

United States General Accounting Office

GAO

Testimony

For Release
on Delivery
Expected at
9:30 a.m. EST
March 16, 1990

Child Labor Violations and
Sweatshops in the U.S.

Statement of
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Before the
Subcommittee on Employment and Housing
Committee on Government Operations



U.S. Department of Justice
National Institute of Justice

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SUMMARY OF TESTIMONY BY FRANKLIN FRAZIER
ON CHILD LABOR VIOLATIONS AND
SWEATSHOPS IN THE U.S.

The Fair Labor Standards Act of 1938 is the primary federal law regulating wages and working conditions of American workers, including children. To protect children from oppressive working conditions, the Act limits the hours that children under age 16 can work, sets minimum age standards for work in specified occupations, and restricts employment in specific hazardous occupations for youths under age 18. Since the mid-1980s, there has been an increase in violations of these child labor standards. In addition, there appears to be a widespread problem of "sweatshops"--workplaces that regularly violate both wage or child labor laws and workplace safety or health standards--in certain industries throughout the country.

Increase in the Number of Illegally Employed Minors Detected by Labor. The number of children found to be illegally employed reached almost 22,500 in 1989, from 9,200 in 1983, and remains above the levels reached during the late 1970s. Some reasons for the increase given by Labor officials include (1) low unemployment rates, which led to a shortage of adult workers in some areas, and (2) Labor's increased emphasis on child labor issues.

Increase in All Types of Federal Child Labor Violations. Some children are employed in violation of more than one child labor standard. Labor identified about 10,000 total federal child labor violations in FY 1983 and about 25,000 in FY 1989, an increase of about 150 percent. The greatest growth occurred in violations of the hours standard, tripling from about 5,000 in 1983 to over 15,000 in 1989. Violations of the federal minimum age standard and hazardous order restrictions roughly doubled over this period.

Most Violations Are in Retail Trade, Especially Restaurants. Between FY 1983 and FY 1989, over three-fourths of the detected child labor violations were found in retail trade. Within this sector, 42 percent of all violations were found in restaurants and 26 percent were detected in grocery stores.

Children Are Being Injured, Sometimes Fatally, at Work. Although available data make accurate estimations difficult, a significant number of children are injured at work each year. For 1988, 26 states provided us injury data showing that minors under age 18 suffered over 31,500 work-related injuries and illnesses. Further, our review of 29 child fatality cases inspected by OSHA in FY 1987 and FY 1988 showed that 10 cases probably involved both violations of safety or health standards that contributed to the fatality and violations of child labor laws.

Incidence of Federal Child Labor Violations Is Consistent With the Widespread Existence of Sweatshops. Federal and state enforcement officials believe "sweatshops" exist throughout the nation, especially in the restaurant, apparel, and meat processing industries.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to share with you some results from GAO's analysis of child labor and sweatshop working conditions in the United States. In particular, I will comment on the general trend in the number of federal child labor violations, the types of violations being reported, the industries where these violations are being found, and injuries and fatalities sustained by children at work. I will also discuss the highlights of our work on sweatshops. In 1988 and 1989, we issued reports on the problem of sweatshops, in response to an inquiry by Representative Charles E. Schumer. We are currently investigating the problem of child labor violations for Representative Don J. Pease, and we will provide further analyses on this issue in our final report to him in late April. Our major points are as follows:

- o Since FY 1983, there has been a general increase in the number of illegally employed minors detected by Labor. The current level remains far above the levels detected during the late 1970s. Some reasons for the increase given by Labor officials include (1) low unemployment rates, which led to a shortage of adult workers in some areas, and (2) Labor's increased emphasis on child labor issues.
- o Detected child labor violations have increased about 150 percent since FY 1983. The increase in violations has occurred across all major types of child labor standards: hours, minimum age, and hazardous order restrictions.
- o Most detected violations are found in retail trade and service industries. Within these sectors, grocery stores and restaurants are cited most often for violating federal child labor laws.
- o Although inadequacies in available data make accurate estimations difficult, there is evidence that children are frequently the victims of injury or illness at work. Twenty-six states reported to us over 31,500 injuries or illnesses to minors under age 18 in FY 1988 alone.
- o Sweatshops, defined here as workplaces that regularly violate both safety or health and wage or child labor laws, exist throughout the nation, and can be found in many industries.

