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'Balancing act' on wages

Labor investigator asks tough questions

By Carolyn Smith
special writer

Nancy Bowlby says her job as an investigator for the U.S. Department of Labor offers "the challenge of the unknown."

The Garden City resident, who works in Troy, performs a delicate balancing act of resolving employee complaints of unfair labor practices and helping employers understand the laws.

She also asks tough questions:

Is the employer paying the minimum wage? Is the employee receiving earned overtime pay? Is the firm complying with laws on federally financed construction jobs?

BOWLBY'S WORK takes her to businesses in Oakland, Macomb and Livingston counties.

Her bible is the Fair Labor Standards Act, which covers employees of retail and service businesses grossing yearly sales of more than $362,500 and other types of businesses with gross incomes of more than $250,000.

Complaints come from people of all ages and occupations. But most, she said, involve low-wage earners such as children and adults entering the labor market in unskilled jobs.

Payment of overtime wages, she said, tends to be a problem shared by many workers — secretaries, bookkeepers, bank tellers, restaurant and construction workers, and manufacturing employees who include piece-rate workers.

EMPLOYERS RUN the gamut.

"They're mom and pop operations to major corporations, to state and local government agencies," she said.

Bowlby admits to witnessing some sad situations. "Some of them involve exploitation of children. I've seen 10- and 11-year-old migrant workers making $1.50 an hour," she said.

And she recalled the man who lost his job as a *gas-station attendant after he blew the whistle* on an employer who ordered him to illegaly pump leaded gas into vehicle tanks with altered or missing emission-control devices. The worker never got his job back, but the matter was settled to everyone's satisfaction.

Bowlby stresses that fairness and objectivity are her basic working tools.

"I can get tough when I have to, but my greatest satisfaction is to work out violations with an employer for an employee . . . and everybody ends up happy."

SHE BRINGS a ready smile and easy wit to the job. A positive, upbeat attitude, she reasons, can be attributed to a childhood in which nothing stayed the same for very long.

"My dad traveled a lot with us, and I developed a great sensitivity to other cultures. So I'm not the least bit threatened by change, other people or their attitudes."

She has traveled and lived in various parts of this and other countries, including Indonesia, Spain, Thailand, China, Italy and Norway.

She began working for the labor department in 1975, after graduating from Kalamazoo College. Earlier this year, Bowlby served on a task force in Washington, D.C., aimed at helping state and *local* governments understand 1986 minimum-wage and overtime laws affecting their employees.

She said most of her work days are long. But she has found time to serve as president for two years of the 58-member Garden City Business and Professional Women's organization.

She was recently elected secretary of the district federation of the BPW, which includes western Wayne and Oakland counties.

Bowlby is married and enjoys gardening, music and taking care of her two cats and three birds.

ART EMANUELE/staff photographer

Nancy Bowlby, who investigates unfair labor practices for the federal government, finds her basic tools are fairness and objectivity — spiced by a ready smile.

'Don't make decisions based on tax effects'

By Doug Funko
staff writer

Do proposed changes in the federal tax code have you concerned?

Several financial advisers interviewed by the Observer & Eccentric may advocate different tactics, but all agree that investors should move cautiously until a new tax bill becomes law.

"The very bottom line is don't jump off any ledges, don't do anything drastic until you see what's written," said Thomas Tybinka, a senior vice president for the investment company of Prescott, Ball and Turben in Plymouth.

"We're telling everybody the same thing we always tell them — don't make decisions based on tax effects," said Robert Czaplewski, a certified public accountant with the Livonia firm of Swad and Co.

"If it makes economic sense, do it. If it doesn't, don't. Worry about taxes later."

INVESTORS, though, shouldn't sit on their hands oblivious to what may or may not transpire, said Walter Kerrigan, chairman of the Metropolitan Detroit Society of the Institute of Certified Financial Planners.

Consider appropriate reactions to different possible scenarios, he advises.

"Uncertainty shouldn't deter management of assets. Plan for an ultimate course of action," said Kerrigan, president of the Institute for Financial Planning in Farmington Hills.

A wide-ranging bill unanimously approved by the Senate Finance Committee would reduce the highest tax bracket for individuals from 50 to 27 percent. In exchange, many adjustments for income and deductions would be eliminated or substantially curtailed.

Taxpayers most likely would be touched by proposed changes in the treatment of Individual Retirement Accounts, deductibility of state sales taxes and consumer interest charges, and capital gains on the sale of stocks, bonds and mutual funds.

INDIVIDUAL RETIREMENT ACCOUNTS

Individuals may now subtract from income contributions to IRA accounts of up to $2,000 annually whether or not they're covered by a private pension plan. The Senate bill would limit the adjustment only to persons not covered by retirement plans where they work.

Interest and dividends earned on IRA investments would continue to be tax-deferred for all contributors until they're withdrawn at age 59½.

For that reason, adding to an IRA account could still be a bargain even though the front-end deduction is lost.

"It would definitely be a good deal," Kerrigan said. "It would still add to their wealth and add to the capital base of the nation."

"For many people, it's still a very viable and attractive way to save money for the future," Tybinka said.

