

# United States Department of Labor

## Wage and Hour Division

### Wage and Hour Division (WHD)

#### PAID Program

The Wage and Hour Division's (WHD) new nationwide pilot program, the Payroll Audit Independent Determination (PAID) program, facilitates resolution of potential **overtime and minimum wage** violations under the Fair Labor

Standards Act (FLSA). The program's primary objectives are to resolve such claims expeditiously and without litigation, to improve employers' compliance with overtime and minimum wage obligations, and to ensure that more employees receive the back wages they are owed—faster.



Under the PAID program, employers are encouraged to conduct audits and, if they discover overtime or minimum wage violations, to self-report those violations. Employers may then work in good faith with WHD to correct their mistakes and to quickly provide 100% of the back wages due to their affected employees.

#### How the PAID Program Works

On this website, interested employers can find the resources they need to participate in PAID compliance assistance materials.

After reviewing these materials, employers must then audit their compensation practices for. Once an employer identifies any potential claims it wants to resolve, the employer must then:

- Specifically identify the potential violations;
- Identify which employees were affected;
- Identify the timeframes in which each employee was affected; and
- Calculate the amount of back wages the employer believes are owed to each employee.

Next, the employer should contact WHD to discuss the issues for which it seeks resolution. the manner in which the employer must submit required information, including the followin

- The back wage calculations described above, along with supporting evidence and metf
- A concise explanation of the scope of the potential violations for possible inclusion in a
- A certification that the employer reviewed all of the PAID program's information, terms and
- A certification that the employer meets all eligibility criteria of the PAID program.

WHD will then evaluate this information and contact the employer to discuss next steps, inc information necessary for WHD to assess the back wages due for the identified compensati for issuing payment by the end of the next full pay period after receiving the summary of u proof of payment to WHD.

## Participating in PAID

### Determine Your Eligibility

### Review FLSA Compliance Materials

### Conduct Your FLSA Self-Audit

### Payment of Wages

### Contact WHD

## **More Paid Resources**

- View a [webinar about PAID](#)
  1. [PAID Webinar Slides \(PDF\)](#)
- [Questions and Answers about PAID](#)
- News Release [03/06/18]: [U.S. Department of Labor Announces New Program To Expedite Payment to American Workers](#)
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#### How the PAID Program Works

#### Participating in PAID

To participate in the PAID program, you must be 1) covered by the FLSA, 2) interested in p wage and/or overtime claims under the FLSA, and 3) willing to commit to future compliance

#### Coverage

See: [Fact Sheet #14: Coverage Under the Fair Labor Standards Act \(FLSA\)](#)

See: [elaws Fair Labor Standards Act Advisor](#)

#### Coverage Questions

**Does your organization have two or more employees?**

- If yes, go to the next question.
- If no, your employees are not covered under the FLSA by enterprise coverage, but s coverage (see below).

**Is your organization:**

- A Federal, state, or local government agency;
- A hospital, or an institution primarily engaged in the care of the sick, the aged, or the i who live on the premises (it does not matter if the hospital or institution is public or pr profit);
- A pre-school, elementary or secondary school, institution of higher learning (e.g., colle physically handicapped or gifted children (it does not matter if the school or institution profit or not for profit); or
- A company/organization with annual dollar volume of sales or receipts in the amount c
  - If yes to any one of the above, your employees are covered under the FLSA by enter
  - If no, your employees are not covered under the FLSA by enterprise coverage, but s coverage.

**Do your employees:**

- Engage in interstate commerce;
- Produce goods for interstate commerce and/or provide services closely related and dire goods for interstate commerce; or
- Provide domestic service?
  - If yes to any of the above, your employees are covered under the FLSA by individua
  - If no, your employees are not covered under the FLSA by individual coverage.

If you have any questions about PAID or general compliance concerns, you can call WHD c

Determine Your Eligibility

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#### How the PAID Program Works

##### Participating in PAID

##### Determine Your Eligibility

When contacting WHD about potentially participating in the PAID program, be prepared to

- You are an employer covered by the FLSA.
- The employees included in your proposed PAID self-audit are not subject to prevailing H-2B, or H-2A Visa Programs, the Davis Bacon Act or Related Acts, the Service Contract Act, or the Migrant and Seasonal Agricultural Workers Act.

