

The background of the slide is a dense field of 3D-rendered numbers in various shades of blue and white. The numbers are of different sizes and are scattered across the frame, creating a sense of depth and complexity. Some numbers are in the foreground, appearing larger and more detailed, while others are in the background, appearing smaller and less distinct. The overall effect is a visually busy and abstract representation of data or calculation.

NYC Metro Chapter and APA presents...

Regular Pay vs Regular Rate
of Pay: Are You Calculating
Overtime Correctly?"

Speaker

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1. Introduction

2. What Is
Regular Pay vs
Regular Rate of
Pay?

3. What Is
Blended Overtime
Rate?

4. Let's Calculate
Under FLSA!

What Is Regular Pay?

Regular pay is the monetary amount paid on a per hour, per day, per week, per piece, commission on sales, or another basis.

Example: Jack's hourly rate is \$15.00 per hour. During the week of February 6 thru February 12, Jack worked 36 hours. Jack's regular pay is \$540.00. ($\$15/\text{hr} \times 36 \text{ hrs}$)

What Is Regular Rate of Pay?

Regular Rate of Pay is the base hourly rate plus the hourly dollar value of any nondiscretionary premium payments that must be included in the hourly rate when calculating overtime pay for over 40 hours of actual work (excluding paid leave hours) in a workweek (e.g., shift differential, bonuses, call pay, hazard pay). The Regular Rate of Pay is paid for all non-overtime hours worked in a workweek.

When an employee in a single workweek works at two or more different types of jobs for which different straight-time rates have been established, the Regular Rate of Pay for that week is the weighted average of such rates. That is, the earnings from all such rates are added together and this total is then divided by the total number of hours worked at all jobs for the workweek.

What Is Included in Regular Rate of Pay?

Nondiscretionary bonuses (bonuses announced by company to encourage staff to work more steadily, rapidly, and efficiently and to retain them)

Shift Differentials

On Call Pay/Call In Pay

Hazard Pay

Commissions

Sign-On bonuses based on retention milestones, paid in installments, performance or contingencies.

What Is NOT Included in Regular Rate of Pay?

- Discretionary bonuses
- Gifts
- Contributions to welfare plans
- Payments made to profit sharing and savings plans
- Sign-On bonuses with no contingencies, installments, or performance ties

- Pay for foregoing holidays and vacations
- Pay for expenses incurred on the employer's behalf
- Premium payments paid for work on Saturdays, Sundays, and holidays
- Paid time off for vacation, holidays, illness, etc.

What Is Blended Overtime Rate?

Once the Regular Rate of Pay is determined, the Blended Overtime Rate, which is also known as Weighted Average Overtime Rate, is determined by multiplying the regular rate of pay by one and one-half times. This Blended Overtime Rate is then multiplied by the hours worked over 40 in the workweek.

Calculating Under FLSA

Calculate Regular Rate of Pay under FLSA (Fact Sheet #56A)

Regular Rate of Pay = $\frac{\text{Total Compensation in the workweek}}{\text{Total Hours worked in the workweek}}$

Calculate Overtime

Calculate Blended Overtime/Weighted Overtime

General Principles:

All compensation for hours worked, services rendered, or performance must be included in the regular rate.

When a payment is a wage supplement, even if not directly related to employee performance or hours worked, it is still compensation for “hours of employment” and must be included in the regular rate.

The determination of whether a particular payment, perk, or benefit may be excluded from the regular rate is made on a case-by-case basis applying the requirements set out in the statute to the specific circumstances.

Calculate Regular Rate of Pay With Shift Differential

- ◆ Erica's normal hourly rate of pay is \$12.00, but she receives a \$0.50 per hour shift differential for working the night shift. Therefore, when Susan works the night shift, her hourly rate is \$12.50. Susan worked 40 hours during the workweek and 15 of those hours were worked during the night shift. What is Erica's Regular Rate of Pay?
- ◆ $\$12.00 \times 25 \text{ hrs} = \300.00
- ◆ $\$12.50 \times 15 \text{ hrs} = \187.50
- ◆ $\$487.50 / 40 \text{ hrs} = \12.19
- ◆ Total Pay for the week: \$487.50
- ◆ Regular Rate of Pay: \$12.19 ($\$487.50/40 \text{ hrs}$)