Background

The Fair Labor Standards Act of 1938 (FLSA) is the primary federal law regulating the wages and working conditions of child workers. The Act limits the number of hours and times that children 14 and 15 years of age may work, especially during the

school year, in nonagricultural industries (hours standard). For example, such minors are allowed to work only outside school hours and no more than 18 hours in a school week. In agriculture, children under age 16 are prohibited from working during school hours but there is no limit on the number of hours that can be worked.

In nonagricultural industries, the Act generally provides a basic minimum working age of 16, although minors who are 14 and 15 years old may work in specified occupations in retail, food service and certain other industries (minimum age standard). In agriculture, the basic minimum working age is also 16, although the law permits, under certain conditions, employment of minors as young as 10 years old.

In addition, the Act permits the Secretary of Labor to set a minimum age for working in occupations determined to be particularly hazardous (hazardous order standards). Exercising this authority, Labor maintains hazardous occupations orders in 17 nonagricultural occupation and industry areas. These orders prohibit children under the age of 18 from employment in certain occupations and industries. For example, youths under age 18 cannot operate meat slicing machines or regularly drive a car or truck to deliver food. In agriculture, certain activities, such as operating corn pickers, are prohibited for minors under age 16.¹

Employers found in violation of any of these provisions may receive, among other sanctions, civil penalties of up to \$1000 for each violation. The Act also provides, in the case of a willful violation, for a fine up to \$10,000. In FY 1989, employers paid about \$1.5 million in federal child labor penalties.

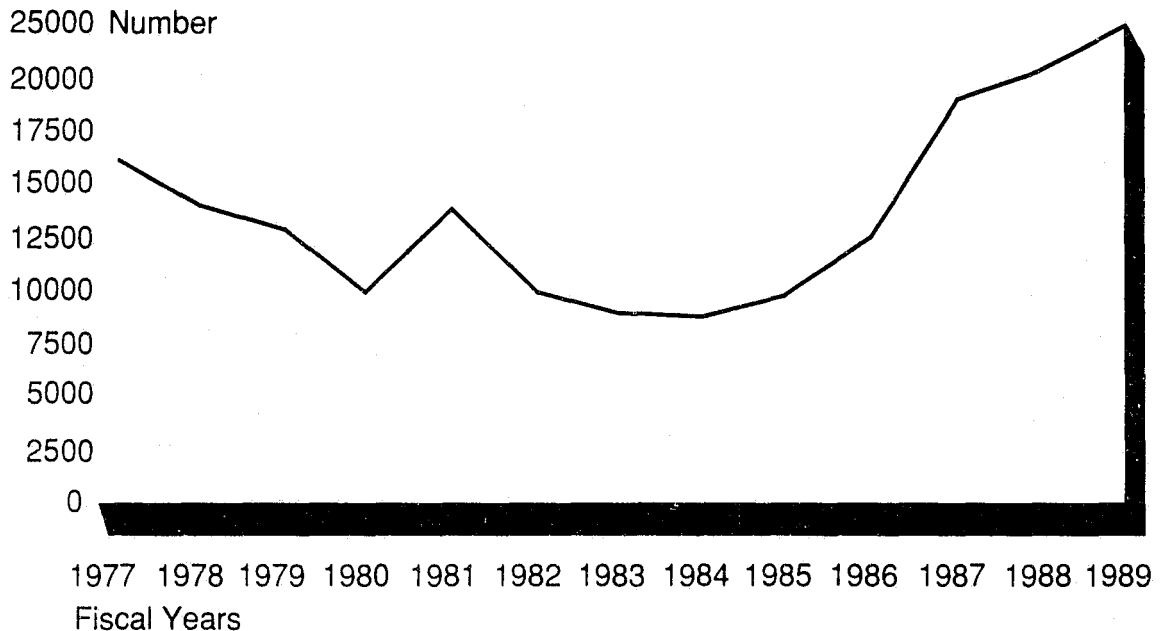
The Wage and Hour Division, a unit of Labor's Employment Standards Administration (ESA), is responsible for the administration and enforcement of federal child labor standards. Compliance officers inspect for child labor violations as part of their inspections for compliance with other FLSA provisions, such as minimum wage and overtime standards. In addition, the Division conducts specific child labor investigations in response to information, complaints, or referrals from sources such as newspapers, schools, and state agencies. In FY 1989, the agency had 990 compliance officers to perform all FLSA investigations, as well as to enforce other statutes for which it has responsibility.

