



## Benefits of Non-exempt/Biweekly vs. Exempt/Monthly Classification

### Non-Exempt/Biweekly 12-Month Employee

**Pay:**

- 26 pay periods per year
- Salary is an hourly rate
- Paid for all hours worked
- If Salary is \$48,000 per year, hourly rate is \$23.08/hour

$$\$23.08/\text{hour} \times 80 \text{ hours} = \$1846.15/\text{pay period}$$

$$\$1846.15/\text{pay period} \times 26 \text{ pay periods} = \$48,006.40/\text{ year}$$

### Exempt/Monthly 12-Month Employee

**Pay:**

- 12 pay periods per year
- Monthly salary does not fluctuate regardless of hours worked
- If salary is \$48,000 per annum:

$$\$4,000/\text{Pay period} \times 12 \text{ pay periods} = \$48,000 \text{ per year}$$

**Overtime Pay:**

Non-exempt/biweekly employee is eligible for overtime pay for all work hours that exceed 40 hours in one work week.

Overtime is paid at 1 1/2 times the base rate.  
If base rate is \$23.08/hour, then overtime rate is \$34.62/hour.

Sick, vacation, and holiday hours do not count as hours worked.

**Examples:**

Employee works 80 hours over pay period (50 hrs. in week 1 and 30 hours in week 2) the employee would earn 70 hours of regular pay and 10 hours of overtime pay.

$$\begin{aligned}
 & \$23.08 \times 40 \text{ hrs.} = \$923.20 \text{ (week 1)} \\
 & + \$34.62 \times 10 \text{ hrs.} = \$346.20 \\
 & \hline
 & \qquad \qquad \qquad \$1269.40 \text{ (week 1 total)} \\
 & + \$23.08 \times 30 \text{ hrs.} = \$692.40 \text{ (week 2)} \\
 & \hline
 & \qquad \qquad \qquad \$1961.80 \text{ (for the pay period)}
 \end{aligned}$$

Employee works 10 hours each day Monday through Thursday takes 8 hours of vacation on Friday. The employee **would not** be paid overtime for that week.

$$\begin{aligned}
 & \$23.08 \times 40 \text{ hrs.} = \$923.20 \text{ (Week 1)} \\
 & + \$23.08 \times 8 \text{ hrs.} = \$184.64 \text{ (vacation earnings)} \\
 & \hline
 & \qquad \qquad \qquad \$1107.84 \text{ (week 1 total)} \\
 & + \$23.08 \times 40 \text{ hrs.} = \$923.20 \text{ (week 2)} \\
 & \hline
 & \qquad \qquad \qquad \$2031.04 \text{ (for the pay period)}
 \end{aligned}$$

**Overtime Pay:**

Exempt/Monthly employees are exempt from the overtime. Provisions of the Fair Labor Standards Act. An exempt employee's monthly salary remains constant regardless of hours worked.

For example, if an exempt employee works 40 hours a week for the first two weeks of the month, and 60 hours for the last two week of the month the total salary earned will be the same as if the employee worked 40 hours a week for all 4 weeks of the month.



Non-Exempt/Biweekly 12-Month Employee

Exempt/Monthly 12-Month Employee

Accruals

Accruals

**Sick Accrual:**

Accrue 3.69 hours per pay period.

3.69 hrs. X 26 pay periods = 96 hrs./year

**Vacation Accrual:**

Accruals determined by pay grade and length of service, and accrued each pay period.

3.08 hrs X 26 pay periods = 80 hrs./year

**Holiday Accrual:**

Accrues 8 hours of holiday to use for university holidays. Holiday hours can be banked for use at a later date, but must be used before the end of the fiscal year. Hours not used are lost

If employee works on the holiday, hours are paid at time and a half (base rate X 1.5)

**Sick Accrual:**

Accrue 8 hours per pay period

8 hrs. X 12 pay periods = 96 hrs./year

**Vacation Accrual:**

Accrue set hours per pay period based on pay grade and length of service.

6.67 hrs. X 12 pay period= 80 hrs./year

**Holiday Accrual:**

Monthly employees do not accrue holiday hours. Pay does not change whether or not the employee works on the holiday.

