

## **DBRA-152**

December 27, 1972

This is in reply to your letter of September 25, 1972, to Secretary Hodgson requesting permission to make payroll deductions for the repayment of loans made to employees and for the purchase by employees of hard hats and construction materials such as lumber or concrete.

Sections 3.5(l) of Regulations, Part 3 (copy enclosed), permits payroll deductions for the cost of safety equipment of nominal value without application to or prior approval of the Secretary of Labor provided all the conditions set forth in the section are met. Safety hard hats, safety shoes, and similar items would be included in this classification.

Deductions for items purchased by the employees such as lumber and concrete, which we assume are for their personal use, would be permissible provided the deductions meet the standards set forth in section 3.6 of the Regulations. Based on the representations contained in your letter, and assuming the items are for the employees own personal use, permission is hereby granted your firm to make such deductions for a period of one year from the date hereof.

Permission cannot be granted for deductions for the repayment of unsecured signature loans in the situation you describe. The levying of interest charges would not meet the requirement of section 3.6(a) that the contractor does not make a profit or benefit directly or indirectly, from the deduction, either in the form of a commission, dividend, or otherwise. It would also fail to meet the requirement of section 3.6(d) that the deduction serve the convenience and interest of the employee.

In the event any of the deductions would be found not to be permissible by the Department of Labor, you requested an exception so you can continue making such deductions on current and future contracts or, alternatively, on contracts currently in progress as shown on your enclosed list. We cannot grant an exception. As stated in section 3.9, deductions not elsewhere provided for in Part 3 and which are not found to be permissible under section 3.6 are prohibited unless the Department were to find that such an exception would be necessary and proper in the public interest or to prevent injustice and undue hardship as set forth in section 5.13 of Regulations, Part 5. Your request does not contain adequate facts which would support any such finding.

Sincerely,

Warren D. Landis  
Assistant Administrator