

Oracle Fusion Cloud Human Resources

Implementing Payroll Overtime Rates for the United States

25B



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1 Overtime Rate Configuration

How Overtime Rates Are Calculated for the US

The payroll process doesn't calculate overtime hours. It calculates only the overtime rate. The actual overtime hours are determined by either your time card entry system or through manual calculation. These hours, combined with the rates, determine your employees' pay.

What the Process Uses for Its Calculations

To calculate the overtime rates, the payroll process needs the following.

What affects the calculation	How you set it
Identify your jobs as either exempt or nonexempt	The jobs you assign your employees determine their overtime eligibility. Overtime Status on the job definition determines whether a job is exempt or nonexempt. For further info, see Set Job Overtime Eligibility for the US in the Help Center.
Configure elements for rate calculation	For the payroll process to calculate overtime pay, you use the Elements task to define two elements that calculate these rates. - Standard overtime - Premium overtime The combined results of these elements determine the overtime pay per hour. As you're defining these elements, if you select Yes for the overtime-related prompts, the element template establishes feeds to the predefined Overtime Hours, Total Overtime Hours, Overtime Earnings, and Total Overtime Earnings balances. For further info, see Configure Overtime Rate Elements for the US in the Help Center.
Overtime hours	The person's overtime hours are determined by your time card entry system or through manual calculation.
Base hourly rate	The person's base hourly rate is determined by the hourly rate you have assigned to your employee.
Premium rate	The person's premium rate is determined by how you have configured your premium overtime element. The premium rate is defined as: $\text{(Overtime Earnings)} / \text{(Overtime Hours)}$ Note: Premium rate is also known as the blended rate.

What affects the calculation	How you set it
	Flat sum bonuses earned in California require special overtime configuration. For further info, see California Flat Sum Bonuses in the Help Center.
Multiple	The multiple is the factor used to calculate your premium rate.

How the Rates Are Calculated

The payroll process uses these rules to calculate overtime rates.

- Standard overtime = (Overtime Hours) * (Base Hourly Rate)
- Premium overtime = (Overtime Hours) * (Premium Rate) * (Multiple)

For further info, see the following in the Help Center.

- California Flat Sum Bonuses
- Overview of Overtime Configuration

Example: Premium Overtime Rate Calculation for a Bonus

In this example, an employee earns \$10 per hour on a weekly payroll, works 40 hours, 10 hours overtime, and earns a \$200 bonus that impacts their premium rate.

When you run the payroll, this is how the process calculates the amounts.

Element type	Start date	End date	Hours worked	Rate (\$/hr)	Amount calculated
Regular salary	01-JAN-2010	07-JAN-2010	40	10	\$400
Overtime	03-JAN-2010	03-JAN-2010	10	10	\$100
Bonus	07-JAN-2010	07-JAN-2010	n/a	n/a	\$200
Premium Overtime	03-JAN-2010	03-JAN-2010	10	7	\$70

This is how the process calculates the premium overtime rate, based on the overtime period.

Overtime period	Elements used	Start date	End date	Hours worked	Rate (\$/hr)	Value	Premium rate
1	- Regular Salary - Overtime - Bonus	01-JAN-2010	07-JAN-2010	40 + 10 = 50	10	400 + 100 + 200 = \$700	700 / 50 = 14 14 * 0.5 = 7.00 \$/hr

1. Their straight time and straight time overtime calculation would be:

$$(40 \text{ hours} * 10 \text{ \$/hr}) + (10 \text{ hours} * 10 \text{ \$/hr}) = \$500$$

2. Their premium rate would be:

$$[(50 \text{ hours worked} * 10 \text{ \$/hr}) + \$200 \text{ bonus}] / 50 \text{ hours} = 14 \text{ \$/hr} * 0.5 = 7 \text{ \$/hr}$$

3. Their premium amount would be:

$$7 \text{ \$/hr} * 10 \text{ hours overtime} = \$70$$

4. Their total amount would be:

$$\$500 \text{ (Straight Time + Straight Time Overtime)} + \$200 \text{ (Bonus)} + \$70 \text{ (Premium)} = \$770$$

Example: Premium Overtime Rate Calculation for a Bonus and with an Earned Date

In this example, an employee earns \$10 per hour on a semimonthly payroll, works 120 hours, 30 hours overtime, and earns a \$1500 bonus that impacts premium rate.

When you run the payroll, this is how the process calculates the amounts.

Element name	Start date	End date	Hours worked	Rate (\$/hr)	Pay Value
Regular Salary	01-JAN-2010	07-JAN-2010	56	10	\$560
Regular Salary	08-JAN-2010	14-JAN-2010	56	10	\$560
Regular Salary	15-JAN-2010	15-JAN-2010	8	10	\$80
Overtime	03-JAN-2010	03-JAN-2010	10	10	\$100
Overtime	10-JAN-2010	10-JAN-2010	10	10	\$100
Overtime	13-JAN-2010	13-JAN-2010	8	10	\$80
Overtime	15-JAN-2010	15-JAN-2010	2	10	\$20
Bonus	14-JAN-2010	14-JAN-2010	n/a	n/a	\$1500
Premium Overtime	01-JAN-2010	07-JAN-2010	10	5	\$50
Premium Overtime	10-JAN-2010	10-JAN-2010	10	15.135	\$151.35
Premium Overtime	13-JAN-2010	13-JAN-2010	8	15.135	\$121.08
Premium Overtime	15-JAN-2010	15-JAN-2010	2	5	\$10

This is how the process calculates the premium overtime rate, based on the overtime period.

