

The Fair Labor Standards Act (FLSA) governs the calculation of hours, rates of pay and the payment of overtime compensation for covered employees.

An employee eligible to receive overtime payment will be paid the equivalent of 1.5 times his/her regular hourly rate of pay for actual time worked in excess of 40 hours in the workweek. When payment for overtime work is required, the employee's department must certify the actual hours worked in Payroll Certs in the overtime field. GEMS will automatically calculate overtime hours at 1.5 times the regular hourly rate. An employee working in two separate, nonexempt jobs (e.g., Staff and Temporary hourly) in which the actual time worked is in excess of 40 hours for both jobs in the workweek, overtime will normally be paid by the secondary (Temporary) employer.

Holiday hours and any leave hours used in a week do not count as time worked when determining if overtime is applicable. A non-exempt employee must actually work over 40 hours in a week in addition to any holiday hours or leave time used to be eligible for overtime.

Examples of how overtime pay is calculated are shown below.

Example #1 (Over 40 hours worked in workweek)

Regular hourly rate of pay: \$10.00
Actual hours worked in a workweek = 47
40 hours X \$10.00 per hour = \$400 for a regular workweek
\$10.00 x 1.5 = \$15.00 overtime hourly rate
\$15.00 x 7 hours worked in excess of 40 = \$105.00 overtime pay

Calculating Overtime for Two Different Jobs (Both Nonexempt)

When an employee has two non-exempt jobs at the university the employee is eligible for payment of overtime if the total hours worked in the two jobs exceeds 40 hours in a work week. Generally the hours in excess of 40 are performed in the secondary job, therefore the secondary employer is usually the one responsible for payment of overtime.

To compute the overtime rate for two different jobs, University Payroll determines the weighted average hourly rate. This is done manually by multiplying the hours worked by the base hourly rate for each job separately. The gross earnings for both jobs are totaled and the combined total is divided by the total number of hours worked on both jobs for the week. The result is the weighted average hourly rate to be used in overtime calculations on the secondary job multiplied by 1.5.

Example #2 (40 hrs. worked in primary job and 10 hrs. worked in secondary job)

An employee works 40 hours a week in his/her primary job at an hourly rate of \$10.00. The employee also works 10 hours a week in a secondary job at an hourly rate of \$8.00. The gross weekly earnings for the primary job equals \$400 (40 x \$10.00). The gross weekly earnings for the secondary job equals \$80 (10 x \$8.00). The total gross earnings for both jobs equal \$480 (\$400 + \$80). The total number of hours worked on both jobs for the week is 50 (40 + 10). The weighted average hourly rate is \$9.60 (\$480/50 hrs). The overtime rate for each hour worked in excess of 40 hours is \$14.40 (\$9.60 x 1.5). The payment for the secondary job is \$144.00 (\$14.40 x 10 hours in excess of 40).

Example #3 (Less than 40 hrs. worked in primary job)

Timesheet indicates 40 hrs. worked in primary job in a workweek = 40 (32 actual hrs worked + 8 hrs of annual leave used). Hourly rate in primary job = \$10.00 Actual hrs. worked in secondary job in workweek = 10 Hourly rate in secondary job = \$8.00.

Since there were 32 hours actually worked in the primary job and 10 hours worked in the secondary job

(42 hours actually worked), overtime is paid for 2 hours.

Gross earnings for primary job is \$400.00 (\$320.00 [$\$10.00 \times 32$ hrs worked] plus \$80.00 [8 hrs of annual leave \times \$10.00]). Gross earnings for secondary job = \$80 (10 hours \times \$8.00). Total gross earnings for week \$480 (\$400 + \$80). Weighted Average Hourly Rate for overtime is \$9.60 (\$480 divided by 50 total hours reported). The overtime rate for each hour worked in excess of 40 hours is \$14.40 ($\9.60×1.5). The payment for the secondary job is \$92.80 (\$64.00 straight pay [8 hr regular pay \times \$8.00] plus \$28.80 [$\$14.40 \times 2$ OT hours]).