

Title/Subject: **OVERTIME/COMPENSATORY TIME**

Applies to:  faculty  staff  students  student employees  visitors  contractors

Effective Date of This Revision: September, 2012

Contact for More Information: Human Resources

Board Policy  Administrative Policy  Procedure  Guideline

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**BACKGROUND:**

The University administers compensation including overtime and compensatory time in accordance and compliance with the Fair Labor Standards Act (FLSA) and the Board of Trustees Policies and Practices. Included in the federal law (FLSA) are regulations covering the federal minimum wage, employee time recordkeeping requirements, and overtime pay regulations.

**PURPOSE:**

The purpose of this policy is to ensure legal compliance for non-exempt employees that are paid more than 40 hours in one week, unless defined otherwise in a collective bargaining agreement or employee handbook. In addition to regularly scheduled work time, compensable time includes but is not limited to: overtime, training time, certain types of travel time, and preparation or transition time.

Some collective bargaining agreements and/or handbooks may contain specific language relating to overtime procedures including: pay, eligibility, equalization, compensatory time, and utilization. Please refer to specific collective bargaining agreements/handbooks for additional details.

**DEFINITIONS:**

**Compensatory (Comp) Time:** Time off in lieu of overtime pay. The employee earns one and one half (1.5) hours for every hour paid and/or worked in excess of 40 hours per week unless defined otherwise by a collective bargaining agreement or employee handbook.

**Exempt Employees:** Exempt employees are not eligible for overtime payments in accordance with the FLSA. These employees do not record hours worked.

**Non-Exempt Employees:** Non-exempt employees are eligible for overtime pay in accordance with the FLSA. Hours for non-exempt employees must be tracked and recorded. The university has a responsibility to compensate non-exempt employees for all compensable time. All hourly employees are considered non-exempt. Some salaried employees, based on the amount earned per week (as established by the FLSA), may also be non-exempt.

**Overtime:** Hours paid in excess of 40 hours in one week, unless defined otherwise in a collective bargaining agreement or employee handbook. Overtime pay is calculated at the rate of one and one-half (1.5) hours for each hour of overtime.

**POLICY:**

In accordance with the Fair Labor Standards Act (FLSA), hours paid in excess of forty (40) hours per week constitutes overtime. All overtime during a given week must be recorded as either overtime pay or compensatory time (if eligible) earned. Employees are not permitted to voluntarily work during their lunch period; employees who perform work during a lunch break must be compensated for the time worked.

Title/Subject: **OVERTIME/COMPENSATORY TIME**

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**All overtime must be approved by the supervisor in advance.** An employee who works overtime that has not been authorized in advance may be subject to disciplinary action. The supervisor and employee must reach an agreement or understanding on two issues before the overtime work is to be performed:

- 1) When the work will be performed outside of normally scheduled work time.
- 2) Whether this work will be compensated by overtime pay or compensatory time off.

### **Compensatory Time**

CMU allows some employee groups to earn compensatory time off in lieu of overtime pay, upon mutual agreement between the employee and the supervisor before the overtime is worked. Compensatory time off shall be given at one and one-half (1.5) hours for each hour of overtime worked. Compensatory time off may be used in quarter hour (.25) increments.

CMU will not allow employees to accrue compensatory time in excess of forty-five (45) hours – which reflects thirty (30) hours worked X 1.5. Usage of compensatory time is permitted at supervisor discretion. Supervisors should consider the impact on the operations of the department when granting or denying compensatory time usage. Efforts should be made to accommodate the employee request where possible.

Compensatory time should normally be utilized before recording vacation time. If the employee is not permitted to take accrued compensatory time off within a reasonable period, upon request by the employee, any compensatory time accrued may be paid in the employee's next regular paycheck at the end of each quarter of the fiscal year. In order to be paid, the employee must submit compensatory time pay (CP) on the appropriate time sheet.

All compensatory time must be used or paid off before an employee transfers to another position. Upon separation, an employee must be paid for unused compensatory time at the employee's current hourly rate.

### **PROCEDURE:**

**Reporting Overtime:** Overtime must be recorded on the employee's time sheet. The time recorded should be the actual time worked. For example, if the employee works two hours overtime and was going to be paid overtime, it should be recorded as 2 OT on the timesheet. The system will automatically pay overtime at a rate of one and one-half times the employee's rate of pay.

**Banking Overtime:** If the employee and supervisor agree to "bank" overtime as compensatory time, it should be recorded as 2 hours CT on the timesheet. The system will automatically calculate compensatory time at one and one-half times the hours recorded.

**Reporting Compensatory Time:** When the employee elects to use compensatory time, it should be recorded in the actual amount of time taken as CU. The system will automatically deduct the time recorded in the compensatory time taken category from accrued compensatory time and adjust the balance accordingly.

**Paid Compensatory Time:** If an employee requests to be paid compensatory time at the end of the quarter, it should be recorded on the time sheet as CP. The system will deduct the time paid from accrued time and adjust the balance accordingly.

*Central Michigan University reserves the right to make exceptions to, modify or eliminate this policy and or its content. This document supersedes all previous policies, procedures or guidelines relative to this subject.*