Overtime period	Elements used	Start date	End date	Hours worked	Rate (\$/hr)	Value	Premium rate
1	- Regular Salary - Overtime	01-JAN-2010	07-JAN-2010	$56 + 10 = 66$	10	$560 + 100 = \$660$	$660 / 66 = 10$ $10 * 0.5 = 5 \text{ \$/hr}$
2	- Regular Salary - Overtime - Bonus	08-JAN-2010	14-JAN-2010	$56 + 10 + 8 = 74$	10	$560 + 100 + 80 + 1500 = \2240	$2240 / 74 = 30.27$ $30.27 * 0.5 = 15.135 \text{ \$/hr}$
3	- Regular Salary - Overtime	15-JAN-2010	15-JAN-2010	$8 + 2 = 10$	10	$80 + 20 = \$100$	$100 / 10 = 10$ $10 * 0.5 = 5 \text{ \$/hr}$

1. Their straight time and straight time overtime calculation would be:

$$(120 \text{ hours} * 10 \text{ \$/hr}) + (30 \text{ hours} * 10 \text{ \$/hr}) = \$1500$$

2. Their premium amounts would be:

$$5 \text{ \$/hr} * 10 = \$50$$

$$15.135 \text{ \$/hr} * 18 \text{ hours overtime} = \$272.43$$

$$5 \text{ \$/hr} * 2 = \$10$$

3. Their total amount would be:

$$\$1500 \text{ (Straight Time + Straight Time Overtime)} + \$1500 \text{ (Bonus)} + \$332.43 \text{ (Premium overtime)} = \$3332.43$$

Example: Premium Overtime Rate Calculation for a Commission-Only Employee with a Bonus and Without an Earned Date

In this example, an employee earns no salary on a weekly payroll, works 40 hours and 8 hours overtime, and earns a \$2000 commission and \$400 bonus that impacts premium rate.

1. Their pay would be calculated as:

$$\text{Wages (Commission + Bonus)} = \$2400$$

2. Their premium rate would be:

$$2400 / 48 = 50 \text{ \$/hr}$$

3. Their premium amount would be:

$$8 * 50 * 0.5 = \$200$$

4. Their total amount would be:

$$2400 + 200 = \$2600$$

Example: Premium Overtime Rate Calculation with Augments

Augments are amounts paid to an employee that are:

- In addition to their regular rate of pay
- Considered nondiscretionary

For further info, see Augment Elements in the Help Center.

In this example, this table illustrates how the payroll process calculates overtime and premium pay when there are augments.

Element name	Start date	End date	Hours worked	Rate (\$/hr)	Multiple	Amount calculated
Regular Salary	01-JAN-2010	07-JAN-2010	56	10	1	\$560
Regular Salary	08-JAN-2010	14-JAN-2010	56	10	1	\$560
Regular Salary	15-JAN-2010	15-JAN-2010	8	10	1	\$80
Regular Overtime	03-JAN-2010	03-JAN-2010	10	10	1	\$100
Regular Overtime	10-JAN-2010	10-JAN-2010	10	10	1	\$100
Regular Overtime	13-JAN-2010	13-JAN-2010	8	10	1	\$80
Regular Overtime	15-JAN-2010	15-JAN-2010	2	10	1	\$20
Bonus	14-JAN-2010	14-JAN-2010	n/a	n/a	n/a	\$1500
Premium Overtime	03-JAN-2010	03-JAN-2010	10	10	0.5	\$50
Premium Overtime	10-JAN-2010	10-JAN-2010	10	30.27	0.5	\$151.35
Premium Overtime*	13-JAN-2010	13-JAN-2010	8	30.27	0.5	\$121.08
Premium Overtime*	15-JAN-2010	15-JAN-2010	2	10	0.5	\$10

* Includes the bonus in the premium rate for premium calculation.

Related Topics

- [Supplemental Augmented Earnings](#)
- [California Flat-Sum Bonuses](#)
- [Configure Overtime Rate Elements for the US](#)
- [Job Overtime Eligibility for the US](#)
- [Overview of Overtime Configuration for the US](#)

Overview of Overtime Configuration for the US

To ensure you accurately calculate and pay employee overtime, perform the following set up operations.

What you want to do	How you do it
Set overtime eligibility for a job	The jobs you assign your employees determine their overtime eligibility. Overtime Status on the job definition determines whether a job is exempt or nonexempt. For further info, see Job Overtime Eligibility for the US in the Help Center.
Define an overtime period	Overtime periods are time definitions the payroll process uses for overtime calculation. Use the Time Definitions task to define your overtime periods. For further info, see Create Overtime Period Time Definitions for the US in the Help Center.
Define elements for rate calculation	The payroll process doesn't calculate overtime hours. It calculates only the overtime rate. The process uses two elements you define to determine the rates. For further info, see Configure Overtime Rate Elements for the US in the Help Center.
Configure your payroll definition	When you create your payroll definition, you need to: 1. Associate it with an overtime period you defined previously 2. Select a premium calculation rate rule For further info, see Configure the Payroll Definition for Overtime Calculation in the Help Center.
Set up any employee overrides	Employees attached to a payroll inherit the overtime period you associated with it. You can override this with a different period. For further info, see Overtime Calculation Overrides at the Employee Level for the US in the Help Center.
Set up any special configurations	Special overtime configurations can include: • Common Paymasters • Midday periods • California flat sum bonuses • Augments

What you want to do	How you do it
	Exempt employees For further info, see Special Overtime Configuration Options for the US in the Help Center.

Related Topics

- Configure the Payroll Definition for Overtime Calculation
- Configure Overtime Rate Elements for the US
- Job Overtime Eligibility for the US
- Overtime Calculation Overrides for the US
- Overtime Periods for the US

How does defining augment elements impact overtime calculations?

