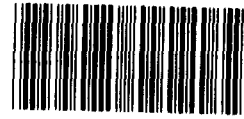


GAO

Testimony



143446

For Release
on Delivery
Expected at
10:00 a.m. EST
Tuesday
March 19, 1991

CHILD LABOR: The Characteristics
of Working Children in the
United States

Statement of
Franklin Frazier, Director of
Education and Employment Issues
Human Resources Division

Before the
Subcommittee on Labor
Committee on Labor and Human Resources
United States Senate

and

Subcommittee on Children,
Family, Drugs and Alcoholism
Committee on Labor and Human Resources
United States Senate



SUMMARY OF TESTIMONY BY FRANKLIN FRAZIER
ON THE CHARACTERISTICS OF WORKING
CHILDREN IN THE U.S.

In 1988, over one-fourth of all 15-year-olds and one-half of all 16- to 17-year-olds worked some time during the year--over 4 million children in total. To protect children from oppressive working conditions, regulations issued under the Fair Labor Standards Act of 1938 limit the hours that children under age 16 can work, set minimum age standards for work in specified occupations, and restrict employment in specific hazardous occupations for youths under age 18. Detected child labor violations increased 340 percent since 1983. For child labor violations, the average assessed penalty per violation in FY 1990 was \$212.

Low-Income and Minority Children Less Likely to be Employed

In low-income families (those with incomes of \$20,000 a year or less), 32 percent of the children were employed in 1988, compared with 54 percent of the children from high-income families (those with incomes of \$60,000 a year or more). About 28 percent of black and hispanic children were employed, compared with 50 percent of white children.

Type and Amount of Work Differ By Child's Family Income

More children from low-income families worked in agriculture, wholesale trade and "hazardous" industries like manufacturing and construction than children from high-income families. Employed children from low-income families averaged 22 hours of work a week while children from high-income families averaged 19 hours a week. In contrast, children in low-income families averaged fewer weeks of work a year than high-income families: 20 weeks to nearly 23 weeks.

GAO Estimates That About 166,000 15-Year-Olds Were Employed Illegally in 1988 Using census data, we estimate that in 1988, about 18 percent of all employed 15-year-olds worked in violation either of federal regulations governing maximum hours of work or the minimum age for certain occupations.

Some Illegally Employed Children Sustained Serious Injuries Between FY 1983 and 1990, Labor detected a total of 1,475 violations associated with the serious injury of working children. The annual number of detected serious injuries associated with a violation has doubled to 288 since fiscal year 1983. Although 4 percent of all child labor violations occurred in construction and manufacturing, over 27 percent of detected serious injuries were identified in these industries.

Labor's Penalties Assessed For Violations With Serious Injuries

Labor does not routinely maintain information on assessed penalties in individual cases. However, data from Labor's 1990 Operation Child Watch enforcement efforts showed that Labor assessed the FY 1990 maximum civil monetary penalty of \$1,000 on all non-willful violations where an illegally employed child sustained a serious injury.

To the Chairmen and Members of the Subcommittees:

Despite the growing concern about the exploitation of America's working children, there has been virtually no information available profiling our working youth. Thus, I am pleased today to respond to your request on the characteristics of America's working children. In particular, I will outline the economic and demographic characteristics of working 15- to 17-year-old children, describing who they are, where they work and how much they work throughout the year, although we cannot describe their work patterns solely during the school year. I will also discuss the number of children found by Labor to have been seriously injured while working in violation of child labor laws from FY 1983 to FY 1990 and the penalties Labor assessed some employers of illegally employed children who were seriously injured. These results are described in more detail in our forthcoming report.

