

FLSA-654

December 27, 1977

This is in reply to your memorandum dated December 6, 1977, enclosing a letter from your constituent, *** asking about the legality of compulsory employee participation in company stock purchasing programs, U.S. Savings bonds and in contributions to the United Fund.

We have considered *** comments under the Fair Labor Standards Act which is the Federal law of most general application concerning wages and hours of work. The major provisions of this law are highlighted in the enclosed "Handy Reference Guide", which you may wish to send to your constituent.

While this law provides many beneficial labor standards it does not require an employer to pay more than \$2.30 an hour, (increasing to \$2.65 an hour effective January 1, 1978, increasing to \$2.90 an hour effective January 1, 1979, and increasing to \$3.10 an hour effective January 1, 1980 and increasing to \$3.35 an hour effective January 1, 1981) to all covered and nonexempt employees and overtime compensation of not less than one and one-half times the regular rate of pay for hours worked in excess of 40 in the workweek.

As explained in section 531.28 of the enclosed copy of CFR Part 531, an employer may not make certain deductions from an employee's pay when such deductions would reduce the pay below the applicable minimum wage or cut into the amount of overtime compensation which may be due. There is not enough information in your constituent's letter to permit us to determine whether the deductions he writes about would violate this rule. Therefore, you may wish to suggest that *** contact our Area Office located at 457 Peff Federal Building, 210 Franklin Road, S.W. Roanoke, Virginia 24011, telephone: (703) 982-6331. That office is in the best position to obtain the necessary information and will be pleased to assist him in any way they can.

Sincerely,

Xavier M. Vela
Administrator

Enclosures