



HOW TO COMPUTE OVERTIME

HOURS WORKED — Covered employees must be paid for all hours worked in a workweek. In general "hours worked" includes all time an employee must be on duty, on the employer's premises, or at any other prescribed place of work. Also included is any additional time the employee is "suffered or permitted" to work. For example, an employee may voluntarily continue to work at the end of the shift. He or she may be a clerical worker who wants to finish an assigned task or correct errors; or a piecework employee may choose to remain and finish a unit or complete a roof due to changes in weather; a bookkeeper may want to remain and post work tickets, prepare time reports or other records. The reason is immaterial. The employer knows or has reason to believe that the work is continuing; thus, it must be counted as working time.

COMPUTING OVERTIME PAY — The Washington State overtime law, [RCW 49.46.130](#), requires overtime compensation to be paid at a rate of at least 1-1/2 times the employee's "regular rate" for each hour worked in a workweek in excess of 40 hours. Generally, the regular rate for other than a single hourly rate includes all payments made by the employer to or on the behalf of the employee (excluding certain exceptions), and is determined by dividing the total compensation for an employee in any workweek by the total number of hours worked in the workweek for which such compensation was paid.

HOURLY RATE — If the employee is employed solely on the basis of a single hourly rate, the hourly rate is the "regular rate". If more than 40 hours is worked in the workweek, at least 1-1/2 times the **regular rate** for each hour over 40 is due. The hourly rate **will not** be the regular rate if additional compensation or incentive pay is earned by the employee during the workweek.

EXAMPLE: An employee paid \$9.00 an hour works 44 hours in a workweek. The employee is entitled to at least 1-1/2 times \$9.00, or \$13.50, for each hour over 40. Pay for the week should be \$360.00 for the first 40 hours of work, plus \$54.00 (4 hours x \$13.50), for the four hours of overtime; a total of \$414.00.

<i>HOURS WORKED EACH DAY</i>							<i>Single Hourly Rate = \$9.00</i>				<i>OVERTIME</i>
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Hours Worked	Hourly Rate	Unpaid OT Hrs	OT Rate (1-1/2 Hourly Rate)	
31-Jan	1-Feb	2-Feb	3-Feb	4-Feb	5-Feb	6-Feb	44	\$9.00	4	\$13.50	\$54.00
off	8	8	8	8	8	4					

EXAMPLE: An employee paid \$9.00 an hour works 44 hours in a workweek. The employer pays the employee an additional \$100.00 for the week as a bonus, representing 10% of the profits. The straight time earnings for the week is \$496.00 (44 hours x \$9.00 = \$396.00 + \$100.00 bonus). The weekly earnings (\$496.00) divided by the actual hours worked (44) reflects a \$11.27 per hour regular rate of pay for that week. Since the \$496.00 is the total straight time pay for all 44 hours, all that is owed for the overtime is the half-time rate of \$5.64 (\$11.27 divided by 2), times four hours, or \$22.56. The total wages, including overtime, owed for that particular week would therefore be \$518.56.

<i>HOURS WORKED EACH DAY</i>							<i>\$9.00 Hourly Rate + \$100.00 Weekly Bonus = \$11.27 Reg Rate ÷ 2 = \$5.64 OT Rate</i>								<i>OVERTIME</i>	
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Hours Worked	Hourly Rate	Straight Time Earn	Weekly Bonus	Weekly Earn Ttl	Ttl Hrs Worked	Regular Rate	OT Rate (1/2 Hrly Rate)	Unpaid OT	OWED (OT Hrs x OT Rate)
31-Jan	1-Feb	2-Feb	3-Feb	4-Feb	5-Feb	6-Feb	44 x	\$9.00 =	\$396.00 +	\$100 =	\$496.00 ÷	44 =	\$11.27 ÷ 2 =	\$5.64 x	4 =	\$22.56
off	8	8	8	8	8	4										

WORKING AT TWO OR MORE HOURLY RATES — Where an employee in a single workweek works at two or more different types of work for which different rates of pay (of not less than the applicable minimum wage) have been established, the regular rate for that week is the **weighted average** of such rates. That is, the total earnings are computed to include the compensation during the workweek from all such rates, and are then divided by the total number of hours worked at all jobs in that workweek.