Calculate Regular Rate of Pay With Bonus

- ◆ John's normal hourly rate of pay is \$15.00, and he worked 40 hours during the workweek. He also received a Nondiscretionary bonus of \$500.00 for his work performance. What is John's Regular Rate of Pay?
- ◆ $\$15.00 \times 40 \text{ hrs} = \600.00
- ◆ $\$600.00 + \$500.00 = \$1,100$
- ◆ $\$1,100 / 40 \text{ hrs} = \27.50
- ◆ Regular Rate of Pay: \$27.50

Calculate Overtime Pay With Bonus

- ◆ Bill's normal hourly rate of pay is \$10.00, and he worked 50 hours during the workweek. He also received a Nondiscretionary bonus of \$400.00 for his work performance. What is Bill's Overtime Pay Due?
- ◆ $\$10.00 \times 50 \text{ hrs} = \500.00
- ◆ $\$500.00 + \$400.00 = \$900.00$
- ◆ $\$900.00 / 50 \text{ hrs} = \18.00 (Regular Rate of Pay)
- ◆ $\$18.00 \times 0.50 = \9.00 (Overtime Premium Rate)
- ◆ $\$9.00 \times 10 \text{ hrs} = \90.00 (Overtime Premium due EE)

Calculate Regular Rate of Pay With Bonus That Is Retroactive

- ◆ For Non-discretionary bonuses that apply retroactively to more than just the current pay period, you must recalculate the employees' regular rate for the entire time period covered by the bonus and pay employees additional overtime premiums for any overtime hours worked during that time period.
- ◆ Employer ABC offers an annual year-end production bonus of \$500.00 if the company achieves certain safety goals. An employee who works 2,200 hours during the year is eligible for the bonus. The 2,200 hours includes 200 overtime hours. To determine the overtime impact of the bonus, the bonus amount is divided by the total hours worked during the year ($\$500.00/2,200 = \0.23). The employee is entitled to one-half this amount ($\$0.12$) for each of the 200 overtime hours worked ($\$0.12 \times 200 = \24.00). The employee should be paid a \$24.00 overtime adjustment to account for the impact of the \$500.00 bonus on the regular rate.

Calculate Total Weekly Earnings With Overtime

- ◇ Mary's hourly rate is \$10.00 per hour, and she worked 41 hours during the workweek. What is Mary's Total Pay for the week?
- ◇ $\$10.00 \times 41 \text{ hrs} = \410.00 (Pay for time worked)
- ◇ $\$5.00 \times 1 \text{ hr} = \5.00 (Pay for overtime - $\$10.00 \times 0.5$)
- ◇ $\$410.00 + \$5.00 = \$415.00$
- ◇ Total Pay: \$415.00

Calculate Regular Rate of Pay/Weekly Earnings/Overtime Premium Rate

- ◆ Steve's hourly rate is \$10.00 and he normally works a 40 hour workweek. However, this week Steve worked 46 hours in the workweek. What is Steve's Regular Rate of Pay? What is Steve's Total Weekly Earnings? What is Steve's Overtime Premium Rate?
- ◆ $46 \text{ hrs} \times \$10.00 \text{ per hr} = \460.00
- ◆ $\$460.00 / 46 = \10.00 (Regular Rate of Pay)
- ◆ $46 \text{ hrs} - 40 \text{ hrs} = 6 \text{ hrs}$
- ◆ $\$10.00 \times 0.50 = \5.00 (Overtime Premium Rate)
- ◆ $\$5.00 \text{ per hr} \times 6 \text{ hrs} = \30.00 (Overtime Premium)
- ◆ $\$460.00 + \$30.00 = \$490.00$ (Total Weekly Earnings)

Steps to Calculate Blended Overtime/Weighted Overtime

When an employee is paid at more than one rate of pay in the workweek, the regular rate of pay must be at least the weighted average of all rates used in the week.

Step 1. Multiply the hours the employee worked in each position by the hourly rates.

Step 2. Add together the total wages from both positions to get the total compensation.

Step 3. Divide the total compensation by the number of hours worked to get the regular rate of pay.

Step 4. Multiply the regular rate of pay by 0.50 to get the weighted overtime rate.

Step 5. Multiple the weighted overtime rate by the number of overtime hours worked to get the overtime pay.

