

Fact Sheet #65: Rounding Practices for Student-Learners Earning Subminimum Wages

This fact sheet provides general information concerning rounding practices for student-learner wages.

Definition

Section 14(a) of the Fair Labor Standards Act (FLSA) authorizes the payment of subminimum wages to a student-learner after the employer has applied for an authorizing certificate from the U. S. Department of Labor (DOL). Under regulations issued by the Wage and Hour Division, a student-learner is a student who is at least sixteen years of age (or at least eighteen years of age if employed in an occupation that the Secretary of Labor has declared to be particularly hazardous); who is receiving instruction in any accredited school, college, or university; and who is employed by an establishment on a part-time basis, pursuant to a bona fide vocational training program. Employers wishing to employ student-learners at subminimum wages under section 14(a) – at rates not less than 75 percent of the applicable minimum wage under section 6(a) of the FLSA – must first complete and submit [Form WH-205](#).

Forwarding of the application to DOL constitutes temporary authority to pay a subminimum wage to the student-learner. Thirty days after forwarding, the application shall become the permanent special student-learner certificate unless the DOL denies the application, issues a certificate with modified terms and conditions, or expressly extends the period of review.

Typical Problems

Problems may arise when employers fail to round correctly. For example, when employers “round down” and pay student-learners less than the 75 percent of the federal minimum wage, they are in violation of the certificate. Please see below for proper calculation:

Employees covered by the Federal Minimum Wage:

75% of minimum wage:

\$7.25 (current federal minimum wage)

X .75

= **5.4375** or round up to **\$5.44**

Do **NOT** round down to \$5.43

***Please note that the federal minimum wage increased to **\$7.25** effective **July 24, 2009**. For an employer to be in compliance after that date it must pay student-learners a minimum of **\$5.4375** (75 percent of the new federal minimum wage) or round up to \$5.44.

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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