When defining an augment element that spans multiple pay periods, you must provide a Start Date and End Date as input values.

These dates help the payroll process calculate the overtime payments.

Related Topics

- Supplemental Augmented Earnings
- How Do I Define Supplemental Augmented Earnings
- How Do I Define Earnings Elements for the US
- Elements, Balances, and Formulas for the US

Overtime Status for the US

You can set employee overtime eligibility at multiple levels.

- At the job level
This is the default setting.
- On the person's payroll relationship
This overrides the job setting.
- On the person's payroll assignment
This overrides the previous two settings.

Job Overtime Status

By setting **Overtime Status** at the job level, every employee given that job inherits its overtime eligibility.

What you want to do	How you do it
Define the job	You use the Jobs task to create and configure job definitions. Use Overtime Status to identify a job as nonexempt. You can find this field under United States Job Information in the task. The payroll process calculates premium overtime when the job is nonexempt. If you elect to pay exempt employees overtime, you define the overtime rate you want to pay. In this case, the payroll process doesn't perform premium calculation of overtime. In any of these cases, the payroll process considers the job as exempt: • No job is assigned to the employee • A job is assigned, but the Overtime Status is null • The job assigned is identified as exempt For further info, see Jobs for the US in the Help Center.
Assign the job to employees	There are two ways you can assign jobs to people. • For new employees, assign it during the hiring process. • For existing employees, use the Employment task.

Payroll Relationship Overtime Status

Setting a person's overtime status on their payroll relationship overrides the setting on their job.

1. Start the Person Management task.
2. Search for the person.
3. In the search results, select **Payroll** and then **Payroll Relationship** under **Actions**.
4. Under **Additional Information** in the **Payroll Relationship** region, set the overtime status.

Payroll Assignment Overtime Status

Setting a person's overtime status on their assignment overrides the settings on their job and payroll relationship.

1. Start the Person Management task.
2. Search for the person.
3. In the search results, select **Payroll** and then **Payroll Relationship** under **Actions**.
4. Under **Payroll Employment Tree**, click the assignment to navigate to the appropriate section.
5. In the **Assignment** section, under **Additional Information**, set the overtime status.

Related Topics

- [Overview of Overtime Configuration for the US](#)

Overtime Periods for the US

The overtime period defines the starting date and length of the default workweek for a payroll's nonexempt employees. Use them to determine overtime calculations.

What Is a Workweek

You must define one or more workweeks for use in calculating overtime. It is a regularly recurring period of 168 hours (seven consecutive 24-hour periods). It doesn't have to be at the start of a calendar week or begin at the start of a day. It can begin on any day and at any hour.

For most employees, the workweek represents the longest period for which an overtime determination can be made. Different workweeks may be defined to support different organizations or employee types, but once defined and implemented, they're not meant to be changed.

You must define one or more workweeks in your overtime period.

What Is an Overtime Period

You define an overtime period as a time definition through the Time Definitions task. Define as many overtime periods as your organization's employment structure requires, such as overtime periods for different facilities or groups of employees. You can use any time definition of **Static** type and **Element allocation** usage to express this period of time.

For this kind of overtime period	Do this
Standard 7-day workweek	1. Create a Static time definition. 2. Select Weekly for the period basis.
Nonstandard workweek	For employees who don't follow the standard 8 hours a day, 7 days a week workweek, such as law enforcement and firefighters: 1. Define a Time Span definition that defines the period type. 2. Define the overtime period. 3. Specify the starting date and the length of time of the period.

For further info, see Create Overtime Periods for the US in the Help Center.

What Is the Default Overtime Period

You assign a default overtime period for individual employees through the **Overtime Period** field at their payroll relationship or assignment levels. A time period set at the assignment level overrides a period on the payroll relationship. If you don't enter a value in **Overtime Period**, the payroll process uses the payroll definition's payroll period to calculate the premium rate.

How You Can Override the Default Period

You can associate an overtime period with a payroll definition through the Payroll Definition task. Selecting a time definition in the override field overrides the default period for any employee assigned to that payroll.

Related Topics

- [How Overtime Rates Are Calculated for the US](#)
- [Overview of Overtime Configuration for the US](#)
- [Create Overtime Periods for the US](#)

Create Overtime Periods for the US

Overtime periods are time definitions the payroll process uses for overtime calculation. For purposes of overtime calculation, a typical employee's workweek is a fixed and regularly-recurring period of at least 168 hours (7 consecutive 24-hour periods).

The following describes how you can define the following overtime periods.

- Standard 40-hour workweek
- Multiple week overtime period for law enforcement personnel

Define an Overtime Period for the Standard 40-Hour Workweek

In this example, you're defining a standard overtime period for a 7-day work week.

1. Start the Time Definition task, and click **Create**.
2. Select your US legislative data group (LDG).
3. Select the **Static time definition** type, and click **Continue**.
4. Provide a name and short name for the time definition.
5. Select the **Weekly** period basis.
6. Enter the number of years.
7. Enter the first period start date.
8. Select **Element Allocation** for the **Static Time Period Usages**.
9. Click **Next**.
10. Click **Generate Time Periods**.
11. Click **Submit**.

Define a Multiple Week Overtime Period for Law Enforcement Personnel

In this example, you want to define an overtime period for your town's police force. These employees:

- Are nonexempt
- Work 171 hours during a 28-day work period
- Are eligible for overtime for any hours worked beyond the 171st in the 28-day period

To configure the overtime period for these employees:

1. Define a time definition for the time span to be considered.
 - a. Start the Time Definition task, and click **Create**.
 - b. Select your US LDG.
 - c. Select the **Time Span** definition type, and click **Continue**.
 - d. Provide a name and short name for the time definition.

