

The Department of Labor Ends its Payroll Audit Independent Program

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On January 29, 2021, the U.S. Department of Labor announced the immediate termination of its Payroll Audit Independent Determination Program (PAID). Launched in March 2018 by the Wage and Hour Division (WHD), PAID was intended to resolve wage and hour disputes with greater expediency and at lower cost to employers. However, in the WHD's [press release](#), Principal Deputy Administrator Jessica Looman indicated that the program had not achieved the desired effect, stating that the PAID "program deprived workers of their rights and put employers that play by the rules at a disadvantage."

PAID incentivized employers to self-report overtime and minimum wage violations of the Fair Labor Standards Act (FLSA) by mitigating the threat of not only penalties and extended statute of limitations, but also foreclosing affected workers from taking any private action based on the identified violations. In exchange, the DOL would supervise settlements, approve agreements, and ensure 100% payment of back wages.

However, many were skeptical of PAID since its inception, including employers and state officials. PAID's self-reporting provisions only resolved FLSA issues, not state law claims, exposing employers to state liability in exchange for their voluntary disclosures. Furthermore, employers could not utilize PAID to resolve issues already under investigation by WHD or existing threat of litigation.

Despite PAID's termination, employers should continue to be vigilant by auditing pay records and correcting any discovered wage issues. Employers may also continue to utilize DOL-supervised settlements of FLSA claims.

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