# A summary of labor economic terms

Economics

No society can exist without work activities. People must work to earn for their living. They work to sustain their basic needs, to havefood, shelter and clothing. These actual and potential workers in the population of the industrial society constitute the labor force.

Labor has been commodity in the society as various factories were established. Population of workers is greater than the available jobs. This caused injustices and abuse which eventually formed labor unions holding protests for their rights.

United States, pursuing capitalism with democratic type of government, addressed these issues by establishing the Department of Labor. This government agency protects the workers' welfare and helps to improve their working condition and to have conducive workingenvironment. They regularized wages and imposed additional proper benefits for the security of workers.

Minimum wageis the basic amount paid for the service rendered by the employee or worker. It could be rated per hour, per day with eight hours period of work, per week or per month. In July 24th, 2007 under Fair Labor Standards Act (FLSA), the federal minimum wage is $5. 85 per hour for covered nonexempt employees.

Mostly, every state has own minimum wage law. The employees subjected to both state and federal minimum wage laws are entitled to receive amount which is higher.

Fringe benefits come when there will either be commissions or promised wages. This is not covered under the FLSA.

Some employer who do not properly pay wages according to the laws have to pay employees with right amount calculated from the difference between what the employee received and what should be he/she must receive. This is called back pay. If employer resists on paying these amount, they will be subjected to law suit and will be paying higher amount including other damages, attorney’s fee and court costs.

Some employers motivate their workers by paying additional amount. Selling and production workers commonly receive it. It is termed as sales commission. It serves as incentives for increase in sales or production of manufactured goods. Other employers give commission as additional salary or replacement of the salary.

Employers can holdmoneyfrom employees’ earning as required by court. Wage garnishment is a legal procedure that is done to pay employees’ debt. Common case of garnishment is the case on child support.

Workers are protected from being dismissed at their current employment. Under Title III of the Consumer Credit Protection Act (CCPA), employee can not be discharge or fired out of work due to garnishment even though there were numbers of levies or proceedings needed to collect debts. Also, there will be limits on the amount of employees' earnings to be garnished. This is to ensure that the employee can still sustain his/her basic needs.

Earnings subjected to garnishment are wages, salaries, commissions, bonuses, and income from a pension or retirement program. Tips are not included for garnishment.

The government needed contractors to build road, buildings, public schools, public transportation and other government-owned facilities. The contractors needed to employ people for this government project. Employment Standards Administration's Wage & Hour Division of Department of Labor enforced wage requirements for government contracts. There were several laws on wage requirements.

One is the Davis-Bacon and Related Acts (DBRA). Laborers and mechanics hired to work for federal and federally-assisted construction projects should be paid prevailing wages.

Another law is the McNamara-O'Hara Service Contract Act. Contractual service employees working with the federal government should be paid with prevailing wage rates and fringe benefits.