



# PROGRAM

Wage and Hour Division  
Payroll Audit Independent Determination  
Pilot Program



**WAGE AND HOUR DIVISION**  
U.S. DEPARTMENT OF LABOR

**1-866-487-9243**  
DOL.GOV/WHD

# What is PAID?

- PAID is a self-audit program that enables employers to resolve minimum wage and overtime violations without litigation
- 6-month pilot program



# PAID benefits all parties

- PAID is a win for employees
- PAID is a win for employers
- PAID is a win for taxpayers



# Benefits of participation

## FOR EMPLOYEES

- Receive back wages owed—faster
- No litigation expense or delay
- No attorneys' fees
- Employers correct practices going forward to further protect employees
- Free to decide whether to accept settlement or not



# Benefits of participation

## FOR EMPLOYERS

- Resolution outside of litigation
- More streamlined than a full investigation
- No liquidated damages
- No civil money penalties



# What is the purpose of PAID?

- Get more back wages to employees—faster
- Make it easier to resolve inadvertent violations of the law
- Improve compliance



# Who can participate in this pilot program?

## Employers who are:

- Covered by the FLSA
- Seeking to resolve inadvertent FLSA minimum wage and overtime violations
- Willing to meet program requirements
- Acting in good faith
- Willing to commit to future compliance under the FLSA



# Who cannot participate in this pilot program?

- Currently under investigation for the same issues
- Currently in litigation for the same issues
- Determined to be acting in “bad faith”





# What types of violations does this program address?

- FLSA only
- Minimum Wage
- Overtime



# Minimum Wage: Issues

Compensation Included  
Deductions  
Tipped Employees  
Hours Worked\*\*\*

# \*\*\*Hours Worked: Issues

Suffered or Permitted

Waiting Time

On-Call Time

Meal and Rest Periods

Training Time

Travel Time

Sleep Time

# Overtime Issues

Each workweek stands alone

Regular rate

Payments excluded from rate

Payments other than hourly rates

Tipped Employees

Deductions

# “White Collar” Exemptions

The most common FLSA minimum wage and overtime exemption -- often called the “541” or “white collar” exemption -- applies to certain:

- | Executives (Managers)
- | Administrative (Staff) Employees
- | Professionals
- | Outside Sales People

# How does the program work?

- What must an employer do to participate ?
- What is the process?



# What must an employer do to participate?

## THE PROCESS

1. Learn about PAID
2. Determine program eligibility
3. Review FLSA compliance materials
4. Review compensation practices for potential violations



# What must an employer do to participate in the program?

## THE PROCESS, CONTINUED...

5. Specifically identify any violations found
6. Identify affected employees
7. Identify timeframes
8. Calculate back wages





# THE PROCESS, CONTINUED...

## 9. Contact WHD

## 10. Submit:

- The names, addresses, and phone numbers of all affected employees;
- Back wage calculations along with supporting evidence and methodology used to make those calculations;
- Payroll records and any other relevant evidence;
- Records demonstrating hours of work of each affected employee during the time frame at issue;



# THE PROCESS, CONTINUED...

- Records to show that you have corrected the compensation practices to comply with the FLSA;
- A concise explanation of the scope of the potential violations for possible inclusion in a release of liability;
- A certification that the employer reviewed all of the PAID program's information, terms, and compliance assistance materials; and
- A certification that the employer meets all eligibility criteria of the PAID program.

# THE PROCESS, CONTINUED...

11. WHD reviews back wage computations
12. WHD issues summary of unpaid wages
13. WHD issues claims forms describing settlement for each employee
14. Employer pays all back wages by the end of the next full pay period
15. Employer provides proof of payment



# How will I learn more about PAID?

- [www.dol.gov/whd/paid](http://www.dol.gov/whd/paid)
- Subscribe to WHD Key News Alerts online
- 866-4US-WAGE

