

		Policy Section:	Institutional Support
Policy Number:	5521-09	Policy Title:	Non-Exempt Pay Practices
Original Effective Date:	3/27/01	Department:	Human Resources
Date Last Revised:	5/14/12		

Policy Statement:

It is the policy of Cairn University to pay employees in compliance with applicable federal and state laws, as well as in a manner that is fairly and consistently applied within the University.

Purpose:

To set forth the definitions and procedures to be used in recording and calculating pay to employees and student workers whose jobs are classified as non-exempt.

Scope:

This policy applies to employees and student workers in non-exempt positions within the University.

Definitions:

Following are Fair Labor Standard Act terms related to this pay practices policy, and their definitions:

Exempt: Categorization of positions, as defined by the Fair Labor Standards Act and its amendments, which are exempt from overtime based on a number of factors or “tests” set forth in the Act. Generally, positions which are exempt from overtime are those considered to be Executive/Managerial, Professional, Administrative and Sales.

Exempt employees are paid on a salaried basis such that in each pay period they customarily receive a prorated, bi-weekly amount of their annualized salary. Exempt employees are not docked a portion of pay within a pay week during which they work fewer than 40 hours except for disciplinary measures as permitted by the FLSA, or for authorized unpaid leave time such as during a Family and Medical Leave of absence.

Non-exempt: Categorization of positions, as defined by the Fair Labor Standards Act and its amendments, which qualify for payment of overtime. Employees in non-exempt positions are paid for time actually worked and are eligible for overtime pay equal to 1-1/2 times their regular hourly pay for hours worked in excess of 40 in a work week. Non-exempt employees are paid on an hourly basis and may not be paid for time not worked, except as allowed under the University’s Paid Time Off policies (See policies 5521-06, Paid Time Off for Staff and 5506-04 Faculty Leave.)

Salaried, Non-exempt: Positions for which employees are paid on a salaried basis such that in each pay period they customarily receive a prorated, bi-weekly amount of their annualized salary. When overtime is worked, salaried, non-exempt employees are paid for overtime on a prorated, hourly basis.

Hourly, Non-exempt: Positions for which employees are paid on an hourly-wage basis for both regular and overtime hours.

Overtime: Employees eligible for overtime (non-exempt) are paid at a rate of 1.5 their hourly-wage or hourly pro-rated salary, for hours worked in excess of 40 in a work week. Overtime must be approved or authorized in advance by the employee's supervisor.

The following terms are used by the University for purposes of this pay practices policy:

Paid Time Off: A general term referring to paid bereavement, holiday, jury duty, sick/personal, flex or vacation time for which full-time and benefitted, part-time employees are eligible.

Shift: A scheduled work period which may range from 6 to 8 hours work time plus a 1/2 or 3/4 hour unpaid break time. Departments that schedule employees to work on a shift basis generally observe the following shift schedule (some departments' shift schedules may vary):

- 1st Shift: 8:00 a.m. to 4:30 p.m.
- 2nd Shift: 3:30 p.m. to 12:00 midnight
- 3rd Shift: 10:30 p.m. to 7:00 a.m.

Timekeeper: A supervisor, or person assigned by his/her supervisor, who reviews and tallies the hours for non-exempt departmental employees and maintains attendance records for departmental employees.

Procedures:

1.0 Fair Labor Standards Act Definitions and Guidelines

- 1.1 Non-exempt Classification: Jobs at the University are classified as "non-exempt," except those that qualify to be "exempt" from overtime as per the guidelines set forth by the Fair Labor Standards Act and its amendments. Employees working in non-exempt jobs are:
 - 1.1.1 Paid for time actually worked.
 - 1.1.2 Paid on an hourly basis, which may be established as either an hourly wage or as a pro-rated amount of an annualized salary.
 - 1.1.2.1 Pro-ration of an annualized salary is calculated by dividing the salary by 52 weeks and then by the anticipated average number of hours scheduled per week. (Example: An employee with an annual salary of \$24,000 who works a schedule of 40 hours per week has a pro-rated annual rate as follows: \$24,000 divided by 52 = \$461.53 divided by 40 = \$11.54 per hour.)
 - 1.1.2.2 Employees whose positions are paid on the basis of an hourly wage calculated as a pro-rated amount of an annualized salary are referred to as "salaried, non-exempt" employees.
 - 1.1.3 Eligible for overtime pay.
- 1.2 Overtime Pay: Overtime pay is calculated at a rate of 1.5 times the base hourly wage for hours worked in excess of 40 per work week. The University's work week is midnight Sunday through 11:59 p.m. the following Saturday. By law:
 - 1.2.1 Pay for paid time off does not count as time worked for the purpose of calculation of or eligibility for overtime.

- 1.2.2 An employee's overtime pay rate is based on the average hourly pay received during the week in which overtime occurred, or 1.5 times the employee's shift premium wage, whichever is higher. For employees who work split-shifts, the University pays at an overtime rate based on the employee's regularly-scheduled shift, except when that week's average hourly rate is higher. (See section 5.5)
- 1.2.3 Overtime is not calculated on a daily basis (i.e., an employee is not eligible for overtime by working over eight hours in one day).
- 1.3 Overtime may only be worked at the advance request or approval of the employee's supervisor.

