Economic Policy Institute

Working Economics Blog

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How President Trump and congressional Republicans are undercutting wages and protections for working people

We are nearly 100 days into President Donald Trump's administration, a benchmark that gives us a chance to take stock of what the president and new Congress have accomplished and what their priorities are. We have seen a flurry of activity—from legislation and executive orders, as well as actions taken (or not taken) by the administration—that, sometimes subtly, shift power away from working people and towards corporations and the 1 percent. Some of these actions have been high profile, but others have gone almost unnoticed. Taken together, they undercut wages and protections for working people.

EPI's Perkins Project tracks actions by the administration, Congress, and the courts that affect people's wages and their rights at work. Here are the top ten things the president and Congress have done that affect working people. For more, see our Worker Rights and Wages Policy Watch, which is continuously updated with information on the steps taken that affect workers.

1. **Protecting Wall Street profits that siphon billions of dollars from retirement savers.** At President Trump's behest, the Department of Labor has delayed a rule requiring that financial professionals recommend retirement investment products that serve their clients' best interests. The "fiduciary rule" aims to stop the losses savers incur when steered into products that earn advisers commissions and fees. The rule was supposed to go into effect April 10. For every seven days that the rule is delayed, retirement savers lose $431 million over the next 30 years. The

60-day delay will cost workers saving for retirement $3.7 billion over 30 years.

2. **Letting employers hide fatal injuries that happen on their watch.** The Senate approved a resolution making it harder to hold employers accountable when they subject workers to dangerous conditions. The March 22 resolution blocks a rule requiring that employers keep accurate logs of workplace injuries and illnesses for five years. This time frame captures not just individual injuries but track records of unsafe conditions. President Trump said he would sign the resolution. If he does, employers can fail to maintain—or falsify—their injury and illness logs, making them less likely to suffer the consequences when workers are injured or killed. Blocking this rule also means that employers, OSHA, and workers cannot use what they learn from past mistakes to prevent future tragedies. If the rule is overturned, more workers will be injured, and responsible employers will be penalized.
3. **Allowing potentially billions of taxpayer dollars to go to private contractors who violate health and safety protections or fail to pay workers.** The federal government pays contractors hundreds of billions of dollars every year to do everything from manufacturing military aircraft to serving food in our national parks. The Fair Pay and Safe Workplaces rule required that companies vying for these lucrative contracts disclose previous workplace violations, and that those violations be considered when awarding federal contracts. The rule was needed, as major federal contractors were found to be regularly engaging in illegal practices that harm workers financially and endanger their health and safety. On March 27, President Trump killed this rule by signing a congressional resolution blocking it. This will hurt workers and contractors who play by the rules, while benefitting only those contractors with records of cutting corners.
4. **Undermining important regulations that protect workers and consumers.** On January 30, President Trump issued an executive order mandating that for every new regulation issued, at least two prior regulations be identified for elimination. This “2-for-1” executive order requires federal agencies to assess whether a regulation is worthwhile based solely on costs—regardless of the benefits of the regulation. For example, an EPA regulation issued in 2015 that prevents dumping toxic pollutants into streams and wetlands could certainly represent a higher cost to companies that will need to take additional steps to properly dispose of their waste. But the obvious benefits—keeping toxic waste out

of our major water resources—far outweighs the costs to businesses. (The Trump administration has already ordered the EPA to rescind or revise this rule.) This emphasis on costs threatens regulations that protect workers, consumers, and the environment.