- e. Select the **Daily** period type.
 - f. Enter a period unit value of 28.
 - g. Select all items available in the **Time Span Usages** section.
 - h. Click **Submit** to save your work.
2. Define a time definition for the static time you're assigning your previously created time span to.
 - a. From the Time Definition task, click **Create**.
 - b. Select your US LDG.
 - c. Select the **Static time definition** type, and click **Continue**.
 - d. Name your time definition.
 - e. For the period basis, select the Time Span definition you previously defined.
 - f. Enter the number of years.
 - g. Enter the first period start date.
 - h. Select **Element Allocation** for the **Static Time Period Usages**.
3. Click **Next**.
4. Click **Generate Time Periods**.
5. Click **Submit**.

Related Topics

- [Overtime Periods for the US](#)
- [Overview of Overtime Configuration for the US](#)

Configure Overtime Rate Elements for the US

The payroll process doesn't calculate overtime hours. It calculates only the overtime rate. For it to do this, you need to define elements that calculate your standard and premium overtime pay.

The element configuration involves these steps.

What you need to do	How you do it
Define a standard overtime element	This element pays the base rate of any overtime hours.
Define a premium overtime element	This element pays the premium rate of any overtime hours. The default premium multiple is 50%.
Configure the premium overtime multiple	Once you have created the premium overtime element, you can modify its multiple factor.
Create element eligibility for the overtime premium adjustment element	This indirect element is created when you create the premium overtime element.
Configure existing elements for overtime calculation	Rather than create elements, you can use existing ones, so long as they meet the requirements.

For further info, see the following sections.

Define a Standard Overtime Element

This element captures the regular rate for overtime hours for your nonexempt employees. It isn't impacted by the person's overtime status.

CAUTION: When you create an overtime element, don't use "Overtime" for the element name or reporting name. "Overtime" is a reserved term, and including it in user-defined elements interferes with balance initializations.

For example, if you wanted to define an overtime element that uses the Hours * Rate calculation rule, you could configure it this way.

Field name	What you enter
Primary Classification	Standard Earnings
Secondary Classification	Overtime
At which employment level should this element be attached?	Assignment Level
Does this element recur each payroll period, or does it require explicit entry?	Nonrecurring
Can a person have more than one entry of this element in a payroll period?	Yes
Process and pay element separately or with other earnings elements?	Process and pay with other earnings
What is the calculation rule?	Hours * Rate
What is the default periodicity of this element?	Hourly
Should this element be included in the earnings calculation of the overtime base rate?	Yes
Should this element be included in the hours calculation of the overtime base rate?	Yes

Define a Premium Overtime Element

This element calculates the premium portion of the person's pay.

Note: Premium rate is also known as the blended rate.

For example, you could configure a premium overtime element like this.

Field name	What you enter
Primary Classification	Standard Earnings
Secondary Classification	Premium
At which employment level should this element be attached?	Assignment Level
Does this element recur each payroll period, or does it require explicit entry?	Nonrecurring
Can a person have more than one entry of this element in a payroll period?	Yes
Process and pay element separately or with other earnings elements?	Process and pay with other earnings
Is the element subject to retroactive changes?	Yes

Attach this element to your nonexempt employees.

Configure the Premium Overtime Multiple Factor

The default multiple factor for premium amount calculation is 0.50. Once you have created the premium overtime element, you can modify its multiple factor.

For standard premium overtime elements, set the new factor on the **Default** value of its Multiple input value.

To change the multiple for a Time Card premium overtime element:

1. Start the Calculation Value Definitions task.
2. Select your US legislative data group.
3. Search for and select your premium overtime element.
4. Click **Time Factor**.
5. Under **Calculation Values**, click **Edit** and then **Correct**.
6. In **Rate**, enter the new overtime multiple. For example, enter 1.0 to change the rate to 100%.
7. Click **Submit**.

Create Element Eligibility

When you define a nonrecurring earnings element using the Premium secondary classification, the Elements task creates a <Base Element Name> Premium Adjustment indirect element. You must create element eligibility for this element.

