

§ 1620.3

29 CFR Ch. XIV (7-1-04 Edition)

channels of interstate commerce,” the courts have made it clear that the employees “engaged in commerce” include every employee employed in the channels of such commerce or in activities so closely related to such commerce as to be considered a part of it as a practical matter. Engaging “in commerce” includes activities connected therewith such as management and control of the various physical processes, together with the accompanying accounting and clerical activities. Thus, employees engaged in interstate or foreign commerce will typically include, among others, employees in distributing industries such as wholesaling or retailing who sell, transport, handle, or otherwise work on goods moving in interstate or foreign commerce as well as workers who order, receive, guard, pack, ship or keep records of such goods; employees who handle payroll or personnel functions for workers engaged in such activities; clerical and other workers who regularly use the mails, telephone, or telegraph for communication across State lines; and employees who regularly travel across State lines while working. For other examples, see 29 CFR part 776.

§ 1620.3 General coverage of employees “engaged in * * * the production of goods for commerce.”

(a) Like the FLSA, the EPA applies to employees “engaged in * * * the production of goods for commerce.” The broad meaning of “commerce” as defined in section 3(b) of the FLSA has been outlined in § 1620.2. “Goods” is also comprehensively defined in section 3(i) of the FLSA and includes “articles or subjects of commerce of any character, or any part or ingredient thereof” not expressly excepted by the statute. The activities constituting “production” of the goods for commerce are defined in section 3(j) of the FLSA. These are not limited to such work as manufacturing but include handling or otherwise working on goods intended for shipment out of the State either directly or indirectly or for use within the State to serve the needs of the instrumentalities or facilities by which interstate or foreign commerce is carried on. Employees engaged in any closely related process or occupation directly essen-

tial to such production of any goods, whether employed by the producer or by an independent employer, are also engaged, by definition, in “production.” Thus, employees engaged in the administration, planning, management, and control of the various physical processes together with the accompanying clerical and accounting activities are, from a productive standpoint and for purposes of the FLSA, “engaged in the production of goods for commerce.”

(b) Employees engaged in the production of goods for interstate or foreign commerce include those who work in manufacturing, processing, and distributing establishments, including wholesale and retail establishments that “produce” (including handling or working on) goods for such commerce. This includes everyone employed in such establishments, or elsewhere in the enterprises by which they are operated, whose activities constitute “production” of such goods under the principles outlined in paragraph (a) of this section. Thus, employees who sell, process, load, pack, or otherwise handle or work on goods which are to be shipped or delivered outside the State either by their employer or by another firm, and either in the same form or as a part or ingredient of other goods, are engaged in the production of goods for commerce within the coverage of the FLSA. So also are the office, management, sales, and shipping personnel, and maintenance, custodial, and protective employees who perform as a part of the integrated effort for the production of the goods for commerce, services related to such production or to such goods or to the plant, equipment, or personnel by which the production is accomplished.

§ 1620.4 “Closely related” and “directly essential” activities.

An employee is engaged in the production of goods for interstate or foreign commerce within the meaning of the FLSA even if the employee’s work is not an actual and direct part of such production, so long as the employee is engaged in a process or occupation which is “closely related” and “directly essential” to it. This is true whether the employee is employed by the producer of the goods or by someone else

who provides goods or services to the producer. Typical of employees covered under these principles are computer operators, bookkeepers, stenographers, clerks, accountants, and auditors and other office and whitecollar workers, and employees doing payroll, timekeeping, and time study work for the producer of goods; employees in the personnel, labor relations, employee benefits, safety and health, advertising, promotion, and public relations activities of the producing enterprise; work instructors for the producers; employees maintaining, servicing, repairing or improving the buildings, machinery, equipment, vehicles or other facilities used in the production of goods for commerce, and such custodial and productive employees as watchmen, guards, firemen, patrolmen, caretakers, stockroom workers and warehousemen; and transportation workers bringing supplies, materials, or equipment to the producer's premises, removing waste materials therefrom, or transporting materials or other goods, or performing such other transportation activities, as the needs of production may require. These examples are illustrative, rather than exhaustive, of the employees who are "engaged in the production of goods for commerce" by reason of performing activities closely related and directly essential to such production.

§ 1620.5 What goods are considered as "produced for commerce."

Goods (as defined in section 3(i) of the FLSA) are "produced for commerce" if they are "produced, manufactured, mined, handled or in any other manner worked on" in any State for sale, trade, transportation, transmission, shipment, or delivery, to any place outside thereof. Goods are produced for commerce where the producer intends, hopes, expects, or has reason to believe that the goods or any unsegregated part of them will move (in the same or in an altered form or as a part of ingredient of other goods) in interstate or foreign commerce. If such movement of the goods in commerce can reasonably be anticipated by the producer when the goods are produced, it makes no difference whether the producer or the person to whom the goods

are transferred puts the goods in interstate or foreign commerce. The fact that goods do move in interstate or foreign commerce is strong evidence that the producer intended, hoped, expected, or had reason to believe that they would so move. Goods may also be produced "for commerce" where they are to be used within the State and not transported in any form across State lines. This is true where the goods are used to serve the needs of the instrumentalities or facilities by which interstate or foreign commerce is carried on within the State. For examples, see 29 CFR 776.20.

§ 1620.6 Coverage is not based on amount of covered activity.

The FLSA makes no distinction as to the percentage, volume, or amount of activities of either the employee or the employer which constitute engaged in commerce or in the production of goods for commerce. Every employee whose activities in commerce or in the production of goods for commerce, even though small in amount, are regular and recurring, is considered "engaged in commerce or in the production of goods for commerce".

§ 1620.7 "Enterprise" coverage.

(a) The terms "enterprise" and "enterprise engaged in commerce or in the production of goods for commerce" are defined in subsections 3(r) and 3(s) of the FLSA. Under the enterprise concept, if a business is an "enterprise engaged in commerce or in the production of goods for commerce," every employee employed in such enterprise or by such enterprise is within the coverage of the EPA unless specifically exempted in the FLSA, regardless of whether the individual employee is actually engaged in commerce or in the production of goods for commerce. The term "enterprise" is not synonymous with the terms "employer" or "establishment" although on occasion the three terms may apply to the same business entity. An enterprise may consist of a single establishment operated by one or more employers. (See definitions of "employer" and "establishment" in §§ 1620.8 and 1620.9.)