

Fact Sheet #9: Manufacturing Establishments Under the Fair Labor Standards Act (FLSA)

This fact sheet provides general information concerning the application of the [FLSA](#) to manufacturers.

Characteristics

Employees who work in manufacturing, processing, and distributing establishments (including wholesale and retail establishments) that produce, handle, or work on goods for interstate or foreign commerce are included in the category of employees engaged in the production of goods for commerce. The [minimum wage](#) and [overtime pay](#) provisions of the Act apply to employees so engaged in the production of goods for commerce.

Coverage

The FLSA applies to employees of a manufacturing business covered either on an "enterprise" basis or by "individual" employee coverage. If the manufacturing business has at least some employees who are "engaged in commerce" and meet the \$500,000 annual dollar volume test, then the business is required to pay all employees in the "enterprise" in compliance with the FLSA without regard to whether they are individually covered.

A business that does not meet the dollar volume test discussed above may still be required to comply with the FLSA for employees covered on an "individual" basis if any of their work in a workweek involves engagement in interstate commerce or the production of goods for interstate commerce. The concept of individual coverage is indeed broad and extends not only to those employees actually performing work in the production of goods to be directly shipped outside the State, but also applies if the goods are sold to a customer who will ship them across State lines or use them as ingredients of goods that will move in interstate commerce. Additionally, employees who handle interstate calls, mail, invoices, or receive packages, etc., are individually covered. Other persons, such as guards, janitors and maintenance employees who perform duties which are closely related and directly essential to such interstate activities are also covered by the FLSA.

It has been the experience of the Wage and Hour Division that virtually all employees of manufacturers are covered by the Act's provisions.

Requirements

Covered, nonexempt employees must be paid the [Federal minimum wage](#). This minimum rate must be met regardless of whether the employees are paid by time, piece, job, incentive, or any other basis. The cost of tools, uniforms or other similar requirements may not be borne by the employee where such cost would reduce the wages paid in the workweek below the required [minimum wage](#) or in any way reduce the wages due for overtime hours.

[Youth Minimum Wage](#): The 1996 Amendments to the FLSA allow employers to pay a youth minimum wage of not less than \$4.25 an hour to employees who are under 20 years of age during the first 90 consecutive calendar days after initial employment by their employer. The law contains certain protections for employees that prohibit employers from displacing any employee in order to hire someone at the youth minimum wage.

Unless specifically exempt, all covered employees must receive [overtime pay](#) for hours worked in excess of 40 in a workweek at a rate of not less than one and one-half times their regular rates of pay, regardless of the payroll frequency (bi-weekly, semi-monthly etc.). The regular rate of pay is defined as all remuneration (including production bonuses, shift differentials, attendance bonuses) divided by the total hours of work in the workweek.

Typical Problems

1. [Hours Worked](#): Failure to count and pay for all the hours as work time such as time spent oiling, greasing, cleaning or installing machines at the start or end of the workday; time spent in travel from job site to job site; or time spent at a designated place to receive instructions or to pick up and carry tools to a designated place.
2. [Exemptions](#): Employees treated as exempt simply because they have impressive titles or are paid on a salary basis.
3. [Minors under the age of 18](#) employed in restricted occupations, work areas, or improper hours and times of work.
4. Employees performing work in their private homes in restricted industries without [prior certification](#) from Wage and Hour.
5. [Recordkeeping](#): Failure to make and keep the required records on wages, hours and other items listed in the recordkeeping regulations ([29 CFR Part 516](#)).

Some Other Pertinent Labor Laws:

1. [The Immigration Reform and Control Act](#) requires employers to complete and maintain I-9 forms to verify the employment eligibility of all individuals hired after November 6, 1986.
2. [The Wage Garnishment Law](#) limits the amount of an individual's income that may be garnished and prohibits firing an employee whose pay is garnished for a single debt.
3. [The Employee Polygraph Protection Act](#) prohibits most private employers from using any type of lie detector tests either for pre-employment screening or during the course of employment.
4. [The Family and Medical Leave Act](#) requires covered employers to provide up to 12 weeks of unpaid, job protected leave to "eligible" employees for certain family and medical reasons. [Where to Obtain Additional Information](#)

Where to Obtain Additional Information

For additional information, visit our Wage and Hour Division Website: <http://www.wagehour.dol.gov> and/or call our toll-free information and helpline, available 8 a.m. to 5 p.m. in your time zone, 1-866-4USWAGE (1-866-487-9243).

This publication is for general information and is not to be considered in the same light as official statements of position contained in the regulations.

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