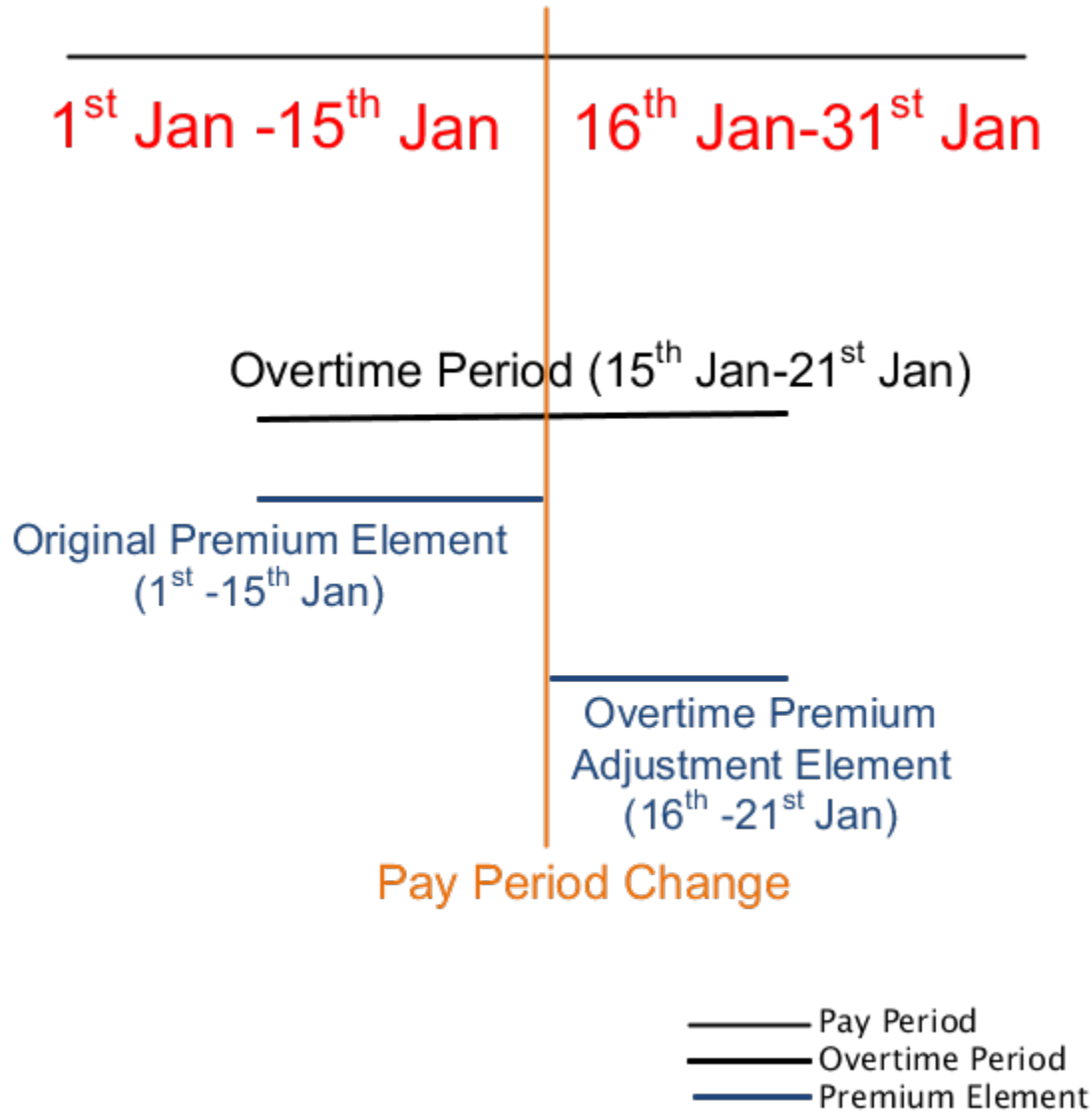
In certain situations, the payroll process automatically includes this indirect element in the element entry. You don't need to add it. For example, if there is any overlap in overtime irrespective whether adjustment for overtime premium is available or not, the process creates the element entry for the adjustment element. In this case, the process:

1. Creates an adjustment for the premium portion of overtime for the entire overtime period
2. Automatically initiates a proration event

Whether the element entry is created depends on the base premium element.

If this is true about the base premium element	Will element entry be created?
Defined as nonrecurring	Yes
Defined as recurring	No
Has an earned date that falls between the last overtime period start date and the current pay period end date	Yes
Doesn't have an earned date that falls between the last overtime period start date and the current pay period end date	No
Earned date is null	No

When the process creates the premium adjustment element entry, the effective start date is equal to the current payroll period end date + 1 day. The effective end date is equal to the last overtime period end date.



Configure Existing Elements

Rather than define elements, you can use existing ones for standard and premium overtime calculations. These elements must have the following settings.

Field name	What you enter
Primary Classification	Standard Earnings
Secondary Classification	Overtime or Premium
At which employment level should this element be attached?	Assignment Level

Field name	What you enter
Does this element recur each payroll period, or does it require explicit entry?	Nonrecurring
Can a person have more than one entry of this element in a payroll period?	Yes
Process and pay element separately or with other earnings elements?	Process and pay with other earnings
What is the calculation rule?	Hours * Rate
What is the default periodicity of this element?	Hourly

Use the Balance Definitions task to feed the predefined balances for the existing element. Search for the Overtime Hours and Overtime Earnings balances, and set the feeds.

Related Topics

- [How Overtime Rates Are Calculated for the US](#)
- [Overtime Periods for the US](#)
- [Overview of Overtime Configuration for the US](#)

Balances for Overtime Calculation

You can use predefined balances provided by the payroll process in your overtime calculations.

You use the Balance Definitions task to view and edit these balance feeds appropriately.

Balance name	What it does
Overtime Hours	When defining a Regular or Supplemental Earnings element through the Elements task, if you select Yes to the overtime hours question, the template automatically creates feeds to this balance. This balance tracks hours worked for the employee.
Total Overtime Hours	When defining a Regular or Supplemental Earnings element through the Elements task, if you select Yes to the overtime hours question, the template automatically creates feeds to this balance. When performing an employee transfer, the Local and Global Transfer process uses this balance for copying balances.
Overtime Earnings	When defining a Regular or Supplemental Earnings element through the Elements task, if you select Yes to the overtime earnings question, the template automatically creates feeds to this balance. This balance tracks the calculation of the overtime base rate.

Balance name	What it does
Total Overtime Earnings	When defining a Regular or Supplemental Earnings element through the Elements task, if you select Yes to the overtime earnings question, the template automatically creates feeds to this balance. When performing an employee transfer, the Local and Global Transfer process uses this balance for copying balances.

Related Topics

- [Configure Overtime Rate Elements for the US](#)
- [How Overtime Rates Are Calculated for the US](#)
- [How Do I Define Earnings Elements for the US](#)
- [Payroll Balance Definitions for the US](#)

Configure the Payroll Definition for Overtime Calculation

You select the overtime period time definition when you create the payroll definition. Use the Payroll Definitions task.

