Payroll Feature Spotlight: FLSA Overtime

Many different factors contribute to staying in FLSA compliance. Keep your business compliant and your employees happy with this simple FLSA overtime explanation.

Published December 20, 2022



Let's face it – while there are many reasons people choose to work for your business over a competitor, the most important thing that you can offer someone is a consistent paycheck. Making sure that paycheck is accurate each and every week is the magnum opus of a great payroll admin. Those who don't deal with payroll every day may think that's straightforward, but when it comes to overtime, things start getting complicated fast. Remember when we used to think those "pesky word problems" in math class would never come up in real life? Well, here they are! Your math teacher would be so proud. Susie is a home care worker who works for a franchise that has locations throughout the United States, but her location is based out of San Francisco, California. So far this week, she has worked 10 hours on Monday, 6 hours on Tuesday, 6 hours on Wednesday, 8 hours on Thursday, and 12 hours on Friday, for a total of 42 hours this week. If her standard rate of pay is $20 per hour, how much compensation is Susie owed for her work week?

1. A) $840

2. B) $860
3. C) $880
4. D) $900

Easy peasy, right?

If you surveyed a group of non-exempt employees about the definition of overtime, they would most likely tell you it kicks in for hours after an employee has worked 40 hours in a week. Ok – so that makes the math easy – all a payroll admin needs to do is multiply their current rate by 1.5 times their normal hourly rate and you'll have what the employee should be making for time after 40 hours...right? Not exactly. Just take one look at the DOL website and your state website, and you'll see it's just not that simple. Where the employee works, where the business is located, how many days the employee has worked already during the work week, the employee's title/job function, and more all contribute to how employees are required by law to be compensated for overtime. This gets tricky fast because the more employees you have, the more likely it is that your employees will be affected by overtime laws differently in different locations (think NY and California), and certain requirements may be missed. Making sure you're on top of the different factors that apply to each employee is crucial in not only keeping employees happy but also staying on the right side of the law.

Less effort for better results

There are two methods for staying in compliance with all applicable overtime laws. Method 1 – You can hire internal payroll experts to help keep you in compliance with all states and laws (nobody can afford to do this). Method 2 – You can partner with a proper payroll software to make it easy to stay compliant. All the payroll admin should need to do is correctly input an employee's information and integrate the time clock software with the payroll software so the hours worked can be pulled automatically. This not only saves many hours each week of manually ensuring that the overtime rates are accurate but also reduces the likelihood of human error creating issues.

Back to the word problem

So, according to the FLSA, in our word problem from earlier, it seems as though Susie should be owed $860. But – like all good word problems – you would have to factor in the fact that Susie is an employee in California. (I know, the details always matter.) This changes the answer because California requires overtime to be paid for all hours over 8 per day. That means that there are actually 6 overtime-eligible hours, so Susie's required compensation would be $900. While we know this is a blog on FLSA overtime, keep in mind that FLSA overtime only governs federal regulation. Different states have different regulations surrounding overtime as well. Sorry for the curve ball.

The devil Is in the details

When it comes to overtime and the rules surrounding it, you should choose a payroll software that turns a cumbersome, manual task into something that is completed automatically, the right way, every time. That's why at Viventium, our payroll software determines the correct overtime rate by considering the different federal and state regulations that govern each employee. Viventium takes the number of hours worked for each day and week and automatically sorts them as standard hours or overtime hours. When payroll is processed, our software then determines the overtime pay rate for all overtime. Don't overwork yourself trying to get overtime right. Relax, you're with Viventium.

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