¹In both agricultural and nonagricultural industries, children may be exempted from these orders for reasons such as participation in an apprenticeship or other training program.

Increase in illegally employed minors

In fiscal year 1989, Labor identified about 22,500 children under age 18 employed in violation of federal child labor laws, a 150 percent increase from 9,200 identified in 1983 and far above the peak of about 16,000 identified in 1977, as shown in the first figure. During this 1983-1989 period there was only a small increase in the number of youths working. The Bureau of Labor Statistics reported that 6,759,000 16- through 19-year-olds were employed in 1989, less than a 7 percent increase from the 6,342,000 in 1983. Labor officials mentioned several reasons that may account for the increase in detected violations including (1) low unemployment rates, which led to a shortage of adult workers in some areas,² and (2) Labor's increased emphasis on child labor issues.

GAO Detected Illegally Employed Minors, FY 1977-89

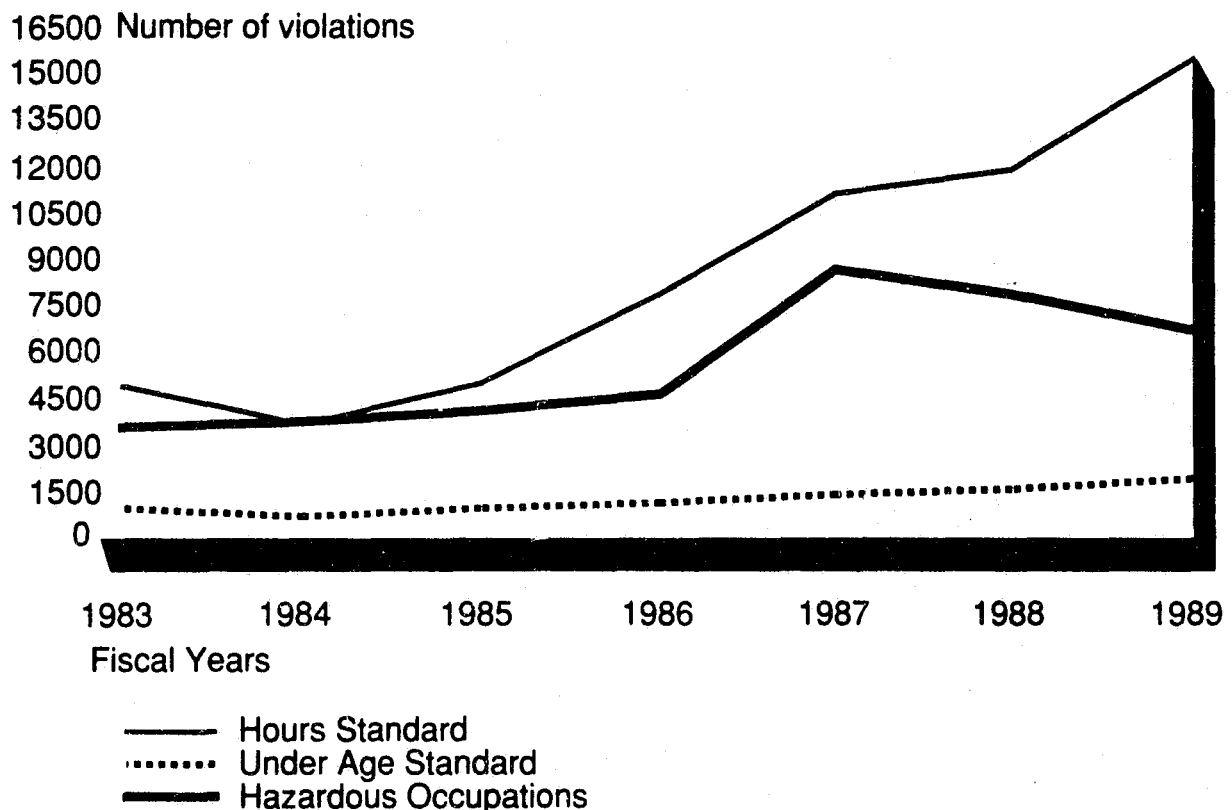


²Between 1983 and 1989, the total civilian unemployment rate declined from 9.6 percent to 5.3 percent.

Growth in detected federal child labor violations

The number of federal child labor violations has also grown substantially since the mid-1980s.³ In FY 1983, total federal child labor violations were about 10,000, increasing to about 25,000 in FY 1989, an increase of about 150 percent.⁴

GAO Detected Child Labor Violations by Type, FY 1983-89