Our major points are as follows:

- About 28 percent of all 15-year-olds and 51 percent of all 16- and 17-year-old children were employed some time during 1988. Low-income and minority children were less likely to be employed than high-income and white children.
- When employed, children from low-income families were more likely to be employed in agriculture or other "hazardous" industries like manufacturing or construction. They also worked more hours a week but fewer weeks a year than children from high-income families.
- We estimate that, in 1988, about 18 percent of employed 15-year-olds worked in violation of federal child labor regulations governing maximum hours or minimum ages for employment in certain occupations.
- In fiscal years 1983 through 1990, Labor detected 1,475 violations associated with serious workplace injuries of working children: injuries causing lost work time, permanent disability or death.
- In those FY 1990 cases where Labor can readily identify the assessed fines, Labor assessed the maximum penalty of \$1,000 against all child labor violators employing a child who was seriously injured. Labor did not cite any of these businesses for willful violations (for which the penalty could have been \$10,000), nor did it refer any of these cases for criminal prosecution.

BACKGROUND

GAO was requested to perform this review because of congressional concern about increased violations of child labor laws.¹ In FY 1990, Labor detected over 42,000 child labor violations, an increase of over 340 percent since FY 1983. The total number of detected illegally employed children increased by 330 percent to over 38,000. The 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.

Despite this growth, policy decisions on how to prevent violations have been hampered by a lack of basic data about working youth. Although we are satisfied that the information we provide at this time makes a significant contribution to the knowledge base about working children, it is still less than we think is needed for understanding the full impact of this problem. For example, although we will share with you our analysis of the best national data available today on the number of working children, the data base does not permit the analysis of youth employment during the school year alone. Researchers believe that it also underestimates the true amount of annual employment by children. In addition, as we noted in our April 1990 report, no comprehensive national work-related injury and illness data exist for minors.

The Fair Labor Standards Act (FLSA) is the primary federal law regulating wages and working conditions of American workers, including children. Regulations issued under the act set a minimum age requirement for work in certain occupations (minimum age/prohibited occupation regulations), limit the hours in which youth aged 14 and 15 can work (hours regulations), and restrict employment in specific hazardous occupations for youth under age 18 (hazardous order regulations). The Wage and Hour Division (WHD), within Labor's Employment Standards Administration, is responsible for the administration and enforcement of FLSA, including child labor standards. In FY 1990, WHD had about 1,000 compliance officers who enforced the FLSA, including the act's child labor provisions.

Since 1974, FLSA has authorized Labor to assess a maximum civil monetary penalty of \$1,000 for each violation of federal child labor regulation, unless the violation was deemed to be willful, in which case a \$10,000 penalty could be assessed. During FY 1990, Labor carried out a policy of citing businesses that illegally employed children who sustained a serious injury with the maximum penalty for a non-willful violation, regardless of

¹See, for example, Child Labor: Increases in Detected Child Labor Violations Throughout the United States, GAO/HRD-90-116, April 30, 1990).

the nature of the serious injury. Labor did not cite any of these businesses for willful violations, nor did it refer any of these cases for criminal prosecution. For FY 1990, the average penalty assessed by WHD per child labor violation was about \$212.

As part of the fiscal year 1991 budget legislation, Congress gave Labor the authority to assess a maximum civil monetary penalty of up to \$10,000 for each non-willful child labor violation. Reflecting the legislated increase in the maximum civil monetary penalty, Labor has now modified its policy. As of March 1991, Labor will assess the maximum civil monetary penalty of \$10,000 in those cases where an illegally employed child is fatally injured. It will assess penalties of \$7,500 to \$10,000 in cases where an illegally employed child suffers a permanent disability. Finally, it will assess a minimum penalty of \$5,000 in those cases where an illegally employed child suffered a serious injury resulting in lost worktime.

SCOPE AND METHODOLOGY

In an attempt to answer your questions, we conducted interviews with experts inside and outside the government to determine what data sources were available. This led us to use three sources. First, we obtained and analyzed family data from Census's March 1989 Supplement of the Current Population Survey (CPS) to determine the profile of working children. Second, we analyzed Labor Department child labor inspection records to identify those illegally employed children who sustained serious injuries and the total number of detected violations for the fiscal years 1983-1990. Third, we obtained assessed penalty information associated with those serious injuries of illegally employed children detected during Labor's FY 1990 Operation Child Watch enforcement sweep actions.

