Payroll Simplified: The Fair Labor Standards Act (FLSA)

What is the Fair Labor Standards Act (FLSA)? Learn how this law established minimum wage, overtime pay, recordkeeping, and youth employment standards (aka child labor laws).

Published August 23, 2018

What is the Fair Labor Standards Act (FLSA)?

The twentieth century saw a lot of laws being passed to govern the state of the American worker – and the civil rights movement played a big part here. Established in 1938, the Fair Labor Standards Act (FLSA) set a number of rules that changed the employment culture of the United States. These laws established minimum wage, overtime pay, recordkeeping, and youth employment standards (aka child labor laws). It's important to understand the FLSA both as an employee, to make sure you are aware of your rights and that your employer is not taking advantage of you, and as an employer, to make sure you are in compliance and treating your employees properly. And don't forget that you are required to display a poster outlining the rules of the Act!

What are the legal work-week limits?

The FLSA set the parameters for a forty-hour workweek - that is, 40 hours worked across " any fixed and regularly recurring period of 168 hours." Beyond those forty hours, the FLSA mandates that nonexempt employees be paid overtime at 1.5 times their regular rate.

What is minimum wage?

The FLSA also created the concept of a minimum wage workers must be paid. The act instituted laws about paying people "time and a half" for overtime – if you work more than the allotted 40 hours per week, you get paid at 1.5 times your regular wage rate for the extra hours.

What kind of records do I need to keep?

You must keep payroll records, bargaining agreements, sales, and purchase agreements for three years. You also must keep time cards, work and time schedules, wage rate tables, and other records that impact wage calculations for two years. The Department of Labor outlines the basic records that, as an employer, you must keep for each of your nonexempt employees under the FLSA:

1. Employee's full name and social security number.
2. Address, including zip code.
3. Birth date, if younger than 19.
4. Sex and occupation.
5. Time and day of the week when employee's workweek begins.
6. Hours worked each day.
7. Total hours worked each workweek.
8. The basis on which employee's wages are paid (e.g., "$9 per hour", "$440 a week", "piecework")
9. Regular hourly pay rate.
10. Total daily or weekly straight-time earnings.
11. Total overtime earnings for the workweek.
12. All additions to or deductions from the employee's wages.
13. Total wages paid each pay period.
14. Date of payment and the pay period covered by the payment.

What child labor laws should I know about?

In addition to payment laws, the FLSA determined specific rules for minors. Employees under 18 years old cannot perform certain dangerous jobs. And employees under 16 years old can't work more than 18 hours in a school week, and not during school hours. Each state also has specific laws regarding child labor. If you employ part-time underage workers, make sure you check out the specific rules of your state with the Department of Labor. *For more Payroll Simplified blogs from our CPA, Malka Trump, click here.*

This information is for educational purposes only, and not to provide specific legal advice. This may not reflect the most recent developments in the law and may not be applicable to a particular situation or jurisdiction.