

# FLSA (Fair Labor Standards Act) Calculations with Oracle Payroll

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ORACLE CERTIFIED ADVANTAGE  
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# Agenda

- About AST Corporation
- About FLSA
- Business Requirement
- Solution Description
- Questions & Answers

# About AST Corporation

- Oracle Certified Advantage Partner
- 100% success rate of Oracle E-Business projects that range from:
  - Planning
  - Assessment
  - Migration
  - Implementation
  - Training & Support

# About FLSA

- Compensation for nonexempt employees for any OT hours worked in a work week
  - Rate of 1.5 times the employee's current rate of pay.
- Exempt employee categories:
  - Executive
  - Administrative
  - Professional
- Paid leave or holidays
  - Not counted as hours worked in determining FLSA overtime hours.

# Example

An example of the FLSA overtime calculation in a 40 hour work week:

Basic pay	\$40,000/year
Total Hours of Work	52 hours
Overtime Work	12 hours
Night Work (shift differential)	40 hours
Weekend Work:	8 hours

# Example

## Basic Pay Hourly Rate (Straight Time)

- $\$40,000 / 2,080 \text{ hours} = \$19.23$

## Additional Pay

- Pays 10% extra for Night Shift Differential.
- Pays 25% extra for Weekend Premium Pay.
- Paying extra (incentives, shift differentials, etc.) for certain hours increases the hourly rate.

## Total Remuneration

- 52 hrs (straight time) = \$1115.16

## Current Rate of Pay (current week's total pay)

- $\$1115.16 / 52 \text{ hours} = \$21.45$

## Regular Overtime Pay

- $\$19.23 \times 12 \text{ hours} \times 1.5 = \$346.14$

## FLSA Overtime Pay

- Straight Time Pay for overtime
- Straight Time Rate of Pay x All OT Hours Worked
- $1 \times \$19.23 \times 12 \text{ hours} = \$230.76$
- One-half x Current Rate of Pay x All OT Hours Worked
- $0.5 \times \$21.45 \times 12 \text{ hours} = \$128.70$

## Total FLSA Overtime Pay

- $\$230.76 + \$128.70 = \$359.46$

## Regular Overtime Pay

- $\$19.23 \times 12 \text{ hours} \times 1.5 = \$346.14$

## Total FLSA Overtime Pay

- $\$230.76 + \$128.70 = \$359.46$

## Result

- Employee receive \$13.00 more under FLSA
- Possible by including wage augments such as shift differential

# Alternative Work Periods

- Most nonexempt employees = 40/week
- Some exceptions:
  - Medical care providers
  - Government police officers
  - Fire fighters
  - Some EMS employees
- FLSA permits (but does not require) alternatives
- An employer may pay more than the minimum standard required by the FLSA

# Business Requirements

- Premium based on Overtime Hours entered
- Distinguish between Pensionable and Non-Pensionable earnings
- Calculate FLSA Premiums
  - Bi-weekly
  - 27 day period for Fire Dept Employees
  - 28 day period for Police Dept Employees

# Example

Overtime calculation at City of Burbank:

Example of Earnings Calculation (56-hour fire fighter):

Budgeted Pay Periods Hours	120 hours
Semi-Monthly Salary	\$2,183.50
Hazard Pay (E)	12 hours
Regular Overtime Paid	5 hours
Overtime In-Lieu	15 hours
Constant Manning Premium (K)	24 hours
Force Pay (M)	12 hours
PERS Overtime (R)	6 hours
F (FLSA) Overtime (i.e. work hours exceeding 204 hours in a 27 day period)	12 hours

Adjust semi-monthly salary by hazard pay amount Hazard Pay = [12 hours / 6] x \$6.75	<b>\$13.50</b>
Adjusted Semi-Monthly Salary = \$2,183.50 + \$13.50	<b>\$2,197.00</b>
40-hour Straight Time Rate = [(\$2,197.00 x 24) / 2080]	\$25.35
40-hour Overtime Rate = \$25.35 x 1.5	\$38.03
<b>Overtime Pay</b> = 5 hours x \$38.03	<b>\$190.15</b>
56-hour Straight Time Rate = [(\$2,197.00 x 24) / 2912]	\$18.11
Premium (K) Pay = 24 hours x \$18.11	<b>\$434.64</b>
56-hour Overtime Rate = \$18.11 x 1.5	\$27.17
Constant Manning (M) Pay = 12 hours x \$27.17	\$326.04

