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Overtime Issues: How to Handle Employees with Two Different Jobs and Pay Rates

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If my employee performs two different jobs for me and the employee's collective hours exceed forty, do I need to pay the employee overtime?

Yes, all hours count toward overtime. For example, if an employee works 20 hours a week for you in one position and 25 hours a week in another position for you, the employee is entitled to 5 hours of overtime pay, even though the employee's hours in the individual positions do not exceed 40. However, if an employee works 40 hours for you and 10 hours for another employer completely unrelated to you, the employee is not entitled to overtime.

How do I calculate overtime payments for employees with different pay rates?

When an employee performs work at two different hourly rates, the employee's regular rate for a given week is the weighted average of the rates. Therefore, the employee's total earnings are computed to include his/hers compensation during the workweek from all such rates, and are then divided by the total number of hours worked at all job, thus establishing a weighed hourly average.

For example, if the employee above earns $10 per hour for the job wherein he/she worked 20 hours and $20 per hour for the job wherein he/she worked 25 hours: as straight time the employee would be paid $700 ($200 + $500) and he/she worked 45 hours for a weighed hourly average of $15.56. The 5 hours of overtime must be paid at the rate of $23.34 ($15.56 x 1.5). For the week, the employee would be paid $716.70 ($200 [20 x $10] + $400 [20 x $20] + $116.70 [5 x $23.34]).

Takeaway: All hours worked for an employer count towards their overtime. As such, employers should ensure they are paying employees who work more than one job for the employer properly.

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