

NEW OVERTIME RULES

Overtime rules in California can be tricky. And, if you make a mistake, it can be very costly. Unless covered under a collective bargaining agreement or contract, most jobs are regulated through the IWC wage orders 1 through 17. Each wage order addresses a different industry and may have differing rules about hours of work and overtime pay. For this example, I am going to follow the general rules of a 40 hour workweek and 8 hour day. Usually, employees are paid overtime over 40 hours in a week or over 8 hours in any day. Overtime is daily unless the weekly amount exceeds the accumulated daily overtime.

You also need to establish a defined workweek, such as Monday through Sunday. Overtime rules may also include double time after 12 hours and overtime pay for working the 7th day in a workweek. There is not enough room here to cover every rule under the wage orders, but you should be well aware of the wage order for your industry.

The largest change to overtime rules is in the recent decision in *Alvarado v. DART Corp.* Here is where you can get more information:

<https://www.laboremploymentlawblog.com/2018/03/articles/wage-and-hour/alvarado-v-dart-container-corporation/>

It refers to employees who earn a flat bonus and how to calculate overtime when a bonus is part of the pay structure for non-exempt employees.

Salary does not eliminate the need to pay overtime. There are very specific rules around salary exempt and non-exempt status. Sometimes the Federal rules apply and sometimes California rules prevail.

We recommend that you consult your attorney or an HR Professional about your specific situations. Even small errors in overtime calculations can lead to class action suits and thousands of dollars in costly litigation. Careful planning up front can be a worthwhile investment.