With lower tax rates, the loss of the IRA deduction — especially for persons now in brackets substantially less than 50 percent — wouldn't have much of an impact.

CAPITAL GAINS

The maximum tax on long-term capital gains — property which has appreciated in value and held for at least six months — is now 20 percent.

All capital gains would be taxed as ordinary income at a maximum of 27 percent under the Senate bill.

Planners advise against selling stocks, bonds or mutual funds just to avoid paying the higher taxes.

"The extra 7 percent, I don't think, should come into play here. You should invest for economics," Kerrigan said.

Terence Reed, a certified financial planner and president of Priority Planning Corp. of Livonia, suggests that now might be a good time to scrutinize portfolios.

"I think the stock market's reaching a peak," Reed said. "If you feel (your) stock is so high now you wouldn't want to buy it, you should get out."

"If you need money some time in the next year or two, you're probably better off taking the gain (now)," Tybinka said. "If you're a long-term investor, you shouldn't worry about it.

"Once all the turmoil is over with, my opinion is the stock market has a long way to go."

Remember, if you do take a gain, you have to put the cash somewhere.

Interest rates on money markets are now fairly low. Higher interest rates on certificates of deposit usually require tying up money for longer periods of time. Is your investment insured? How safe *really* is it?

SALES TAX, CONSUMER INTEREST DEDUCTIONS

Sales tax paid on the purchase of a car or boat is currently deductible. Ditto for interest on monthly car payments and finance charges assessed on credit cards.

The Senate bill would repeal those deductions.

But their loss may have less of an impact than might be apparent at first blush.

People buy cars because they need them. Decisions on what or when to buy generally aren't based on sales tax. Also, auto manufacturers frequently offer low-rate financing deals.

"In the final anaylsis, it won't make much of a difference," Tybinka speculated.

"People are still going to buy cars," Czaplewski said.

Kerrigan speculated that a change in the tax law may prompt more persons to lease rather than buy cars.

Still, if you're in the market to buy and are undecided about whether to do so this year or next and the Senate bill were to become law, it may pay to make the purchase before the end of the year.

Credit has become so ingrained in our economic system that repealing interest deductions probably won't have much of an immediate impact, advisers project.

There may be a way around a potential interest-deductibility prohibition.

BECAUSE mortgage interest would continue to be deductible, advisers predict that some persons may take out an equity loan against the equity of their houses, then deduct that interest as mortgage interest.

All apparently legal.

Other proposed tax changes — such as repeal of the so-called marriage-penalty deduction — probably won't hurt as much as now anticipated due to the lowering of tax rates.

Whatever happens, look before you leap. Today's law can be history tomorrow. The tax code has been revised 19 times in the past 23 years, Tybinka said.

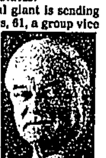
"Look at every investment from an economic standpoint," Reed said. "Don't go for any quick deals. Don't let the tail wag the dog."

DuPont sees ballooning opportunities in autos

By Tim Richard
staff writer

Seeing a quadrupling of opportunity in the auto industry, DuPont Co. is elevating its Michigan operations to major department status.

And the chemical giant is sending John P. McAndrews, 61, a group vice president, from Delaware to Troy where he can be close to the auto industry.



McAndrews

"This is no small commitment. A department is the single largest business unit we have at DuPont," Board Vice Chairman Edgar S. Woolard Jr. told a news conference at the 950 Stephenson Road headquarters.

"And this new organization will be one of the biggest of our 11 operating units," Woolard said. "In fact, if it was an independent company, it would rank among Fortune's list of the nation's top 200 firms."

McAndrews' newly designated Automotive Products Department accounts for about $2 billion of DuPont's $29.5 billion in worldwide sales. Half the automotive sales are to original equipment manufacturers, half to the after-market.

DON'T LOOK for any big job expansion right away, even though McAndrews sees automotive opportunities increasing "four-fold by the year 2000" as more and more plastics are used in vehicles.

The reorganization and new executive face are part of DuPont's adaptation to industry trends. Said McAndrews: "We will see tighter links between manufacturers and suppliers.

"This will include earlier supplier involvement in vehicle design and development, more just-in-time delivery arrangements, and the additional servicing of manufacturers at their assembly plants."

DuPont ranks with PPG and BASF as one of the three largest suppliers to the auto industry of finishes, thermoplastics, electronics, specialty polymers, films and chemicals, the executives said.

AT PRESENT, DuPont's new department consists of a half-dozen plants in the metropolitan area, other states and abroad, employing 5,000 to 6,000. The new department is being pieced together from parts of five existing departments.

Some 900 people work in Michigan — half in Troy, others at a Flint finishes plant.

McAndrews will work out of the $25 million, year-old corporate automotive development center and office in Troy. It has administrative and marketing offices, a showroom, seminar room and meeting rooms. It also has a color display center — a kind of room-sized "palette" with the company's 1989 paint offerings.

A block distance away is a month-old, multimillion-dollar laboratory, where the company tests thermoplastics for use in auto body parts. That 10,500-square-foot building will be expanded in 1987, Woolard said.