You can also override the payroll definition's overtime period at the employee level.

For further info, see [Overtime Periods for the US](#) in the Help Center.

Associate an Overtime Period with a Payroll

Part of payroll definition is associating a default time definition to it. The time definition specifies the starting date and length of the overtime period the payroll process uses in the calculation of overtime.

Associating a period to a payroll definition identifies it as the default period for all the workers who are eligible for overtime.

Note: When you associate an overtime period with a payroll definition, the payroll process uses that period for all employees attached to that definition, unless there is an override at the employee level.

To associate an overtime period with a payroll:

1. Start the Payroll Definitions task.
2. Search for and select your payroll definition.
3. Expand **Calculation Default Values**.
4. In **FLSA Overtime Period Override**, select an overtime period you defined previously.

For further info, see [Create Overtime Periods for the US](#) in the Help Center.

5. Save and submit.

Select a Premium Calculation Rate Rule

The premium calculation rate rule determines the calculation of the premium portion of overtime. The payroll process uses it to pay the premium portion of overtime at a 0.50 default multiple factor or higher, dependent on the business requirements.

You select the premium calculation rate rule during the payroll definition configuration. Use **Premium Calculation Rate** in the **Calculation Default Values** region.

Note: The Rate input value on the Element Entries task overrides this value.

Your options are:

If you select this	What it does
Blended Rate	Applies the blended rate to the payroll.
Higher of Blended or Normal Rate	Compares the premium rate with the standard rate, and uses the higher of the two for overtime premium calculation. A higher normal rate could occur in cases where the employee is paid a bonus or commission.

Related Topics

- [Overtime Calculation Overrides for the US](#)
- [Overtime Periods for the US](#)
- [Overview of Overtime Configuration for the US](#)
- [Create Overtime Periods for the US](#)

Overtime Calculation Overrides for the US

Employees attached to a payroll inherit the overtime period you associated with it. You can override this with a different period.

Overrides for	How you do it
New hires	1. Navigate to the Payroll Details area. 2. In Overtime Period, select a value from the list of time definitions you have defined previously. For further info, see Create Overtime Periods for the US in the Help Center. 3. On the Compensation and Other Information train stop, assign the employee a salary basis and salary. When you submit the new hire record, the task generates an element entry for the hourly salary with the appropriate start date.
Existing employees	To enter an overtime period:

Overrides for	How you do it
	1. In My Client Groups, click Person Management. 2. Search for the person. 3. Under Actions, select Payroll and then Payroll Relationships. 4. Scroll to the Payroll Details section, and expand Payment Details. 5. In Overtime Period, select a value from the list of time definitions you have defined previously. To assign a salary basis and salary: 1. From My Client Groups, click Compensation. 2. Click Change Salary. 3. Search for and select the employee. 4. Click Propose New Salary. 5. Enter a start date, and select an appropriate action. 6. Click OK. 7. Enter an appropriate salary basis and salary amount. 8. Click Continue and then Submit. When you submit, the process generates a new element entry for the hourly salary with the appropriate start date.

The priority order for overtime periods is:

1. Payroll Assignment
2. Payroll Relationship
3. Payroll Definition

Note: Employee overtime eligibility is further controlled by their jobs and overtime status. For further info, see Job Overtime Eligibility for the US in the Help Center.

Related Topics

- [Job Overtime Eligibility for the US](#)
- [Overview of Overtime Configuration for the US](#)
- [Create Overtime Periods for the US](#)

Load Employee Hours for Overtime Calculation

There are a couple ways you can enter your employees' work hours for payroll processing.

To load the hours this way	Here is what you need to do
Through Oracle Fusion Time and Labor	Use the Load Time Card Batches task to load hours that you have tracked in Oracle Fusion Time and Labor into payroll. For further info, see Import Time Card Entries to Payroll in the Help Center.
Manually load them through element entries	Use the Element Entries task.

To load the hours this way	Here is what you need to do
	Manually enter them directly on element entries, or create a batch and run the transfer batch process.

Example of Manual Hour Entry

In this example, consider an employee who earns \$10 an hour and works 80 hours regular time and 15 hours overtime. In this case, the payroll process calculates their pay like this.

Element type	Start date	End date	Hours worked	Rate (USD/hr)	Amount calculated
Regular Salary	13-JAN-2019	19-JAN-2019	40	10	\$400
Regular Salary	20-JAN-2019	26-JAN-2019	40	10	\$400
Overtime	19-JAN-2019	19-JAN-2019	10	10	\$100
Overtime	26-JAN-2019	26-JAN-2019	5	10	\$50

Premium pay is the amount paid to the employee with a premium rate for the overtime hours worked. To ensure accurate overtime calculation, the number of premium overtime hours you enter must be the same as the number of standard overtime hours.

The default multiple factor for the premium amount calculation is 0.5.

Using the same example as above, the payroll process calculates the premium pay like this.

Element name	Start date	End date	Hours worked	Rate (USD/hr)	Multiple	Amount calculated
Premium Overtime	19-JAN-2019	19-JAN-2019	10	10	0.5	\$50
Premium Overtime	26-JAN-2019	26-JAN-2019	5	10	0.5	\$25

Related Topics

- [Import Time Card Entries to Payroll](#)

Special Overtime Configuration Options for the US

There are some advanced options available for configuring your overtime.

