

**UNIVERSITY OF HOUSTON SYSTEM
ADMINISTRATIVE MEMORANDUM**

SECTION: Human Resources

NUMBER: 02.B.02

AREA: Compensation

SUBJECT: Overtime and Compensatory Time

1. PURPOSE

The purpose of this document is to prescribe policies and procedures to be followed in order to comply with the overtime provisions of the [Fair Labor Standards Act \(FLSA\)](#), and appropriate state statute(s).

2. POLICY

- 2.1. It is the policy of the System to plan, organize, and schedule its activities so that work may be accomplished within 40 hours in the standard workweek and overtime is limited to that which is absolutely necessary. However, in unavoidable circumstances, such as emergencies or peak load periods, non-exempt employees will be compensated for overtime and extra hours worked in accordance with these policies, regulations and procedures. Managers should plan staffing requirements to minimize overtime work.
- 2.2. All overtime and extra hours worked must be authorized in advance by designated component university officials, unless the Chief Executive Officer of the component university reserves this authority. Non-exempt employees may not make unauthorized decisions to work overtime. Working unauthorized overtime may subject the employee to disciplinary action, up to and including termination. Similarly, compensation for overtime and extra hours shall not be waived by the non-exempt employee.
- 2.3. If an employee undertakes, on an occasional or sporadic basis, and solely at the employee's option, part-time employment within the System which is in a substantially different capacity from that in which the employee regularly engages, the hours worked in the additional part-time job will be excluded in assessing hours worked for overtime purposes. Examples of such substantially different, sporadic employment are: officiating at recreation and sports events; proctoring exams; taking of tickets; security for special events; or food and beverage sales at special events. All other hours worked within the System are to be combined for overtime purposes.

- 2.4. A person holding a full-time exempt position with the System who on a continuing basis works extra hours in a non-exempt position with the System will be eligible for overtime pay in accordance with [FLSA](#) guidelines. The overtime rate for such exempt employee will be one and one-half the regular rate applicable to the non-exempt job.
- 2.5. The overtime rate of non-exempt employees who work at two or more non-exempt jobs in the same workweek is to be determined in accordance with the System's policy pertaining to overtime compensation as shown in section 4 of this document.
- 2.6. It is the responsibility of all supervisors involved to monitor work hours of employees under their supervision and agree on the method of reporting hours worked on time sheets and payment.

3. DEFINITIONS

- 3.1. Employee: An employee is any individual for whom employment records are maintained through the payroll/personnel system, and who is paid through System payroll.
- 3.2. Exempt employee: An employee occupying a position deemed to be exempt from the overtime provisions of the FLSA. Exempt status is to be determined by component university level review of job content, using the tests set forth in the FLSA.
- 3.3. Hours worked: A non-exempt employee may only work in excess of 40 hours a week with prior approval from the supervisor. Overtime compensation must be paid for hours worked in excess of 40 hours in a standard workweek or compensatory time at the rate of time and one-half is granted during the 12-month period following the standard workweek in which the overtime was worked. Work which is not requested by an employer but is permitted must be counted as hours worked. Vacation, holiday, sick leave and other official leaves of absence are not counted as hours worked for the purpose of assessing overtime liability.
- 3.4. Non-exempt employee: An employee occupying a position deemed to be non-exempt according to the [FLSA](#) and who is subject to the overtime provisions of [FLSA](#).

3.5. Pay period:

- a. The pay period for non-exempt employees is biweekly and is a period of two consecutive standard workweeks, with certain exceptions as provided in the FLSA, and in accordance with the schedule published by the payroll department at the beginning of each fiscal year available at www.uh.edu/hrms.
- b. The pay period for exempt employees is monthly, beginning on the first day of the month and ending on the last day of the month.

3.6. Regular hourly rate: For the purpose of calculating overtime for non-exempt employees, the hourly rate consists of the total of the following items:

- a. The rate per hour as recorded in the payroll/personnel system
- b. Longevity pay (prorated hourly)
- c. Shift differential pay (prorated hourly)
- d. Hazardous duty pay for commissioned police officers (prorated hourly)
- e. Educational incentive pay for commissioned police officers (prorated hourly)

The State's contributions for social security, retirement, and insurance benefits are not included in the calculation of the regular hourly rate.

3.7. Standard workweek: The standard workweek is defined within the System to be the period beginning at 12:01 a.m. on Wednesday and extending through the seven-day period ending at midnight the following Tuesday. For the purposes of computing overtime or compensatory time, each standard workweek stands alone.

4. POLICY PROVISIONS

4.1. COMPENSATION FOR OVERTIME—NON-EXEMPT EMPLOYEES.

Non-exempt employees are subject to the overtime provisions of the FLSA. Compensation for all hours worked in excess of 40 hours in the standard workweek shall be either:

- a. compensatory time off during the 12-month period following the end of the workweek in which the overtime occurred at the rate of one and one-half hours for each hour of overtime worked. An employee may not accrue more than 240 total hours (in the case of employees involved in public safety, emergency response, or seasonal work, the maximum hours limit is 480) of compensatory time for overtime hours worked. Any compensatory time not taken at the end of the 12-month period following the end of the workweek in which the overtime occurred, or any compensatory time in excess of the 240 or 480 maximum allowed, must be paid at the employee's rate of pay when the payment is processed. The System has the option to pay off accrued compensatory time at any time.
- b. at the discretion of the designated component university official, granted at a rate equal to one and one-half times the employee's regular hourly rate when granting compensatory time off is impractical. Such compensation must be provided within the same pay period that the overtime is worked.

A non-exempt employee who performs two or more different kinds of work, involving two or more different regular hourly rates during a single workweek, will be paid one and one-half times the regular hourly rate established for the work performed that resulted in overtime. Such payments require the supervisor to obtain prior written agreement from the employee.

Paid leave and/or holidays taken are not counted as hours worked in determining overtime hours described in the preceding paragraph; only the hours actually worked during a workweek are counted.

4.2. COMPENSATION FOR EXTRA HOURS – NON-EXEMPT EMPLOYEES

- a. In situations where a non-exempt employee has not worked more than 40 hours in a workweek, but the total of hours worked and hours of paid leave and/or paid holidays exceeds 40 hours, the employee may be compensated for the excess hours over 40 either:

- by allowing the employee to take, on an hour-for-hour basis, compensatory time off for the hours in excess of 40. Such hours must be taken within the 12-month period following the end of workweek in which such excess hours occurred or the hours will be forfeited. The employee may not be paid for unused balances for such hours upon transfer or termination. The 240 and 480 maximum hours limit discussed above is also applicable. If an employee requests in writing to use the accrued time 90 days prior to the date that the accrued time will be forfeited, the supervisor must approve the employee's request or provide the employee with an alternate date on which the employee must use the compensatory time.
- by paying for the hours in excess of 40 on an hour-for-hour basis at the employee's regular rate of pay per hour (the special calculation of "regular hourly rate" for purposes of paying overtime at time and one-half set forth in item 2.6. of this document is not used in this case). Such compensation must be provided within the same pay period that the excess hours are worked.

b. All accrued compensatory time must be cleared before an employee transfers unless by prior written agreement, the receiving department agrees to accept the liability.

5. REVIEW AND RESPONSIBILITY

Responsible Party: Associate Vice Chancellor for Finance

Review: Every five years, on or before March 1

6. APPROVAL

Approved: Carl P. Carlucci
Executive Vice Chancellor for Administration and Finance

Renu Khator
Chancellor

Date: June 9, 2009