³The number of detected violations is greater than the number of illegally employed minors because a minor may be employed in violation of more than one child labor standard.

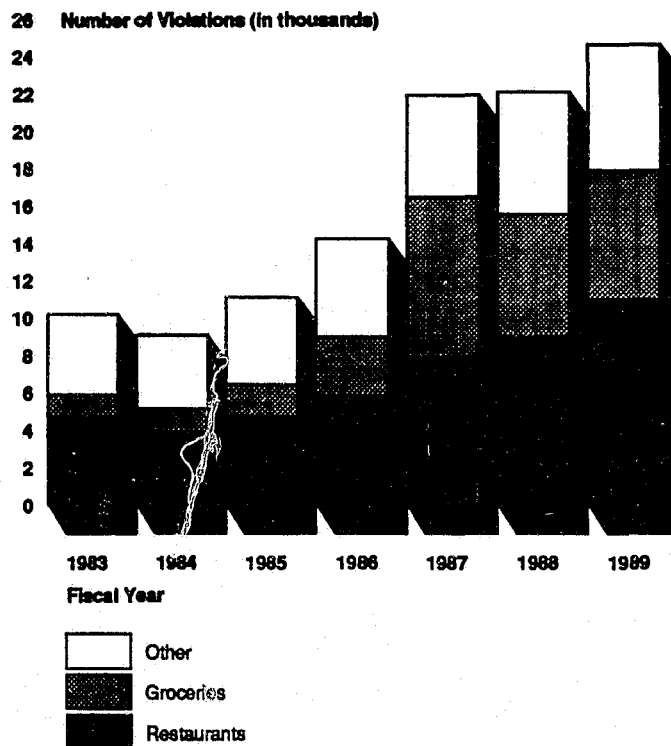
⁴ A previous GAO report (The Fair Labor Standards Act: Enforcement of Child Labor Provisions in Massachusetts, GAO/HRD-88-54, April 28, 1988) focused on the FY 1983-1987 increase in violations in one federal region. To be consistent with this earlier study, we used FY 1983 as the base year for examining the national increase in violations.

Increases have occurred in violations of all the child labor standards, as shown in figure 2 above. Over the 7-year period, Labor identified about 60,000 violations of the hours standard, over 9,000 violations of the minimum age standard and almost 40,000 hazardous orders violations. The greatest growth occurred in violations of the hours standard. These violations increased from about 5,000 in 1983 to over 15,000 in 1989. Violations of federal minimum age and hazardous order standards roughly doubled over this period.

ESA finds most child labor violations in retail trade and the service industries. Businesses in the retail trade industry consistently were cited for about three-fourths of the violations identified by Labor between FY 1983 and 1989.

Federal child labor violations are concentrated within certain segments of the retail trade sector. Between FY 1983 and 1989, almost 70 percent of all violations were found in two retail trade industries: 42 percent in restaurants and 26 percent in grocery stores. (See fig. 3.)

