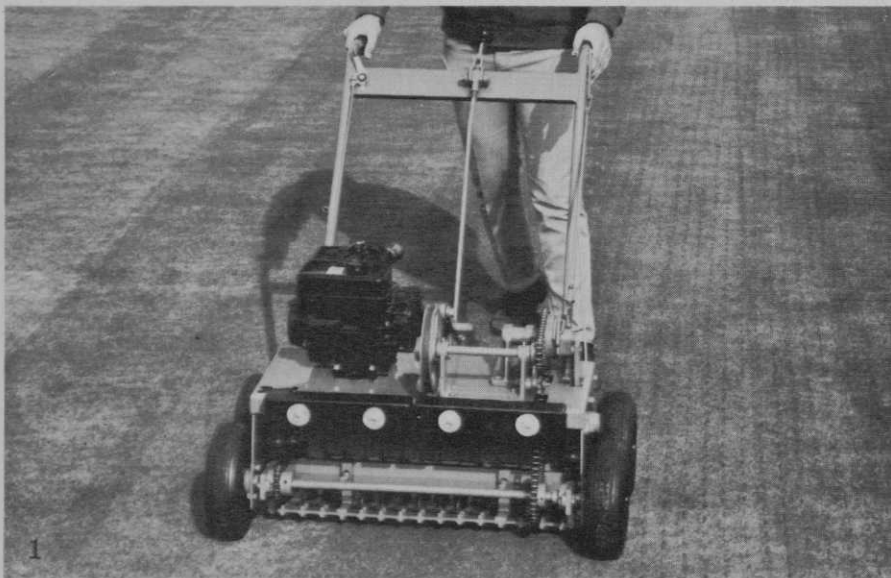
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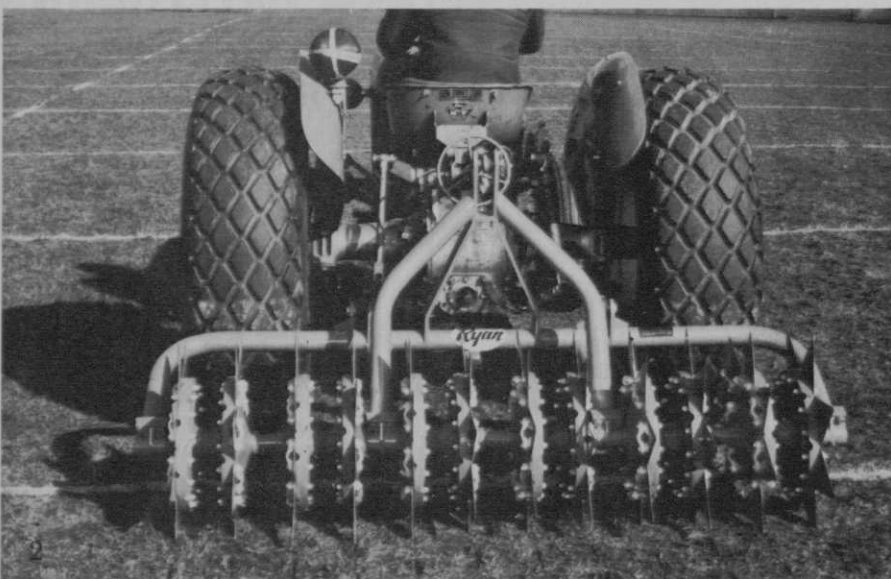
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EMERSON *from page 13*

Federal minimum to \$2 an hour for those covered before 1966; others would go to \$1.80 as of January 1, 1972, and to \$2 January 1, 1973. The extension of coverage would remain the same as that under the current law (gross volume over \$250,000 or engaging in interstate commerce). So would the current regulation on tipping. It would repeal overtime exceptions for maids and custodial employees of hotels and motels and extend the equal pay provision to executive, administrative and professional employees. Students would get 85 per cent of the statutory minimum or \$1.60, whichever is greater for not over 20 hours, except during vacation. It would not change the present regulation regarding damages. (The present law assesses an amount equal to unpaid wages plus an additional equal amount in liquidated damages unless the suit involves issues not finally settled by the court.)

S1861 would raise the minimum wage to \$2 an hour 60 days after the bill passes; \$2.25 a year later for those covered before 1966. Others would receive \$1.70 the first year, \$2 the second and \$2.25 thereafter. The bill would repeal the current dollar volume test and would cover all clubs regardless of gross volume. Overtime exemptions for hotel, motel and restaurant employees would be repealed and it would extend the equal pay provision to executive, administrative and professional employees. Student regulations would remain the same.

HR 14104 would raise minimum wages to \$1.89 60 days after passage for employees first covered in 1966 and to \$2 a year later; \$2.20 one year after that. For employees covered before 1966, wages rise from \$1.60 to \$2. No changes would be made in the current law regarding the extension of coverage, tip credit or overtime exemptions. It would extend the equal pay provision to executive and administrative employees. Students under 18 and full-time students under 21 would receive 80 per cent of the minimum or \$1.60, whichever is greater. □