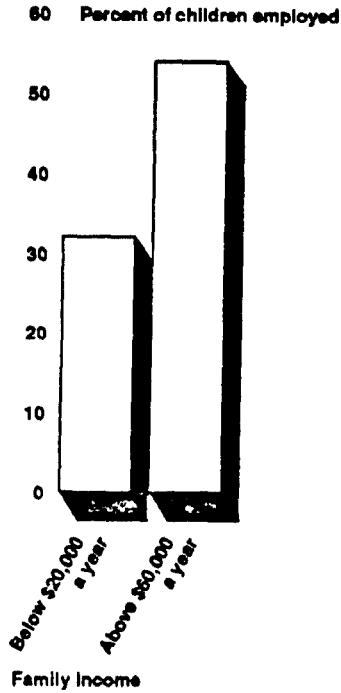
STUDY RESULTS

Low-Income and Minority Children Less Likely to be Employed

Our analysis of the CPS data shows that about 28 percent of all 15-year-olds (over 919,000) and 51 percent of all 16- to 17-year olds (over 3.5 million) worked some time during 1988. Children aged 15- to 17-years-old from families with annual incomes of \$20,000 or less (low-income families) were less likely to be employed in 1988. Of the over 3 million 15- to 17-year-old children living in low-income families, 32 percent were employed, compared with 54 percent of the 1.9 million children from families that earned \$60,000 or more a year (high-income families) (see figure 1).

FIGURE 1

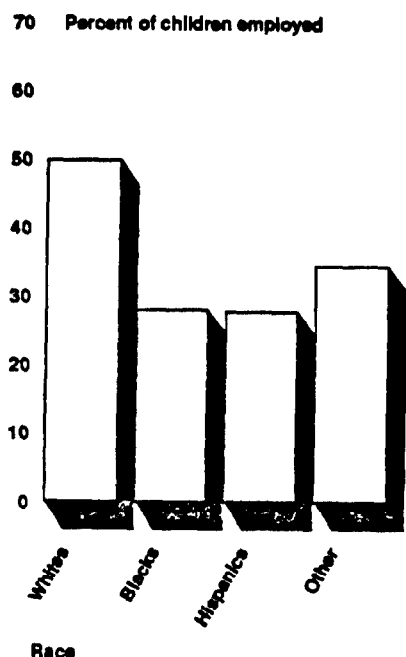
GAO Low-Income Children Less Likely to be Employed In 1988



Minority children aged 15-17 were employed at a lower percent rate than white children in the same age group in 1988. About 28 percent of both black and hispanic children were employed, compared with 50 percent of the white children. (see figure 2).

FIGURE 2

GAO Minority Children Less Likely to be Employed In 1988



Type and Amount of Work Differs By Child's Family Income

Most 15 to 17-year-olds were employed in industries like retail trade (48 percent) and personal services (19 percent), but the type of employment varied by family income. More children from low-income families (20 percent) than from high-income families (14 percent) worked in "hazardous" industries like agriculture, manufacturing, and construction, and wholesale trade, including warehouse operations.

In addition, in 1988 on average, 15-year-old employed children worked an average of 17 hours a week and 19 weeks a year; employed 16- and 17-year olds worked an average of 21 hours a

week and 23 weeks a year. Because the CPS data base does not distinguish between employment during non-school and school year periods, we could not estimate the amount of work during the school year alone.

The amount of hours worked a week and weeks worked a year by children varied by the family income of the child. In 1988, employed 15- to 17-year-old children from low-income families averaged 22 hours of work a week, compared with children from high-income families, who averaged 19 hours a week. In contrast, employed children in low-income families averaged fewer weeks of work a year than children from high-income families, or 20 weeks to nearly 23 weeks.

