

"You manage things; you lead people." --Grace Murray Hopper



916-337-9121
hrninja@att.net
www.elmorehr.com

Beyond the "8"

I have been asked on several occasions over the last month to verify how overtime is calculated and thought we all could use a review. As often the case with employment regulations, it comes with a caveat; there are some industries and positions with varying overtime requirements, it is imperative that each employer become familiar with the Wage Order applicable to their business. For the purposes of this writing, I will review general overtime rules.

In California, non-exempt employees must be compensated at a rate of 1.5 times their regular rate of pay (overtime) for all time worked beyond 8 through 12 hours each work day, for any hours worked over 40 in the employers established workweek and the first 8 hours worked on the 7th consecutive day in an established workweek. 2 times an employees' rate of pay (double time) must be paid for any hours worked beyond 12 each workday and any hours worked beyond 8 on the 7th consecutive day in the established workweek.

Regular Rate vs. Hourly Rate (Because it is complicated)

Overtime premium is based on the regular rate of pay, not just the hourly rate of pay. This is important as piece rate, non-exempt salary, commissions and non-discretionary bonuses are included in calculating the regular rate of pay. Similarly, if an employee has various rates of pay for different job duties the employees' regular rate is calculated using a weighted average calculation.

Exemptions (told you it was complicated)

There are some valid situations when an employer may be off the hook for overtime so long as handled and documented properly.

Make up time ~ Available at the employees request, not the employers' persuasion. Must be requested in advance, must occur in the same workweek as missing time for a personal obligation, must not work over 11 hours in any day, subject to management approval and not mandated to be an option.

Alternative Workweek ~ This is a minimum of a 6-week process to implement, but when done properly an employer may allow for a 4x10, or other Alternative Workweek, and not pay overtime on the hours worked beyond 8 on those days. Beware, there are separate overtime rules and occasions when an Alternative Workweek will default back to standard overtime.

Bottom line

Become familiar with your Wage Order, read it occasionally, refer to it when processing payroll and of course, use your resources. Do not hesitate to call, text or email Elmore HR Consulting!

Did you know...

- Employees rate "respectful treatment of all employees at all levels" as the most important factor in job satisfaction. Results of a survey by Society for Human Resource Management
- I-9 forms must be retained for 3 years from date of hire or one year past term, whichever is longer.
- If your Workers Compensation policy offers an MPN, you must post a document with your other employment posters.