EXAMPLE: An employee works 45 hours in a workweek and is paid \$9.50 an hour for 5 hours and \$15.00 an hour for 40 hours. The straight time earnings for the week is \$647.50 (5 hours x \$9.50 = \$47.50 + \$15.00 x 40 = \$600.00; a total of \$647.50). The weekly earnings (\$647.50) divided by the actual hours worked (45) reflects a \$14.39 per hour regular rate of pay for that week. Since the \$647.50 is the total straight time pay for all 45 hours, all that is owed for the overtime is the half-time rate of \$7.20 (\$14.39 divided by 2), times five hours, or \$36.00. The total wages, including overtime, owed for that week would therefore be \$683.50.

HOURS WORKED EACH DAY							5 hours x \$9.50 = \$47.50 + 40 hours x \$15.00 = \$600.00 = Weekly Total \$647.50							OVERTIME	
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Hours Worked	Hourly Rate #1	Hourly Rate #2	Weekly Earn Ttl	Total Hrs Worked	Regular Rate	OT Rate (1/2 Hrly Rate)	Unpaid OT	OWED (OT Hrs x OT Rate)
31-Jan	1-Feb	2-Feb	3-Feb	4-Feb	5-Feb	6-Feb									
off	10	5	12	10	8	off	45	\$9.50 x 5	\$15.00 x 40 =	\$647.50 ÷	45 =	\$14.39 ÷ 2 =	\$7.20 x	5 =	\$36.00

AN "ACCURATE" RECORD OF DAILY HOURS WORKED MUST BE KEPT SO THAT THE REGULAR RATE CAN BE COMPUTED

In no case may the regular rate be less than the minimum wage required under the Minimum Wage Act.

SALARIES —

Note: To use the analysis for computing salaries for workweeks exceeding 40 hours and those with fluctuating hours – in order to apply a compensation of one half of the hourly rate to compensate the employee for the overtime hours worked, the following three requirements must all be met:

1. There is a clear mutual understanding between the employer and the employee that the salary is straight pay for all hours worked in the week
2. There is a clear and mutual understanding between the employer and the employee that overtime will be compensated at one-half times the regular hourly rate
3. The overtime is paid contemporaneously with straight-time pay

Contemporaneous means that the overtime pay is received in the same pay period as the regular pay.

The regular rate for an employee paid a salary for a **specified number of hours per week** is obtained by dividing the salary by the number of hours the salary is intended to compensate. The employee is due the full salary plus one-half the regular rate for each hour worked over 40, but if the employee works in excess of the agreed-upon hours, time and one-half the regular rate is due for the additional hours. If, under the employment agreement, an employee paid on a salary will have **hours that fluctuate each week**, a salary sufficient to meet the minimum wage requirement in every workweek is paid at straight time for whatever number of hours are worked in a workweek; thus, the regular rate is obtained by dividing the salary by the number of hours actually worked each week. After arriving at the figure, the employee is to receive the full salary along with one-half times the regular rate for each hour worked over 40. It is considered that the salary pays the "time", it is just the "one-half" that is due in such instances. If the employer fails to establish a specified number of hours per week for which the salary is intended to compensate the worker, it will be assumed that the salary is based upon a 40-hour workweek, and thus, 1-1/2 times the worker's regular rate will be due for all hours worked in excess of 40 in each workweek.

EXAMPLE: To illustrate such fluctuating hours for salaried employees, suppose an employee's hours of work vary each week and the agreement with the employer is that the employee will be paid \$500.00 a week for whatever number of hours of work are required. Under this pay agreement, an employee who works 50 hours during the week has a regular rate of \$10.00 per hour (\$500.00 divided by 50 hours). In addition to the salary, 1/2 the regular rate, or \$5.00, is due for each of the 10 overtime hours; a total of \$550.00 for the week. If the employee worked 54 hours, the regular rate would be \$9.26 (\$500.00 divided by 54 hours). In that case, an additional \$4.63 (\$9.26 divided by 2) is due for each of the overtime hours; a total of \$564.82 for the week (\$4.63 x 14 hours = \$64.82 + \$500.00 = \$564.82).