## ***FLSA Straight Time Rate (56-hour employee)***

Step 1:	Hours worked: 120 (budgeted) + 5 (OT paid) = 24 (K Time) + 6 (PERS OT) + 4 (F Time / 3)	159 hours
Step 2:	159 hours x \$18.11 (56-hr straight time rate)	\$2,879.49
Step 3:	\$2,879.49 + \$433.44 (Premium K Pay)	\$3,312.93
Step 4:	\$3,312.93 / 159	\$20.84
Step 5:	\$20.84 x 1.5 (56-hour <b>FLSA</b> overtime rate)	\$31.26
<b>PERS OT Pay</b> = 6 hours x \$31.26		\$187.56
<b>F Overtime</b> = [12/3] x \$31.26		\$125.04

<b>TOTAL PAY</b>	
Semi-Monthly Salary	\$2,183.50
Hazard Pay	\$13.50
Overtime Pay	\$190.15
Constant Manning (K)	\$434.64
Force Pay (M)	\$326.04
PERS Overtime (R)	\$187.56
F Overtime	\$127.06
<b>Total</b>	<b>\$3,460.45</b>

# Solution Description

- Created Element COB FLSA Overtime Premium
  - Recurring Element (pays OT every regular pay period)
- Modified Fast Formula
- Created Skip Rule
  - COB\_FLSA\_OVERTIME\_PREMIUM\_SKIP (skips when no overtime entered)
- A custom balance was used to calculate the current rate of pay

# Solution Description (cont)

- Created Dynamic Time Periods to store FLSA begin and end dates
  - 27 Day Fire FLSA Period
  - 28 Day FLSA Period
- Modified the Fast Formulas of Pensionable and Non-Pensionable FLSA elements
  - A custom PL/SQL Package gets hours worked in the period by each employee who worked OT
  - Calculates the pensionable and non-pensionable hours for half time pay (pays every 27-day cycle)

# Solution Description (cont)

- Modified the Fast Formulas of Pensionable and Non-Pensionable FLSA elements
  - A custom PL/SQL Package gets hours worked in the period by each employee who worked OT
  - Calculates the pensionable and non-pensionable hours for half time pay (pays every 27-day cycle)
- Setup a 27-day Dynamic Time Period
- Navigation: US Super HRMS Manager -> Other Definitions -> Dynamic Time Periods



## View Time Definition

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### Time Definition Details

Name 27 Day Fire FLSA Period      Short Name FLSA 27 Day Period  
Definition Type Static Period





### Time Definition Category Details

**TIP** A Static Period Time Definition can be created using a standard period type or a dynamic point in time definition

Start Date 07-Jan-2008      Period Type  
Years 10      Definition for Next Start Date 27 Day Period

### Time Definition Usages

Define the usage of the time definition by moving the items from Available list to Selected list.

Available		Selected
Proration Payroll Period Retro Spans	 Move	Element Allocation
	 Move All	
	 Remove	
	 Remove All	

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# Payroll Run Results

- The end date of the 27-day dynamic period
  - Should fall in a normal pay period for FLSA overtime to get paid by that normal pay period.
- If a 27-day dynamic period ends of 03-MAY-2009 and a normal bi-weekly pay period is from 01-MAY-2007 to 14-MAY-2009
  - Then that FLSA overtime will be paid in the pay period ending 14-MAY-2009.
- The next bi-weekly pay period would not pay any FLSA overtime as the next bi-weekly pay period ends on 28-MAY-2009
- The next 27-day dynamic period ends on 30-MAY-2009.

# Contact Information

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## References

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# Questions and Open Discussion