GAO Detected Violations by Industry Subgroup, FY 1983-89



Children are being injured, sometimes fatally, at work

Although comprehensive data are difficult to obtain, there is evidence that children are frequently the victims of injuries in the workplace. In the absence of any national data base on work-related injuries and illnesses of children, we tried to obtain data directly from the states. However, the data provided by the states differs in the definition of an injury and the ages included in the statistics. For example, some states define an injury as one that causes the employee to miss one or more days of work, while other states base an injury on seven or more days of lost worktime.

Only 26 states could give us data for children under age 18. They reported to us over 31,500 work-related injuries and illnesses to minors under age 18 in FY 1988 alone. However, this number excluded injuries in some populous states, including California, Massachusetts, New York, and Ohio, and thus may account for less than half of the total number of child injuries in the workplace.

As for child worker deaths, we reviewed 29 cases of fatalities of children under age 18 inspected by the Occupational Safety and Health Administration (OSHA) in FY 1987 and FY 1988. Officials in the Wage and Hour Division identified 11 of these cases as probably involving at least one hazardous order violation. These deaths occurred in certain activities covered by the hazardous orders such as roofing, excavation, the use of power driven hoisting equipment, and woodworking machinery. In addition, 10 of these 11 cases also involved potential multiple labor law violations--a safety and health violation that OSHA believed contributed to the fatality as well as the apparent violation of child labor laws.

**Incidence of child labor violations
is consistent with the widespread
existence of sweatshops**

The growth in child labor violations is consistent with opinions of enforcement officials around the country that there is a widespread problem of multiple labor law violators, or "sweatshops." GAO has reported its findings concerning sweatshops in several previous reports and forums, so we will be brief here.⁵

In our earlier work, we defined a "sweatshop" as a business that regularly violated both (1) safety or health laws and (2) wage or child labor laws. Some sweatshops would, thus, involve child labor violations. However, child labor violations may also exist in the absence of safety or health violations. In other words, there is a partial but incomplete overlap between the two types of problems.

We surveyed over 100 federal and state officials nationwide who are responsible for enforcing laws relevant to working conditions and thus were likely to be knowledgeable about the question of sweatshops. These officials were regional administrators and district directors in the Wage and Hour Division, OSHA, and the Immigration and Naturalization Service (INS) and state labor department directors. In the opinions of the officials we surveyed, sweatshops existed throughout the United States. Thirty-five state labor department directors identified industries in their states in which either wage and child labor or safety and health violations were a problem, and seven identified industries in which they thought both kinds of violations were a problem. Three-fourths of the federal officials (40 of 53) said sweatshops were a problem in at least one industry in their regions.

⁵U.S. General Accounting Office. "Sweatshops" in the U.S.: Opinions on Their Extent and Possible Enforcement Options (GAO/HRD-88-130BR, August 30, 1988).

U.S. General Accounting Office. "Sweatshops" in New York City: A Local Example of A Nationwide Problem (GAO/HRD-89-101BR, June 8, 1989).

William J. Gainer, Director of Education and Employment Issues, "Sweatshops" and Child Labor Violations: A Growing Problem in the United States, Presentation before the Capitol Hill Forum on the Exploitation of Children in the Workplace, November 21, 1989.

Although the federal officials said that apparel manufacturing and meat processing had a "serious problem" with sweatshops, the industry they most frequently cited as having a serious problem was restaurants. This is consistent with our observation that most child labor violations are found in retail trade and, in particular, restaurants.

In our previous work on sweatshops, we suggested that enforcement agencies might increase their effectiveness in detecting multiple labor law violations by improving their interagency working relationships. In some parts of the nation this is now occurring. For example, in January 1989 the New York Region Wage and Hour Division and OSHA offices reached a formal agreement to exchange the names of suspected violators of each other's laws and to train each agency's inspectors to identify situations that merit referral. Although Labor officials stated that they have encouraged officials in other regions to establish similar formal agreements, we are not aware of any others in place at this time. As another option for controlling multiple labor law violators, we reiterated our previous recommendation that Congress amend the Fair Labor Standards Act to provide penalties sufficient to deter violations of minimum wage, overtime and recording requirements.

This concludes my statement. I will be glad to answer any questions you may have.