

OVERTIME

- Employees paid by the hour must be paid at a rate of one and one-half that rate for all hours worked over 40 per week.
- Employees who perform different types of work for which they receive varying rates of pay must be paid overtime at a weighted average hourly rate.

EXAMPLE: One week an employee works 36 hours entering data into the computer data base for which \$7.60 per hour is paid. The employee then spends 6 hours preparing payroll for which \$8 per hour is paid. This same worker performs janitorial services in the evenings for the employer and is paid \$6 per hour for those 4 hours worked per week. The wages are computed as follows:

$$\begin{array}{rcl} 36 \text{ hours} \times \$7.60 \text{ per hour} & = & \$273.60 \\ 6 \text{ hours} \times \$8.00 \text{ per hour} & = & 48.00 \\ \underline{4 \text{ hours} \times \$6.00 \text{ per hour}} & = & \underline{24.00} \\ 46 \text{ hours worked} & = & \$345.60 \text{ regular earnings} \end{array}$$

$$\begin{array}{l} \$345.60/46 \text{ hours} = \text{regular rate} = \$7.51 \text{ per hour} \\ \$7.51/2 = 1/2 \text{ time rate} = \$3.76 \text{ per hour} \\ \$3.76 \times 6 \text{ overtime hours} = \$22.56 \text{ overtime earnings} \end{array}$$

$$\begin{array}{r} \$345.60 \\ \underline{22.56} \\ \$368.16 \text{ total due} \end{array}$$

The regular rate of an employee paid on a commission or piece rate basis is arrived at by dividing the total weekly earnings by the total number of hours worked in the week. The employee is entitled to payment of one-half this regular rate for each hour worked over 40 - in addition to the full commission or piecework earnings.

EXAMPLE: Ann works 46 hours and earns \$200. Her regular rate is \$4.35 per hour (\$200 divided by 46 hours). She is entitled to her regular earnings (\$200) plus an additional half of her regular rate of \$2.18 for each hour worked over 40. In this case, she is due an additional \$13.08 or a total of \$213.08 for that work week.

An employee paid on a salary basis is entitled to overtime pay at a rate that is based in part on the terms of employment.

**** Holiday pay, sick leave, and vacation hours do not count toward the 40 hours.**