HOURS WORKED EACH DAY							Weekly Salary = \$500.00				OVERTIME	
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Hours Worked	Hourly Rate	Unpaid OT Hrs	OT Rate (1/2 Hourly Rate)	OWED (OT Hours x OT Rate)	
31-Jan	1-Feb	2-Feb	3-Feb	4-Feb	5-Feb	6-Feb						
off	10	10	10	10	10	4	54	\$9.26	14	\$4.63	\$64.82	

AN "ACCURATE" RECORD OF DAILY HOURS WORKED MUST BE KEPT SO THAT THE REGULAR RATE CAN BE COMPUTED

If a salary is paid on other than a weekly basis, the weekly pay must be determined in order to compute the regular rate and overtime. If the salary is for a half month, it must be multiplied by 24 and the product divided by 52 weeks for the weekly equivalent. A monthly salary should be multiplied by 12 and the product divided by 52.

PIECE RATE — Piece rate employees are usually paid a fixed amount per unit of work. The regular rate of pay for an employee paid on a piece rate basis is essentially identical to that of a commissioned employee, and is obtained by dividing the total weekly earnings by the total number of hours worked in the same week. The employee is entitled to an additional 1/2 times this regular rate for each hour worked over 40, besides the full piece rate earnings. Following is an example of a piece rate employee who earned \$500.00 in piecework, but took 50 hours to earn the wages during a workweek.

<i>HOURS WORKED EACH DAY</i>							Piece Rate Earned = \$500.00				OVERTIME OWED (OT Hours x OT Rate)
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Hours Worked	Hourly Rate	Unpaid OT Hrs	OT Rate (1/2 Hourly Rate)	
31-Jan	1-Feb	2-Feb	3-Feb	4-Feb	5-Feb	6-Feb					
off	10	10	10	10	10	off	50	\$10.00	10	\$5.00	\$50.00

AN "ACCURATE" RECORD OF DAILY HOURS WORKED MUST BE KEPT SO THAT THE REGULAR RATE CAN BE COMPUTED

Another way to compensate piecework for overtime, if agreed *before* the work is performed, is to 1-1/2 times the piece rate for each piece produced during the overtime hours. The piece rate must be the one actually paid during non-overtime hours and must be enough to yield at least the minimum wage per hour.

FLAT RATE — Flat rate (or task basis) employees are paid according to a pre-set rate for a particular task. The most obvious example of this type of pay might be a mechanic who is paid an hourly rate to repair a carburetor, a task that is "pre-set" to take 2 hours to complete. The flat rate mechanic would be paid 2 hours pay for that task whether it took 1, 2 or 3 hours to finish. The "regular rate" for a flat rate employee is calculated essentially the same way as a commissioned or piece rate employee, dividing total earnings for the week by the hours worked during the week. It is important that an accurate record of "actual" hours worked be kept, along with the flat rate hours, so that the regular rate can be computed. Here is an example of a flat rate employee who earned \$400.00 during a week, but actually worked 45 hours to earn it.

<i>HOURS WORKED EACH DAY</i>								Flat Rate Earned = \$400.00				OVERTIME OWED (OT Hrs x OT Rate)
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Hours Worked	Hourly Rate	Unpaid OT Hrs	OT Rate (1/2 Hourly Rate)		
31-Jan	1-Feb	2-Feb	3-Feb	4-Feb	5-Feb	6-Feb						
Flat Rate Hrs	off	8	8	8	8	8	off	40	\$10.00	N/A	N/A	N/A
Actual Hrs	off	9	9	9	9	9	off	45	\$8.89	5	\$4.44	\$22.22

AN "ACCURATE" RECORD OF DAILY HOURS WORKED MUST BE KEPT SO THAT THE REGULAR RATE CAN BE COMPUTED

In no case may the regular rate be less than the minimum wage required under the Minimum Wage Act.