What you want to do	Here's how you do it
Support overtime for common paymasters	By default, the payroll process calculates the overtime premium rate separately for each tax reporting unit (TRU) by considering the overtime hours and earnings for each. For common paymaster situations where the parent payroll statutory unit (PSU) is representing child TRUs, you can improve the accuracy of your premium overtime rate calculations by aggregating overtime hours across all TRUs within a PSU. To aggregate hours and earnings across TRUs under a PSU for the overtime premium calculation: 1. Start the Legal Entity Calculation Cards task to open the PSU calculation card for editing. 2. Under Component Groups, click Federal. 3. Under Calculation Components, click Create. 4. Select the Overtime Rules calculation component, and click OK. 5. In Overtime Rules: Details, click Enterable Calculation Values on Calculation Cards. 6. Click Add. 7. In Edit Calculation Values, select Overtime premium rate calculation level. 8. Select Payroll Statutory Unit as the value, and click OK. 9. Click Save. If you're allowing negative premium adjustments: 1. Repeat these steps for the appropriate PSU. 2. In Edit Calculation Values, in addition to Overtime premium rate calculation level, select Allow negative premium adjustment. CAUTION: Consult with your Legal Department or the US Department of Labor to determine if you're allowing negative premium adjustments. Once you have configured the PSU calculation card, when you run payroll, the process aggregates hours and earnings across the common paymaster for any earnings elements you define with the Premium secondary classification.
Use midday periods for employee time entry	You can split your employees' time entry based on work day definitions. Use the Work Day Definition task to allocate time and absences by midday periods. The entries on the person's time card are allocated based on work day definition. For further info, see Midday Overtime Periods in the Help Center.
California flat sum bonuses	Flat sum bonuses earned in California require special overtime calculation. This method is based on the employee's regular hours only and results in a higher overtime rate than the federal method. For further info, see California Flat Sum Bonuses in the Help Center.
Allow overtime pay for exempt employees	The Department of Labor doesn't require payment of overtime to employees that fall into an exempt classification. If you elect to pay overtime to those employees: 1. Add the base overtime element to your exempt employee's element entry. 2. Do one of the following: ○ Update Rate with the overtime hourly rate to be paid. ○ Update Multiple with the amount that the regular hourly rate should be multiplied by. You don't use the premium overtime element in this case. You are solely responsible for determining the eligibility of their exempt status, as well as the rate of pay at which you pay overtime to an exempt employee.

What you want to do	Here's how you do it
Include augments with overtime pay	Augments are amounts paid to an employee that are: 1. In addition to their regular rate of pay 2. Considered nondiscretionary For further info, see Augment Elements in the Help Center.

Related Topics

- [Supplemental Augmented Earnings](#)
- [California Flat-Sum Bonuses](#)
- [How Do I Define Supplemental Augmented Earnings](#)
- [Midday Overtime Periods](#)
- [Overview of Overtime Configuration for the US](#)

Supplemental Augmented Earnings

Augments are amounts you pay an employee that are:

1. In addition to their regular rate of pay
2. Considered nondiscretionary

They can be bonuses for meeting performance or financial goals, attendance awards, payments for on-call time, commissions, piece rates, incentives, training pay, and so on.

Because they're often earned in acknowledgment for events in the past, for the purpose of calculating overtime, you have to distribute their value retroactively. The payroll process recalculates the overtime by prorating the augment's amount across the periods during which it was earned.

For example, you pay employee commissions monthly and pay the salary semimonthly. Therefore, the payroll process divides the commission evenly over the pay periods during the period it was earned with 50% allocated to each semimonthly pay period.

Related Topics

- [How Do I Define Supplemental Augmented Earnings](#)
- [Overview of Overtime Configuration for the US](#)
- [Special Overtime Configuration Options for the US](#)

How Do I Define Supplemental Augmented Earnings

You define elements for supplemental augmented earnings, you use through the Elements task. They can be any element of Supplemental Earnings primary classification.

This involves:

1. Defining elements
2. Defining element entries
3. Processing augments

How you create the elements

To define augment elements:

1. Start the Elements task.
2. Create an earnings element with these settings.

Field name	What you enter
Primary Classification	Supplemental Earnings
Does this element recur each payroll period?	Nonrecurring
Prorate this earning across all periods during which it was earned, and consider it for overtime calculations, such as for commissions, bonuses, incentives, and other nondiscretionary earnings?	Yes Note: When you select Yes, the task does the following. a. Defaults the calculation rule to Flat Amount b. Creates an indirect element named "<Base Element Name> Premium Adjustment" c. Creates two input values: Earned Start Date and Earned End Date
What is the calculation rule?	Flat amount
Is this element subject to retroactive changes?	No
Should this element be included in the earnings calculation of the overtime base rate?	Yes

3. Set these input values for the element.
 - o Earned Start Date
Must be equal to or later than the employee's hire date.
 - o Earned End Date
 - o Total Amount

Note: Don't mark your Premium Adjustment element as **Process Separately** or **Pay Separately from other elements** when the Augment element's earned start and end dates are between the payroll period start and end dates.

4. Create an eligibility link for the <Base Element Name> Premium Adjustment element and the base supplemental element.

How you define the element entries

For earnings to be associated with a person, you must create an element entry for the eligible employees and the base augment element.

Note: When you create the base augment element entry, the task automatically creates a "<Base Element Name> Premium Adjustment" element entry with the same effective start and end dates as the base augment's earned start and end date element entry values. If you leave the earned start and end date element entry values blank, <Base Element Name> Premium Adjustment uses the payroll start and end dates.

How to process augments

Once you have created the augment element, run the Recalculate Payroll for Retroactive Changes process for the payroll period in which you created the base augment element. This process picks the <Base Element Name> Premium Adjustment element and creates retroactive payment entries for the adjusted premium amount.