5. **Allowing employers to penalize employees who don't want to reveal their private medical information.** In March, the Republican chairwoman of the House Committee on Education and the Workforce introduced a bill that would allow employers to penalize employees who opt not to share private genetic or medical information with their bosses. North Carolina Rep. Virginia Foxx's pleasantly named Preserving Employee Wellness Programs Act (H.R. 1313) claims to promote innovative employee wellness programs and a healthy workforce. But it actually takes aim at the Equal Opportunity Commission's efforts to ensure that "employers can only obtain or request protected genetic and medical information when the employee *voluntarily* provides it." The bill would allow penalties of up to thousands of dollars a year for employees who choose not to share this information through employee wellness programs, clearly coercing them into divulging. Nearly 70 consumer, health, and medical advocacy organizations signed a recent letter opposing this invasive bill.
6. **Gutting the strength of labor organizing by forcing unions to represent and protect non-dues-paying workers.** In February, Reps. Joe Wilson (R-S.C.) and Steve King (R-Iowa) introduced a bill to bar unions from requiring the workers they represent to pay the equivalent of union dues. The bill would establish a federal "right-to-work" law, which is a deceptive name for legislation that forces unions to drain their resources representing non-dues-paying workers. The law would not make life better for hard-working Americans. "Right to work" laws are already on the books in 27 states and the results are clear: lower wages and less bargaining power for working people. Wages are 3.1 percent lower in so-called "right-to-work" states, for union and nonunion workers alike, even after accounting for differences in cost of living, demographics, and workforce characteristics. Rather than further degrading the power of working-class Americans to bargain for decent wages and benefits, Congress and the president should be addressing wage stagnation and inequality.
7. **Cutting pay for construction workers on federally funded infrastructure projects.** On January 30, Rep. Steve King (R-Iowa) and Sen. Mike Lee (R-Utah) introduced the Davis-Bacon Repeal Act. The Davis-Bacon act requires that construction workers engaged in federally

funded construction projects be paid no less than the local prevailing wage. Careful research has shown that the act protects both the living standards of construction workers and the competitiveness of local construction firms bidding against transient contractors who might win federal contracts by using less-skilled workers. Repealing Davis-Bacon would save taxpayers money purely by taking a chunk of construction workers' wages. It would not actually make projects to build roads and schools and other public goods more efficient.

8. **Putting the brakes on overtime pay for the middle class.** The administration has made no move to support a 2016 rule that would extend overtime pay protections to millions of workers. Under the Fair Labor Standards Act, most salaried workers making less than a given annual salary are automatically entitled to overtime pay if they work more than 40 hours per week. The threshold aims to protect low- and moderate-earning salaried workers from being required to work excessive hours without compensation. Over the years, the threshold has been eroded by inflation, and the current threshold of $23,660 is below the poverty line for a family of four. In 2016, the Department of Labor raised the threshold to $47,476. While this rule is on hold under a court order, the administration has made its priorities clear. President Trump's first nominee for Secretary of Labor, Andrew Puzder, opposed the rule. And after Puzder withdrew from consideration for the post, in his confirmation hearing the new nominee, Alexander Acosta, declined to assert support for the rule or even the department's authority to raise the threshold. Raising the overtime salary threshold would directly benefit a broad range of working people, including 4.2 million parents and 7.3 million children.
9. **Slashing the budget for the Department of Labor, hindering its ability to enforce wage theft and worker safety laws or provide job training programs.** The "skinny budget" released by the White House on March 16 includes a 21 percent cut to the Department of Labor's budget. Indifference or worse about the plight of U.S. workers is the message sent by cutting a fifth of the budget of the key agency that protects workers from being killed or injured on the job, safeguards workers' pay and benefits, and provides displaced workers with job training and unemployment benefits.
10. **Declining to raise the minimum wage and lift pay for low-wage workers.** As of January 1, 29 states and the District of Columbia have a minimum wage that is higher than the federal minimum wage. In 2017

alone, minimum wage increases in 19 states will provide over $4.2 billion in additional wages to nearly 4.3 million affected workers in 2017 and will make a real, although modest, difference in the lives of workers and their families. But the federal minimum wage of $7.25 has not been raised since 2009 and is worth 25 percent less than its peak value in 1968. This decline in purchasing power means low-wage workers have to work longer hours just to achieve the standard of living that was considered the bare minimum almost half a century ago. On the campaign trail, President Trump spoke favorably of raising the federal minimum wage. It's time to see bold action on this sentiment that could lift pay for the bottom quarter or more of the workforce.