GAO Estimate of Illegal Employment

We have described in previous testimony and reports the number of children found by Labor to be working in violation of child labor laws. Because we have seen no estimate of the total number of children likely to be working in violation of these laws, we used CPS data to prepare our own estimate of the number of 15-year-olds who are illegally employed. (See the appendix for the methodology we used).

We estimate that in 1988 about 18 percent of all employed 15-year-olds (about 166,000) were working in violation either of the regulations governing maximum hours of work or the minimum age for employment.² About 9 percent of them worked at least some time in violation of the federal maximum hours regulation; almost 11 percent of them worked in violation of the federal minimum age standard prohibiting 15-year-olds from employment in certain occupations; some worked in violation of both regulations. (see figure 3).

² Because of limitations in the CPS data base, we believe that this estimate understates the number of 15-year-olds employed in violation of federal child labor law.

**GAO GAO Estimate of Illegal Work
By 15-Year-Olds, 1988**

- Hours standard violation:
 - 9 percent
 - 83,000

 - Minimum age (prohibited occupations) violation:
 - 11 percent
 - 99,000

 - Total children in violation:
 - 18 percent
 - 166,000
-

**Trends in Detected Violations Associated
With The Serious Injury of Working Children**

Between FY 1983 and 1990, the Department of Labor detected a total of 1,475 violations in non-agricultural employment involving the serious injury of a working child.³ However, while the annual number of detected violations associated with serious

³ Consistent with Labor's definition, we defined serious injury as either (1) an injury that caused the loss of at least one working day by the child, (2) a permanent total or partial disability, or (3) a fatality. Although Labor records each detected serious injury, it does not record whether each is an injury, disability or death.

injuries has doubled since fiscal year 1983 (from 143 to 288), the annual number of total detected violations has increased more than fourfold (42,696 in 1990 compared with 9,679 in 1983). In addition, the greatest percentage increase in violations occurred in hours violations which are less related to serious injuries. Thus, a smaller percentage of the child labor law violations involved serious injuries in fiscal year 1990.

Serious Injuries Differ by Type of Violations and Industry

Most violations involving serious injuries of working children are associated with hazardous order violations. Between FY 1983 and 1990, over 85 percent of all violations involving serious injuries were associated with a hazardous order violation, although hazardous order violations comprised only 32 percent of all child labor violations. Less than 15 percent of all serious injuries were associated with minimum age and maximum hours violations, although they comprised 68 percent of all child labor violations.

Detected violations associated with serious injury also differ by industry. About 27 percent of all injuries associated with child labor violations occurred in construction and manufacturing industries even though employment in those industries accounted for only 4 percent of all detected child labor violations.

Labor's Penalties Assessed for Serious Injury Cases

Labor does not routinely keep penalty information on individual cases at headquarters either on a current or historical basis. However, Labor did keep data on penalties on the violations detected during its FY 1990 Operation Child Watch, four nationwide "strike force" enforcement sweeps that included 9,524 inspections and found 27,634 children illegally employed. In those inspections, Labor assessed the maximum non-willful violation penalty for all 50 violations associated with a serious injury. Labor did not cite a willful violation (for which the penalty could have been \$10,000) in any of these cases, nor did it refer any of these cases for criminal prosecution.

Our analysis of these sources of additional data is consistent with the trends we identified in our previous work, particularly the growth in the number of detected violations and illegally employed children since FY 1983. This concludes my statement. I will be glad to answer any questions you may have.

APPENDIX: GAO ESTIMATE OF ILLEGAL EMPLOYMENT OF 15-YEAR-OLDS

Using data from the 1989 Annual March Supplement of the Current Population Survey (CPS), we estimated the number of 15-year-olds who may have been illegally employed in 1988 under the federal regulations governing either (1) the maximum work hours or (2) minimum age/prohibited occupations for 15-year-olds employed in non-agricultural industries.

