

HUMAN RESOURCES POLICY MANUAL



Topic: Overtime and Compensatory Time for Non-Exempt Employees

Policy #: **602.00**

Version: **2.0**

Effective Date: **06/01/05**

Page 1 of 2

Purpose:

The purpose of this policy is to revise current overtime practices for non-exempt staff employees at The University of Alabama in order to be more consistent with the guidelines of the Fair Labor Standards Act. This policy supercedes all practices, policies and procedures in place prior to June 1, 2005.

Policy:

For the purpose of computing overtime pay in a workweek, sick leave, annual leave and other paid leaves do not count toward hours worked. Effective June 1, 2005, holiday leave hours will count toward hours worked for the purpose of computing overtime.

Non-exempt (hourly paid) employees who work more than 40 hours during a workweek will be:

- Paid at the overtime rate of one and one half times their regular rate of pay OR
- Granted compensatory time off at the rate of one and one half times the number of hours worked over 40 in a workweek.

University departments may choose to allow non-exempt, hourly paid employees to accrue and use compensatory time off in lieu of pay for overtime hours worked. The business needs of departments will dictate the use of compensatory time.

To provide this form of compensation, the appropriate supervisor or manager must arrive at an agreement or understanding with an employee that compensatory time will be granted instead of cash compensation. Such an agreement or understanding must be reached prior to the performance of work, and must be entered into voluntarily by the employee. Additionally, the agreement need not be in writing, but a record of the compensatory time must be kept. The University need not adopt the same agreement or understanding with all employees.

Compensatory time is subject to the following provisions:

1. Compensatory time must be credited to the employee at the rate of time and one half times all hours worked over 40 in a workweek.
2. Accrued compensatory time may not exceed 240 hours. i.e. 160 hours of overtime worked.
3. When an employee has reached the maximum accrual of 240 hours compensatory time, all additional overtime hours worked must be **paid** at the overtime rate of one and one half times the employee's regular rate of pay.
4. Upon termination of employment or at retirement, compensatory time must be paid in a lump sum and may not be used as creditable service or in adjusting the last day worked by an employee.

Compensatory time may be accrued only for overtime which is actually worked and documented on employee time sheets.

The establishment of and changes in employee work schedules are the responsibility of departmental supervisors and managers – not staff employees. Non-exempt employees may not work overtime without the prior knowledge and approval of the appropriate supervisors and/or managers. Hourly paid employees should not start working before the beginning of their scheduled time and should not

HUMAN RESOURCES POLICY MANUAL



Topic: Overtime and Compensatory Time for Non-Exempt Employees

Policy #: **602.00**

Version: **2.0**

Effective Date: **06/01/05**

Page 2 of 2

work beyond the ending of their scheduled time without management's prior approval. Also, hourly paid employees should not be allowed to continue to work at their work stations while having lunch.

It is important for supervisors and/or managers to monitor overtime and compensatory time violations. If staff employees fail to adhere to overtime and compensatory time guidelines, disciplinary action should be taken. However, all overtime worked must be compensated, regardless of whether or not it was approved.

Neither employees nor the University may waive their rights or obligations under the Fair Labor Standards Act or agree to accept less or pay less than the required overtime rate.

Specific questions regarding completion of time records for non-exempt employees should be directed to the Payroll Office. It is the responsibility of the Payroll Office to make the final determination on how to accurately record hours worked.