Are You Really Paying More Than You Need To?

Publication
10.10.13

Employers sometimes pay workers more than the federal Fair Labor Standards Act requires. Of course, some do so as a matter of choice. However, in other situations, this happens because management misunderstands what its legal obligations are. Among the potentially expensive misconceptions about the FLSA's principles are:

"Paid time off must be counted as hours worked"
The FLSA does not compel employers to treat paid time off as work time (provided that the employee is in fact not performing any work, including not being "engaged to wait").

"Employees must be allowed to work their full schedules"
Nothing in the FLSA prevents an employer from reducing the hours worked in a work day or work week, or from sending employees home before they have worked their usual schedules. This is lawful under the FLSA, even if it is done in the interests of reducing the amount of work performed so as to avoid paying any overtime wages.

"Employees must be paid the same rate for each kind of work"
This is not so; the FLSA permits employers to assign different hourly rates (of not less than its minimum wage) to different kinds of work. Naturally, this may not be done in a way that has the purpose or effect of unlawfully evading the FLSA's overtime requirements.

The bottom line
It is wise to take a fresh look periodically to ensure that compensation practices are not unintentionally pushing wage costs higher than is legally necessary under the FLSA.

Of course, employers must also consider whether other, non-FLSA limitations restrict their alternatives, such as the requirements of another applicable law or of a union contract.

This article appeared on *TLNT.com* on October 10, 2013.

Copyright © 2024 Fisher Phillips LLP. All Rights Reserved.