

UNC Eshelman School of Pharmacy

Overtime Policy

Effective: 10/1/2011 Updated: 11/18/2016

Introduction: Per federal law, when SHRA permanent and temporary non-exempt employees work more than 40 hours in a work week, the employee must be compensated for hours worked over 40 hours at the time and a half rate. A non-exempt employee must be paid or receive compensatory time off for all hours actually worked whether specifically authorized or not. However, employees who work overtime without the proper advanced authorization may be subject to disciplinary action up to and including termination.

Overtime is normally handled on a volunteer basis and must be approved in advance by the appropriate supervisor and HR Director. The supervisor is responsible for managing workloads in an effort to minimize the need for overtime, for selecting staff that are most qualified to perform the job, and for distributing overtime equitably among all the staff. The employee is responsible for following the approval process and for performing any work outside the normal 40 hour work week efficiently and as instructed to minimize the additional time worked as much as possible. The employee must submit requests for overtime to the supervisor at least one week in advance (if feasible) of the anticipated need. The supervisor will review the request with the HR Director. Upon review, and if approved, the supervisor will notify the HR Director and the TIM administrator of the preferred option as laid out further below in this policy.

Overtime Defined: An employee must actually work over 40 hours during the work week as defined by UNC (Monday through Sunday) to earn overtime compensation. Overtime is earned after physically working 40 hours in a work week. For example, in weeks where a non-exempt employee codes leave (sick, vacation, holiday, etc.), hours worked over 40 will be paid at straight time until hours physically worked exceeds 40. When sick and vacation leave are used, the best practice is to only code enough leave to get the employee to 40 hours for the work week.

Please note that working more than eight hours in a work day does not necessarily constitute overtime. Overtime occurs only after working more than 40 hours in a work week (Monday through Sunday).

SHRA Permanent Employees: The wage-hour status is based upon the FLSA exemption status of the employee's position as determined by the Office of Human Resources. All non-exempt permanent SHRA employees are eligible to receive either overtime pay or compensatory time off when they work more than 40 hours in a work week. By contrast, exempt permanent SHRA employees are not eligible for overtime pay or compensatory time off under this policy. These employees are considered "salaried" and the expectation is that they work 40 hours or more to get their required work completed.

SHRA Temporary Employees: All SHRA temporary employees, including student employees, are designated as FLSA non-exempt. As temporary employees do not earn leave, SHRA temporary employees are only eligible to receive overtime pay; they cannot receive compensatory time off.

EHRA Employees: By definition, most EHRA employees, both permanent and temporary, are not eligible for overtime pay or compensatory time off. This is true if their annual salary is above the FLSA minimum threshold of \$47,478. In rare instances, an EHRA employee may be non-exempt if they are paid below this threshold. In these cases, EHRA temps and faculty will be paid out for hours worked over 40 at the time and a half rate. Permanent EHRA Non-Faculty employees whose annual salaries are less than the FLSA threshold will default to receiving time worked over 40 hours as comp time at the time and a half rate. Managers wishing to pay out this overtime should follow the same request process as they would for SHRA non-exempt employees.

Managing Employee Overtime:

It is requested that all supervisors avoid any overtime (option A) whenever possible. The UNC Eshelman School of Pharmacy has a policy that eligible employees who work more than 40 hours in a work week may be compensated in either overtime pay or compensatory time off. The preference, and default in the TIM system, is that compensatory time off (option B) be utilized prior to providing overtime pay (option C) based upon fiscal availability and operational needs of the work unit.

Option A: Avoiding Overtime Liability

If an employee works more than his/her regular schedule on one day in work week, management may allow or direct the employee to take off an equal amount of time during the same work week (without charge to leave) so that the total work time does not exceed 40 hours for the work week. The University does not have a policy that allows equal time off (hour for hour) in another week. The best practice is for management to allow employees to flex their schedule within the work week so they do not exceed 40 hours.

Option B: Compensatory Time off (CTO)

If overtime pay is not preferable due to budgetary constraints, compensatory time off (CTO) is another option for compensating employees for overtime. Management considers existing workloads, staffing requirements, and availability of funds in deciding which compensation option will be used.

CTO is paid time off equal to one-and-one-half times the amount of time worked in excess of 40 hours worked in a work week. This is the default in the TIM system. Time worked over 40 hours in a work week is banked in TIM under "comp time current." As comp time is a liability to the School, employees must exhaust their comp first, prior to using sick or vacation leave. Please note that compensatory time off must be taken within one year of the date earned. After a year, this time must be paid out to the employee. In addition, comp time will be paid out at termination or when an employee transfers from the School. If an employee works extra hours and accrues comp time for special project work, the best practice is for managers to allow the employee to take this time off once the work load calms down to get the comp time off the books.

Option C: Paid Overtime

In special circumstances, such as when a non-exempt employee is asked to put in a significant amount of extra hours for a special project or event, management may request that the employee be compensated through paid overtime. In this circumstance, the employee will receive compensation in their paycheck for time worked over 40 hours in a work week at the time and a half rate. The overtime pay is determined using the employee's regular rate of pay and the funding is the responsibility of the division/unit.

The additional pay is to be included in the paycheck for the pay period in which the overtime was worked. Lack of funds does not relieve a department from its liability to compensate overtime work at the time and a half rate. If a manager wants to request that a non-exempt employee be paid out for overtime at the time and a half rate, they must submit a request to the HR Director indicating the reason for the request, the time frame for the overtime, and the expected number of overtime hours needing approval. Special action must be taken in TIM to pay the employee for overtime, as the system defaults to banking these hours as compensatory time off.