- Neither WHD nor a court of law has found within the last five years that you have violated overtime requirements by engaging in the same compensation practices at issue in this proposed PAID self-audit.
- You are not currently a party to any litigation (private or with WHD) asserting that the proposed PAID self-audit violates FLSA minimum wage and/or overtime requirements.
- WHD is not currently investigating the compensation practices at issue in this proposed PAID self-audit.
- You are not specifically aware of any recent complaints by your employees or their representatives, to WHD, or to a state wage enforcement agency asserting that the proposed PAID self-audit violates FLSA minimum wage and/or overtime requirements.
- You have not previously participated in the PAID program to resolve potential FLSA matters resulting from the compensation practices at issue in this proposed PAID self-audit.
- You have a continuing duty to update WHD on any changes to the above information.

WHD maintains its discretion to determine whether to accept employers into the PAID program examined on a case-by-case basis.

## Review FLSA Compliance Materials

## Conduct Your FLSA Self-Audit

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How the PAID Program Works

Participating in PAID

Determine Your Eligibility

Review FLSA Compliance Materials

**Compliance Assistance Review**

Now that you have confirmed that your business must comply with the FLSA, to participate assistance materials about the FLSA. This material will not only help you understand the pr understand your minimum wage and overtime obligations under the FLSA before conductin

You will be asked to enter you name and the name of your business at the start of the revi presented on each screen before proceeding to the next item. There are a total of 12 scree short videos on FLSA topics. Videos are hosted on YouTube so please ensure you are viewii YouTube.

After you complete the Compliance Assistance Review, the system will generate a Certificat certificate or save it as a pdf, as you will need to present it to WHD with the rest of your dc

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### Certificate Information

Please provide the following information to generate your Certificate of Completion at th the Compliance Assistance Review.

**Your Name \*** :  **Business Name \*** :

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\* Required field

**If you would like additional information you may visit or bookmark the [FLSA Cor](#)**

These materials are for general information and are not regulations.

Conduct Your FLSA Self-Audit

Payment of Wages

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How the PAID Program Works

Participating in PAID

Determine Your Eligibility

Review FLSA Compliance Materials

Conduct Your FLSA Self-Audit

Once you have completed the PAID Compliance Assistance review and generated and saved

audit your business' compensation practices. Before moving to the next steps be sure that

- Specifically identify the potential violations that may have occurred in the last two year
- Identify which employees were affected within the last two years;
- Identify the timeframes, within the last two years, in which each employee was affecte
- Calculate the amount of back wages the employer believes are owed to each employee

**IMPORTANT:** If you pay back wages to your employees *before* WHD reviews and assesses employees will not have waived their rights to pursue a private lawsuit for these potential v *did not supervise* the settlement of these back wages.

When you contact the WHD district office, you will be asked to provide WHD with:

- The names, addresses, and phone numbers of all affected employees;
- Your back wage calculations along with supporting evidence and methodology used to
- Payroll records and any other relevant evidence;
- Records demonstrating hours of work of each affected employee during the time frame
- Records to show that you have corrected the compensation practices to comply with th
- A concise explanation of the scope of the potential violations for possible inclusion in a
- A certification that the employer reviewed all of the PAID program's information, terms and
- A certification that the employer meets all eligibility criteria of the PAID program.

WHD will then evaluate this information and contact you to discuss next steps, including co necessary for WHD to assess the back wages due for the identified violations. If WHD accep you with the proposed scope of the release of liability for the potential violations presented

## Payment of Wages

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After WHD assesses the back wages due, it will issue a summary of unpaid wages. WHD will issue settlement terms for each employee, which employees may sign to receive payment. The release will reflect the previously provided release language and, again, will be limited to the potential back wages had paid back wages. Employers are responsible for issuing prompt payment; WHD will not

Employers must pay all back wages due by the end of the next full pay period after receiving proof of payment to WHD expeditiously.

## Contact WHD

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## Contact WHD

Once you review relevant compliance assistance materials, coverage information, and eligible compensation practices for your proposed PAID self-audit, please contact your [local WHD](#) and a discussion of next steps in the PAID self-audit process.



Please be prepared to speak with WHD about the potential violations you've identified, which relevant timeframes in which each employee was affected, and the amount of back wages per employee.

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