

## PHYP Overtime Pay Guidelines

Indiana University currently allows for Support, Service, General Supervisor, and PAO Staff members to be compensated for overtime at time and one-half either in the form of extra pay or compensatory time-off. It is department management's choice as to which form of overtime pay is used as long as it is communicated to the employee before the overtime is worked. (Applicable policy -- Overtime Pay for Staff and Hourly Employees: AFSCME 6.2 – CWA 5.3 – PA/SS 4.4)

While in the recent past, Physical Plant GS and SM staff working overtime have been allowed to choose comp time in lieu of overtime pay, our current financial position including our obligations to fund payments under the Early Retirement Incentive Program (ERIP) requires that we re-examine this practice. Many Staff employees choose the comp time option, which impacts productivity as these employees are then off from work (on a time and one-half basis) using their comp time in addition to time taken during the year due to vacation.

An illustration of this impact:

Scenario 1: Employee worked 10 hrs of OT and earned 15 hrs of comp time to use at a later date

Scenario 2: Employee worked 10 hrs of OT and was paid for OT; the overtime payment obligation was fulfilled and the employee was available to work a full work week.

In comparing the two scenarios, we found that while the costs of paying overtime was a factor, the income lost by using comp time through lost time, lost productivity or having to replace the employee who was off using comp time, far exceeded the additional payroll costs in paying out the overtime.

When comparing the additional margin to the overtime hours worked in the first 6 months of this fiscal year, the total impact on the bottom line was substantial and the estimated net impact of making this change for a full fiscal year could not be disregarded.

Based on the outcome of this analysis, the management team has made the decision to discontinue allowing overtime to be taken in the form of comp time starting with the pay period beginning on February 17, 2013. This practice will continue until further notice. Physical Plant management will revisit the analysis and evaluate at the end of each fiscal year.