

Records Justifying Wage Deductions Required  
Under New Regulation

Employers who make deductions from the wages of their employees for "board, lodging, or other facilities," as these terms are used in section 3(m) of the Fair Labor Standards Act, would be required to keep records substantiating the cost of furnishing such facilities under a proposed amendment to the record keeping regulations announced today by the Administrator of the Wage and Hour and Public Contracts Divisions of the U. S. Department of Labor. Such an amendment is necessary, the Administrator stated, in order to clarify any confusion that may exist as to the employers' responsibility for keeping records to justify the reasonableness of such deductions from pay.

Under the proposed regulation the employer is merely required to maintain and preserve accounts showing the nature and amount of all expenditures or other cost items entering into the computation of the reasonable cost of facilities furnished by him or by any affiliated person. Variations in accounting systems and methods of keeping records would be permissible and no particular order or form of records would be prescribed.

In proposing this amendment to the record keeping regulations, the Administrator emphasized the fact that little, if any, change in the administrative enforcement policy would result. The regulations provide that the reasonable cost of board, lodging, or other facilities shall be the "actual cost." It is not contemplated that a detailed analysis of the actual cost of furnishing facilities will be made whenever a plant is inspected. "As an administrative measure," the Administrator stated, "the Division will continue to use certain practical tests as rough guides in determining whether the charges made by the employer exceed 'reasonable cost' within the meaning of the Act and the regulations. A detailed cost analysis will be made in those instances in which it appears that the charges are excessive."

An opportunity to show cause why the amendment should not be adopted is being given to all interested parties. Written statements in opposition to or in support of the amendment should be filed at the offices of the Divisions, 165 West 46th Street, New York 19, New York, not later than October 21, 1943, the Administrator stated.