For further info, see Recalculate Payroll for Retroactive Changes for the US in the Help Center.

Related Topics

- [Augment Elements](#)
- [Overview of Overtime Configuration for the US](#)
- [Special Overtime Configuration Options for the US](#)
- [Recalculate Payroll for Retroactive Changes for the US](#)

California Flat-Sum Bonuses

Flat-sum bonuses earned in California require special overtime calculation. The payroll process:

- Uses a premium calculation method based on the employee's regular hours worked instead of total hours worked during the period to which the bonus applies.
- Calculates an additional premium on the bonus for each overtime hour the person worked during the pay period.

To configure elements for California flat-sum bonuses:

1. Define the Earnings element for the bonus.
 - a. Start the Elements task, and click **Create**.
 - b. Select your US legislative data group (LDG).
 - c. Select the **Supplemental Earnings** primary classification.

- d. Select the **Bonus** secondary classification.
 - e. Select the **Flat calculation rule**.
 - f. Select **Yes** to the overtime rules prompts.
 - g. Submit the element definition.
 - h. In **Element Summary**, edit the definition in correction mode.
 - i. In **Element Information**, select **CA** as the state.
 - j. Select **Alternate bonus calculation method** as the premium calculation method.
 - k. Click **Save and Submit**.
2. Define regular and premium overtime elements.
For further info, see [Configure Overtime Rate Elements for the US](#) in the Help Center.
3. Add element entries for your flat sum bonus and overtime premium elements.
When you do this, the Element Entries task automatically creates an additional indirect element for calculating premium overtime for the bonus. This element isn't user editable.

Related Topics

- [Configure Overtime Rate Elements for the US](#)
- [How Overtime Rates Are Calculated for the US](#)
- [How the Payroll Process Calculates Premium Overtime with a California Flat-Sum Bonus](#)
- [Overview of Overtime Configuration for the US](#)
- [Indirect Elements for the US](#)

How the Payroll Process Calculates Premium Overtime with a California Flat-Sum Bonus

This is how the payroll process would calculate overtime pay for an employee that:

1. Earns \$10 per hour on a weekly payroll
2. Works 40 hours with 10 hours overtime
3. Earns a \$200 flat-sum bonus in California that impacts their premium rate

This is how the process calculates the amounts.

Element type	Start date	End date	Hours worked	Rate (\$/hr)	Amount calculated
Regular salary	01-JAN-2010	07-JAN-2010	40	10	\$400
Overtime	03-JAN-2010	03-JAN-2010	10	10	\$100
Bonus	07-JAN-2010	07-JAN-2010	n/a	n/a	\$200
Premium overtime	03-JAN-2010	03-JAN-2010	10	7	\$70
Premium overtime	03-JAN-2010	03-JAN-2010	10	7.5	\$75

Element type	Start date	End date	Hours worked	Rate (\$/hr)	Amount calculated

This is how the process calculates the premium overtime rate.

Overtime period	Elements used	Start date	End date	Hours worked	Rate (\$/hr)	Value	Premium rate
1	Regular salary Overtime Bonus	01-JAN-2010	07-JAN-2010	40 + 10 = 50	10	400 + 100 + 200 = \$700	1. $700 / 50 = 14$ $14 * 0.5 = 7.00$ \$/hr 2. $200 / 40 = 5$ $5 * 1.5 = 7.5$ \$/hr

1. Calculates straight time and straight time overtime.
(40 hours * 10 \$/hr) + (10 hours * 10 \$/hr) = \$500
2. Determines the standard FLSA premium rate.
[(50 hours worked * 10 \$/hr) + \$200 bonus] / 50 hours = 14 \$/hr * 0.5 = 7 \$/hr
3. Calculates the premium overtime amount.
7 \$/hr * 10 hours = \$70
4. Determines the flat-sum bonus rate.
\$200 bonus / 40 regular hours * 1.5 = 7.5 \$/hr
5. Calculates the additional premium earned.
7.5 \$/hr * 10 overtime hours = \$75
6. Calculates total amount earned.
\$ 400 regular earnings + \$100 standard earnings + \$200 bonus + \$70 premium overtime + \$75 bonus overtime = \$845

Related Topics

- [California Flat-Sum Bonuses](#)

Midday Overtime Periods

You can split your employees' time entry based on work day definitions. Use the Work Day Definition task to allocate time and absences by midday periods. The entries on the person's time card are allocated based on work day definition.

Enable Midday Overtime Periods

You enable midday overtime periods at the legislative data group level.

When you do:

1. It enables the split behavior for the **Overtime only** entry.
2. Whenever you have a time or absence entry to a person's Time or Absence card, it automatically gets the Overtime Date override.
3. When the overtime period is split midday, the payroll process may pass different dates on an element.

To enable midday overtime periods:

1. Start the Calculation Value Definitions task.
2. Search for the **Time** value definition group.
3. Select **US Overtime Split Calculation Preference**.
4. Under **Calculation Values**, click **Add Row**.
5. Enter the following.

Field name	What you enter
From Value	0
To Value	999999
Text	Y

6. Click **Submit**.

Configure the Employee Time Cards

To divide an employee's time card by midday periods:

1. Define an element of **Time Card** or **Absence** category.
2. Create the element eligibility link for the new element's Overtime Only indirect element.

This sets element entry based on the overtime date passed by Oracle Cloud Time and Labor. If you made absence hours eligible for overtime when you defined the elements, the process uses them for calculating overtime premium.

3. Use the Work Day Definition task to create a work day definition, and define the Overtime Day Definition rules to split a day start time.
4. Assign the work day definition to the eligible employee.

Related Topics

