

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

ADMINISTRATOR SUGGESTS RECORD KEEPING ON DOUBLE PAY INSTEAD OF
VACATIONS

Employers in defense industries planning to give their workers added pay to forego vacations as recommended by the Office for Production Management were further advised today by General Philip B. Fleming, Administrator of the Wage and Hour Division, U. S. Department of Labor, on how such increases may be entered on payroll records as temporary increases in rate.

Added compensation under Wage and Hour regulations must be included in the computation of overtime unless they are gifts "which are in no case compensation for services rendered." Added compensation to forego a vacation legally is not a gift.

General Fleming recently suggested to defense industries "that the employees' regular rates of pay and overtime compensation might be increased, prospectively for a period of time sufficient to net the desired amount."

An example may serve to clarify that suggested procedure:

An employee is working 48 hours a week at \$1.00 an hour. Thus, he is receiving \$52 a week $\overline{\$40}$ (40 x \$1) plus \$12 (8 x \$1.50). He is entitled to two weeks vacation for which he normally receives a full two weeks pay. Then the employer and employee agree to the following amendment to the employment agreement: The employee will forego his vacation, in consideration of which he will be paid at a rate of \$2.00 an hour for a specific two-weeks period. If the employee works his usual 48 hours during each of the specified two weeks, he will receive total compensation of \$104 per week $\overline{\$80}$ (40 x \$2) plus \$24 (8 x \$3). If he is required to work 50 hours (or two hours longer than planned for) during each of such weeks he must receive total compensation of \$110 per week $\overline{\$80}$ (40 x \$2) plus \$30 (10 x \$3).

#####