Payroll & Tax Services

Overtime Calculations

This will be a quick overview and example on how overtime is calculated and displayed on nonexempt employees' earnings statement.

Let us start with the basic description of overtime. Overtime is paid to hourly nonexempt employees who physically work over 40 hours in a full FLSA work week. The FLSA work week for Texas Tech is Sunday thru Saturday. Employees who physically work over 40 hours will receive 1 ½ times their hourly rate of pay. Overtime is paid when the full FLSA work week has been completed.

Texas Tech has two pay periods for nonexempt employees, the 1st-15th and 16th-EOM. When there is a partial week at the end of the pay period, and an employee is entitled to overtime during the last week of the current pay period, overtime is paid on the next pay period once the full FLSA work week has been completed.

Example: We have an employee who works the pay period of September 1st-15th, 2016. Let's say this employee makes $10.00 per hour and works the following hours per day in this full FLSA work week on this pay period:

Sun 9/11	Mon 9/12	Tue 9/13	Wed 9/14	Thurs 9/15	Fri 9/16	Sat 9/17
0 hours	11 hours	11 hours	11 hours	11 hours	6 hours	0 hours

This employee physically worked 50 hours during the full FLSA work week and is entitled to 10 hours of overtime. Since there is a break in the pay period for Texas Tech, the employee will see the following on their earnings statement for the September 1st – 15th pay period, paid on September 25th:

44 RGH Hours x $10.00 per hour = $440.00 gross. (This is the time paid to employee)

For the pay period of September 16th – 30th , paid on the 10th of the following month, the employee will see this on their earnings statement:

6 RGH Hours x $10.00 per hour = $60.00 gross. (This is the time paid to the employee)

10 OTP Hours x $10.00 per hour / 2 = $50.00 gross. (This is the ½ time paid to the employee)

Total $110.00 gross.

The total amount this employee received for the full FLSA work week of September 11th thru 17th is ***$550.00 gross*** between both pay periods at Texas Tech.

Employees coming to Texas Tech from other companies may be accustomed to viewing their overtime paid in the following example using the exact same dates and hours as above for the full FLSA work week September 11th – September 17th:

40 RGH Hours x $10.00 per hour = $400.00 gross

10 OTP Hours X $15.00 per hour = $150.00 gross

Total $550.00 gross.

Banner pays all employee's RGH hours as straight time based on their regular hourly rate during that pay period and OTP is paid at ½ time. This may seem a little confusing on your earnings statement, but ultimately the pay is correct and the full amount of overtime due is paid.

Another issue or question that employee's might ask is in regards to the overtime rate paid.

The overtime rate can be different depending on a couple of circumstances. The main reason that the rate can change is in regards to longevity. Texas Tech pays employees an additional benefit by paying a set rate for years of service to the institution. The longevity payment is a premium payment included in the overtime rate calculation and can increase the OTP rate on the work week when it is included on the on-cycle payroll. This is a benefit to those employees who are entitled to longevity and is another benefit for employees working for Texas Tech. Please refer to OP 70.25 for more information regarding longevity pay.

The second reason employees see a difference in their overtime rate is when employees have a change in rate of pay from one pay period to the next pay period. In the example previously presented, if the same employee received an hourly rate of pay increase from $10.00 per hour to $11.00 per hour starting on September 16th, there will be a change in the OTP rate. Using the previous example, the employee would see the OTP rate as $10.00 per hour on the September 16th thru 30th pay period, but if the employee received the $1.00 per hour increase in the rate of pay to $11.00 per hour starting on September 16th, the OTP rate would no longer be $10.00 per hour. The new OTP rate would be a blending of the hours worked from September 11th to September 15th at $10.00 per hour and the hours worked from September 16th to September 17th at $11.00 per hour. The OTP rate would be in between $10.00 to $11.00 per hour based on the weighted average of the amount of hours worked on the days between the two pay periods on that full FLSA work week. Employees often see this occur at the beginning of the fiscal year for merit increases.

Employees who have questions regarding overtime calculations, are encouraged to contact Payroll & Tax Services by emailing your questions to webmaster.payroll@ttu.edu .