EXISTING FEDERAL CHILD LABOR REGULATIONS

Federal regulations provide that 14- and 15-year-old children working in non-agricultural industries may not be employed (1) during school hours, (2) before 7 am or after 7 pm or for more than 3 hours a day on school days, or (3) more than 18 hours in school weeks. In addition, they may not work more than 8 hours a day or 40 hours a week in non-school days and weeks. Federal regulations also prohibit 14- and 15-year-olds from employment in (1) all manufacturing and mining occupations, (2) with certain exceptions, construction, transport, public utilities and communications occupations and (3) a number of occupations in retail, warehousing and food service.

Violation of Federal Hours Regulation

Estimating the number of school children violating the federal maximum hours regulation involved two steps: (1) estimating the total number of 15-year-olds illegally employed in 1988 and (2) adjusting the estimate for the number of children excluded by the child labor provisions of the Fair Labor Standards Act (FLSA).

From the CPS, we identified:

- the number of 15-year-olds who worked more than 40 hours a week during any week in the year and
- the number of 15-year-olds who worked at least 19 hours a week but no more than 40 hours a week for 16 weeks or more (using 16 weeks of employment to approximate the length of the non-school period of the year).

We summed these two groups to obtain our unadjusted estimate of 94,826 15-year-olds working in violation of the federal hours regulation.

Second, we corrected the unadjusted estimate for likely coverage by the FLSA.¹ This correction left us with 83,216 employed 15-year-olds or about 9 percent of all 15-year-olds employed in non-agriculture and agricultural industries in 1988. At the 95 percent confidence level, the associated sampling error was +/- 3.1 percent.

Violation of the Federal Minimum Age Regulation

As a first step, we identified the primary industry of employment for each 15-year-old who worked in 1988. We summed the number of 15-year-olds employed in manufacturing, construction, mining, public utilities, communication and transport industries to obtain our unadjusted estimate of 112,871 children working in violation of the minimum age regulation in 1988.

Second, we again adjusted our estimate for FLSA coverage. The remaining 99,051 employed 15-year-olds represented about 10.8 percent of all 15-year-olds employed in non-agriculture and agricultural industries in 1988. At the 95 percent confidence level, the associated sampling error was +/- 3.0 percent.

Total Extent of Illegal Employment

To get an estimate of the amount of illegal employment under both provisions, we summed both unadjusted estimates, subtracting the number of children who were counted in both estimates. This left an unadjusted estimated total of 188,881 children. Adjusting for FLSA coverage, we estimate that 165,754 15-year-olds or about 18 percent of all employed 15-year-olds were employed illegally at least part of the time in 1988. At the 95 percent confidence level, the associated sampling errors was +/- 4.1 percent.

ESTIMATE MAY UNDERSTATE ACTUAL EXTENT OF ILLEGAL EMPLOYMENT

We believe that overall we underestimate the number of illegally employed 15 year olds. First, the CPS data base itself may yield an underestimate of illegal employment. There is evidence that the CPS underestimates the number of children who work and the

¹Not all children are covered by the FLSA. The primary determinant of coverage by the child labor provisions of the FLSA is whether the individual child is employed by a business engaged in interstate commerce, which in many cases means total annual sales of over \$500,000, or whether the child is individually engaged in interstate commerce. Assuming that all employed 15-year olds were non-supervisory workers, we corrected for the Act's coverage by adjusting our estimates with the percentage of all non-supervisory workers covered by the minimum wage provisions of the FLSA.

estimates of illegal employment may be low.

Second, the CPS also does not indicate the number of hours a child works daily or the time of day during which the work occurred, so we could not estimate illegal employment of over 8 hours a day or estimate illegal night employment.

Third, on our estimate of employment in violation of the federal minimum age regulation, we could not include children employed in prohibited activities in otherwise allowed industries. For example, we did not include children operating meat slicers in the retail and food service industries.

On the other hand, some data limitations cause our figures to overestimate illegal employment. However, we feel that the number of children inappropriately included in our estimate is much smaller than the number missed in our estimate.

For example, our estimate includes some children who may be legally employed in certain industries--a 15-year-old may be legally employed as a sales or office worker in construction as long as they work away from the construction site.