Calculate Blended Overtime/Weighted Overtime

- ◆ Aaron works for XYZ News. He normally is paid \$10.00 per hour for his primary job as an assistant. He has a secondary job as a camera man that pays \$11.50 per hour. He also has a third job as a reporter that pays \$12.50 per hour. Scott worked 43 hours in the workweek. He worked 25 hours as an assistant, 8 hours as a camera man, and 10 hours as a reporter. What is Aaron's Regular Rate of Pay, Overtime Premium Rate, and Total Earnings for the week?
- ◆ $\$10.00 \times 25 \text{ hrs} = \250.00
- ◆ $\$11.50 \times 8 \text{ hrs} = \92.00
- ◆ $\$12.50 \times 10 \text{ hrs} = \125.00
- ◆ $\$250.00 + \$92.00 + \$125.00 = \467.00 (Total Regular Pay)
- ◆ $\$467.00 / 43 \text{ hrs} = \10.86 (Regular Rate of Pay)
- ◆ $\$10.86 \times 0.5 = \5.43 (Overtime Premium Rate)
- ◆ $\$5.43 \times 3 \text{ hrs} = \16.29 (Overtime Premium)
- ◆ $\$467.00 + \$16.29 = \$483.29$ (Total Earnings for the week)

Calculate Blended Overtime/Weighted Overtime w/ Bonus (California)

- ◆ Mike worked 42 hours for the current pay week. His hourly rate is \$10.00/hour. He also received a production bonus of \$100. What is Mike's Regular Rate of Pay, Bonus Distribution and Weighted Overtime for the week?
- ◆ $\$10.00 \times 42 \text{ hrs} = \420.00
- ◆ $\$420.00 / 42 \text{ hrs} = \10.00 (Regular Rate of Pay)
- ◆ $\$100 \text{ bonus} / 40 \text{ hrs} \times 1.50 \times 2 \text{ hrs OT} = \7.50 (Bonus Distribution)
- ◆ $\$10.00 \times 0.5 + \$7.50 = \$17.50$ (Weighted Overtime)
- ◆ $\$420.00 + \$100.00 + \$17.50 = \537.50 (Total Earnings)

Calculate Blended Overtime/Weighted Overtime (California)

- ◆ Scott normally earns \$10 an hour working at trade shows. He receives a premium flat rate of \$8.75 an hour for travel time. In one week, Mike earned 10 hours of travel time, and 40 hours worked at the trade show. Mike earned 2 hours of “Daily” overtime during the trade shows, 2 hours of “Daily” overtime for travel, and 6 hours of “Weekly” overtime for trade shows. What is Scott’s Regular Rate of Pay and Weighted Overtime calculation?
- ◆ $\$10.00 \times 40 \text{ hrs} = \400.00
- ◆ $\$8.75 \times 10 \text{ hours} = \87.50
- ◆ $\$400.00 + \$87.50 = \$487.50$
- ◆ $\$487.50 / 50 \text{ hrs} = \9.75 (Regular Rate of Pay)
- ◆ $\$9.75 \times 0.50 = \4.88 (Blended OT)
- ◆ $\$9.75 \times 1 = \9.75 (Blended DT)

Calculate Blended Overtime/Weighted Overtime (California-Continued)

- ◆ 2 Hours Travel Time Blended OT Amount
- ◆ $\$4.88$ (OT Rate) + $\$8.75$ (Premium Flat Rate) = $\$13.63$ Blended OT
- ◆ $2 \text{ Hours} \times \$13.63 = \27.26 Overtime Pay
- ◆ 2 Hours Trade Show Blended OT Amount
- ◆ $\$4.88$ (OT Rate) + $\$10.00$ (Base Rate) = $\$14.88$ Blended OT
- ◆ $2 \text{ Hours} \times \$14.88 = \29.76 Overtime Pay
- ◆ 6 Hours Weekly Trade Show Blended OT Amount
- ◆ $\$4.88$ (OT Rate) + $\$10.00$ (Base Rate) = $\$14.88$ Blended OT
- ◆ $6 \text{ Hours} \times \$14.88 = \89.28 Overtime Pay
- ◆ $\$27.26 + \$29.76 + \$89.28 = \146.30 Total Overtime Pay
- ◆ $\$487.50 + \$146.30 = \$633.80$ Total Weekly Earnings

THANK YOU!

HAPPY
HOLIDAYS! 😊