2.0 Recording Time Worked

2.1 Completing Time Sheets or Time Cards

- 2.1.1 Department supervisors are responsible for providing instructions to their employees with regard to maintaining time worked records, and for submitting time sheets or time cards to the department timekeeper or supervisor.
- 2.1.2 All hourly-paid employees are required to maintain accurate records of time worked and absences. Depending upon the department to which the employee is assigned, this may be done either manually, by using a time sheet, or electronically, by punching a time card at a time clock.
- 2.1.3 Time and Attendance Sheets and cards are available from departmental supervisors at the beginning of each (two-week) pay period. Time and Attendance Sheets are also available on the K drive in the Forms file folder.

2.2 Correcting Errors

Should the employee punch a time incorrectly, this should be brought to the attention of a supervisor on the day the error was made or first noticed. The employee's supervisor is to make a written note of the correction on the sheet or card, and initial it.

2.3 Recording and Paying at 15 Minute Increments

- 2.3.1 Employees are paid in 15 minute increments, such that if 8 minutes or more are worked within any quarter hour, (:00, :15, :30, :45) the employee is to be paid for the entire quarter hour.
 - 2.3.1.1 Employees recording their time on a time sheet are to enter their total hours worked to the nearest quarter-hour increment.
- 2.3.2 When totaling the hours worked each day, minutes should be expressed as a percent of an hour. (Example: If an employee works 7 hours and 45 minutes, the daily total should be expressed as 7.75 hours.)

2.4 Paid Time Off

- 2.4.1 Paid time off is paid at the employee's shift rate (see Section 4, below)
- 2.4.2 Employees in non-exempt positions may use paid time off in partial day increments. Each PTO day will be considered equal to 1/5 of the employee's normal weekly work hours.

2.5 Totaling, Authorizing and Submitting Time and Attendance Sheets and Cards

See Policy 5521-05, Attendance and Timekeeping

3.0 Calculating Regular Time Worked

3.1 Calculating Regular Time

Regular time is calculated on a daily basis by counting the hours worked from the start-time to the end-time. Unpaid meal breaks are deducted from the total time recorded.

3.2 Unpaid Meal Breaks

Employees who work more than six consecutive hours per day are required to take a minimum ½ hour meal break during that time. Certain jobs allow a meal break longer than ½ hour.

3.2.1 The meal break is unpaid unless the employee, at the University's direction, is unable to leave his/her work area.

3.2.2 The meal break is to be deducted from the total time worked as is recorded by the employee on the time sheet or card, unless the employee clocks out at the start of the meal break and clocks in when returning to work following the break. If not recorded by the employee, this deduction is to be made at the end of the pay period by the timekeeper or supervisor.

3.2.3 If the employee was requested by his/her supervisor to remain at his/her work area through a meal break, this time is to be paid and a notation is to be made and initialed by the supervisor on the time sheet or time card.

4.0 Calculating Shift Premium Rates - This section does not apply to Security personnel or student workers.)

4.1 Shift Premium Rates

Employees who work on a second shift (generally 3:30 to midnight) are paid at a shift premium rate which includes a differential of 10%, such that the hourly rate of pay for second-shift employees is equal to 1.1 times their base hourly rate. Employees who work on a third shift (generally 10:30 p.m. to 7:00 a.m.) are paid a shift premium rate which includes a differential of 20%, such that the hourly rate of pay for third-shift employees is equal to 1.2 times their base hourly rate.

4.1.1 Second and third shift employees who begin their shift early will be paid at their shift premium rate for a grace period of up to ½ hour before their regular shift start time (3:00 p.m. for second shift employees; 10:00 p.m. for third shift employees).

4.1.2 Second and third shift employees who begin their shift earlier than the ½ hour grace period will be paid for time worked prior to the grace at the earlier shift rate.

4.1.3 Paid time off will be paid at the employee's regularly-scheduled shift premium rate.

4.1.4 Employees reassigned to a different shift for an entire work week will be paid at the rate applicable to that shift.

4.1.5 Employees who work more than two hours into the shift following their regularly-scheduled shift will be paid for time in excess of two added hours at the next-shift rate. (Example: A first shift employee who works a full first shift, then continues working three additional hours into the second shift, will be paid at the first shift rate for 10 hours (8 + 2) and at the second shift premium rate - 1.1 times his/her base hourly rate - for one (the 3rd extra) hour.) Third shift employees who work into a first shift time period will be paid at the third shift premium rate for all hours worked.

5.0 Calculating Overtime

- 5.1 Overtime is paid at a rate of 1.5 times the employee's regular pay (which includes the shift differential for employees working on a second or third shift) for hours worked over 40 in a pay week.
- 5.2 Second shift employees are paid at an overtime rate equal to their base rate times 1.1 (shift differential) times 1.5 (overtime).
 - 5.2.1 Second shift student workers are not paid a shift premium.
- 5.3 Third shift employees are paid at an overtime rate equal to their base rate times 1.2 (shift differential) times 1.5 (overtime). This is their pay rate for hours worked in excess of 40 even if some of the hours are worked prior to the shift grace period.
 - 5.3.1 Third shift student workers will be paid at an overtime rate equal to their base rate plus \$.75 per hour.
- 5.4 Employees reassigned to a different shift for an entire pay week will be paid at an overtime rate applicable to that shift.
- 5.5 For the purpose of calculating the overtime rate, employees who work a full shift, then more than two hours into the next shift (see example in 4.1.5 above) *and* who exceed 40 hours worked in a work week, will have their regular rate for that work week adjusted to reflect the average hourly pay received. This adjusted regular rate will be multiplied by 1.5 to achieve the overtime rate of pay for that work week.

President's Cabinet Representative

Date