

Overtime Calculation for Non-Exempt Employees

Purpose: *To describe the rules and methods for calculating overtime pay for non-exempt employees and recording overtime hours on the employee's timesheet.*

Target Audience: *University Employees
MAU Departments
MAU Payroll Offices*

General Overtime Guidelines

The Fair Labor Standards Act (FLSA) requires that all non-exempt employees be paid time and one-half of their regular rate of pay for all hours physically worked in excess of 40 hours per week (40 hour week test).

- Only non-exempt employees are eligible for overtime. Exempt employees are not eligible.
- Overtime is not paid for hours worked over eight hours in a single day, unless the 40 hour week test is also met.
- The 40 hour week test is not prorated for part-time employees. A part-time employee must work 40 hours in a given week before the 41st hour qualifies as overtime.
- Overtime is paid for time worked, not time compensated. Therefore, NO overtime is paid on sick leave, holiday leave, annual leave, jury duty, or similar compensation, unless provided for in a Collective Bargaining Agreement covering the employee.
- Employees are obligated to report all hours worked.
- Overtime hours worked must be recorded on the timesheet and be paid to the employee, whether or not the supervisor approved of or was aware of the hours worked.
- No compensatory time is allowed. However, the arrangement of a flexible schedule inside the same work week may be permitted with supervisor approval.
- Hours worked on a holiday will not count toward the overtime calculation (since holiday hours worked [holiday premium pay] are already paid at time and half), unless provided for in a Collective Bargaining Agreement covering the employee.

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Regulatory Exceptions:

- *Employees hired as seamen or working at sea are subject to the Maritime Act and, as such, receive overtime for all hours worked over eight hours in a given day.*
- *Fire protection workers are paid overtime for time worked over 106 hours in a two-week pay period.*
- *Public Security workers are paid overtime for time worked over 80 hours in a two-week period.*
- *Other Exceptions per internal university agreements, such as collective bargaining agreements.*

Defining the Workweek

A workweek is defined as a fixed, reoccurring period of 168 consecutive hours (7 days x 24 hours = 168 hours). The UA workweek begins at 12:01 a.m. on Sunday and ends the following Saturday at 12:00 a.m. (midnight). Each workweek stands on its own. So, an employee who works 35 hours in week one and 60 hours in week two is paid overtime on the 20 extra hours worked in week two.

Entering Overtime on the Timesheet

Follow these steps to record overtime hours on the timesheet:

1. On a blank timesheet line, select the overtime earnings code from the earnings code list. If the overtime was performed during a "shift" period enter the earnings code for "overtime with shift differential" instead.
2. Enter the fund code and org code for the department or grant which should be charged the overtime.
 - i. If you are charging overtime to a grant, make sure that the grant award allows for overtime charges; some grants do not allow overtime charges.
 - ii. NOTE: System restrictions may require the MAU Payroll office to override the labor fund or orgn.
3. Enter the overtime hours on the day the overtime was worked.

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Calculating Overtime Pay

Overtime pay is calculated at the employee's regular rate of pay times 1.5 (or time and one-half).

If the employee works two jobs, the department that causes/requires the overtime will be responsible to pay the overtime rate. If the jobs are paid at different pay rates, overtime is calculated using the highest rate of pay times 1.5 (or time and one-half).

Overtime hours are listed as a separate line item on the employee's paystub.