



USNH OVERTIME POLICY OVERVIEW AND APPLICATION

*Developed by USNH Human Resources and Payroll
September 2005*



The Fair Labor Standards Act

- **Mandates the payment of overtime at a premium rate to hourly employees for any hours worked over 40 in a week.**
- **Defines the types of additional pay that are included in the premium overtime rate, in addition to the employee's base hourly rate, such as longevity and shift.**
- **Requires a "blended rate" for overtime when an employee has more than one job for the same employer.**

USNH Policy

- **USNH policy requires the payment of overtime for any hours worked over 8 in a day or 40 in a week.**

Note: USNH Policy permits employees to waive the 8 hour component based on specific criteria: (1) the employee's job has a permanent work schedule of more than 8 hours in a day, (2) the supervisor has approved the employee's request for a flex-schedule, which includes working over 8 hours in a day, or (3) the employee has two or more jobs and has waived overtime for the times when the combined job hours exceed 8 hours in a day.

All waivers must be approved by Campus HR.

The FLSA requirement to pay overtime after 40 hours worked in a week may not be waived.



Method of Overtime Payment

- **All hours worked are entered into BANNER via direct entry, third party entry (KRONOS, FAMIS), or through the use of BANNER workschedule.**
- **BANNER automatically calculates FLSA-eligible hours and the FLSA eligible rate (the blended rate for premium pay) based on earnings codes and associated process rules.**

The Blended OT Rate Includes:

- **Payment for regular hours worked (Base hourly rate for regular job x total number of hours worked in that job)**
- **Longevity, which is calculated as additional pay and paid on all hours worked in a status job. Operating Staff with 10 or more years of service receive longevity pay, which is a percentage of the base hourly rate. A longevity payment is calculated by the longevity % x base hourly rate x total number of hours worked in regular job.**
 - **For example: A 4% longevity payment on a base hourly rate of \$16.25 would be 65¢ x the total number of hours worked in the status job for that pay**
- **Shift rates, which are applied to each separate type of shift. (Hourly shift pay amount x number of hours of shift = shift payment) Policy provides that each type of shift has it's own rate.**
- **Payment for any other hourly work (Base hourly rate for other hourly job(s) x hourly rate for that job(s))**

Overtime Premium Rate Based on Blended Rate

- **The total of all FLSA-eligible payments is divided by the total number of FLSA-eligible hours worked to determine the Blended Premium OT Rate.**
- **The Blended Premium OT Rate x 50% x the number of hours worked over 8 in a day or 40 in a week equals the Premium OT payment.**

Overtime Calculation

Basic Work Week Information	
Regular Hours Worked: 40 (5 days @ 8 hours each)	
Rates: Regular Hourly Rate: \$15.00 2% Longevity: \$0.30	
Additional Hours Worked: 3.50 (2 hrs Tues + 1.5 hrs Thursday)	
Total Hours Worked: 43.50	
OT Premium Rate Calculation	
Premium Overtime Rate = Total FLSA Eligible Hourly Pay/Total FLSA Eligible Hours Worked $((\$15.00 \times 43.5 \text{ hrs} = \$652.50) + (\$0.30 \times 43.5 \text{ hrs} = \$13.05)) / 43.5 \text{ hrs worked} = \$15.30 \text{ for premium rate}$	
Total Gross Pay for Pay Period	Amount Due:
Regular Rate for all hours worked: (\$15.00 x 43.5)	\$652.50
Longevity payment = all hours worked x longevity hourly rate (.30 x 43.5)	\$13.05
.5 of Premium Rate for Hours Over 40 (\$15.30 x .5 x 3.5)	\$26.78
Final Gross Pay:	\$692.33

Summary Explanation of OT Payment

The pay of 1-3 equate to the "1" of the "1.5" OT rate

- 1) All hours worked for each job in a week are multiplied by the job's hourly rate and paid at this base rate.**
- 2) The number of shift hours are multiplied by the shift rate according to the shift code entered and the corresponding rate.**
- 3) Longevity is applied to all hours worked against longevity-eligible earnings equaling the total longevity payment.**
- 4) The total pay amount of # 1+ #2 + # 3 above divided by the total number of hours worked determines the premium OT rate.**

To pay the remaining "0.5" of the "1.5" OT:

- 5) The number of hours worked above 8 in a day or 40 in the week is multiplied by .5 x the premium OT rate in #4 to calculate the Premium OT payment.**

Final Points

- **Shift pay is based on when the employee starts work for the day, and this shift is applied to all continuous hours worked for that day.**
- **Under USNH policy (more generous than FLSA), overtime is paid for hours worked over 8 in a day or 40 in a week, unless the employee has waived this right. Banner consistently applies this policy.**
- **Under FLSA and USNH policy, weekly overtime is based on hours worked in the week. Paid leave hours like Earned Time and Sick Pool are not included in the calculation of weekly hours worked for OT purposes.**