**Benefit Premiums:** (includes, medical, dental, vision and other employee paid benefit premiums)

Paid over 24 pay periods

No premiums paid for 2 pay periods

For example, if medical premium is \$3,600 per year

$\$3,600/24 \text{ pay periods} = \$150/\text{period}$

**Benefit Premiums:** (includes, medical, dental, vision and other employee paid benefit premiums)

Paid over 12 pay periods

Paid each pay period

For example, if medical premium is \$3,600 per year

$\$3,600/12 \text{ pay periods} = \$300/\text{pay period}$

**403(b) Contributions:**

Pre-tax deduction can fluctuate based on earned pay per pay period.

Earned pay includes regular, overtime, vacation, holiday and sick

Employee contributing 5% per pay period

$\$23.08/\text{hour} \times 80 \text{ hrs.} = \$1846.40$

$\$1,846.40 \times 5\% = \$92.32$

**403(b) Contributions:**

Monthly pre-tax deduction based on amount per pay period.

12 pay periods per year.

Employee contributing 5% per pay period

$\$4,000/\text{pay period} \times 5\% = \$200/\text{pay period}$

$\$200/\text{pay period} \times 12 \text{ pay periods} = \$2,400$



**Full-time & Part-time 9, 10 & 11 Months Non-exempt Employee**

**Full-time & Part-time 9, 10 & 11 Months exempt Employee**

**Salary:**

Non-exempt employees are paid only during the pay periods in which they work. For example if an employee did not work in May, June, or July he/she would not receive a paycheck.

**Example 1:**

Employee is full-time 9 month (1560 hours/year) and scheduled to work 40 hours a week. If salary is \$48,000 per year, then the hourly rate is \$30.77 (\$48,000/1560 hrs.).

$$\$30.77/\text{hour} \times 80 \text{ hours} = \$2461.60/\text{pay period.}$$

$$\$2461.60/\text{pay period} \times 19.5 \text{ pay periods} = \$48,001.20/\text{ year}$$

**Example 2:**

Employee is part-time 12 month (1040 hours/year) and scheduled to work 20 hours a week. If salary is \$30,000 per year, then the hourly rate is \$28.85 (\$30,000/1040 hrs.).

$$\$28.85 \times 40 \text{ hours} = \$1153.85/\text{ pay period.}$$

$$\$1154.00 \times 26 \text{ periods} = \$30,004.00/\text{ year.}$$

**Overtime Pay:**

Non-exempt/biweekly employee is eligible for overtime pay for all work hours that exceed 40 hours in one work week.

Overtime is paid at 1 ½ times the base rate.

Annual pay is \$48,000 for 1560 hours (9 months), then base rate is \$30.77/hour.

Overtime rate is \$46.16/hour

Sick, vacation, and holiday hours do not count as hours worked.

**Examples:**

Employee works 80 hours over pay period (50 hrs. in week 1 and 30 hours in week 2) the employee would earn 70 hours of regular pay and 10 hours of overtime pay.

Employee works 10 hours each day M – TH and takes 8 hours of vacation on F. employee would not be paid overtime for that week.

**Salary:**

Exempt employees are paid over a 12 month period. Although an employee only works August to May, he/she receives a paycheck in June, July, and August.

**Example 1:**

Employee is full-time 9 month (1560 hours/year), and salary is \$48,000 per year. Salary is paid over 12 months, the monthly salary is \$4,000.

$$\$4,000/\text{pay period} \times 12 \text{ pay periods} = \$48,000/\text{ year.}$$

**Example 2**

Employee is part-time 12 month (1040 hours/year) and scheduled to work 20 hours a week. If salary is \$30,000 per year, then monthly salary is \$2500.00 (\$30,000/12 months).

$$\$2500.00 \times 12 \text{ months} = \$30,000/\text{year.}$$

**Overtime Pay:**

Exempt/Monthly employees are exempt from the overtime. Provisions of the Fair Labor Standards Act. An exempt employee’s monthly salary remains constant regardless of hours worked.

For example, if an exempt employee works 40 hours a week for the first two weeks of the month, and 60 hours for the last two week of the month the total salary earned will be the same as if the employee worked 40 hours a week for all 4 weeks of the month.



**Full-time & Part-time 9, 10 & 11 Months Non-exempt Employees**

**Benefit Premiums:** (includes, medical, dental, vision and other employee paid benefit premiums)

- Paid over pay periods worked
- Premium **not** paid during months not working
- Need to contact HR Benefits to pay unpaid premium amounts

For example, if medical premium is \$3,600 per year normal premium payment would be \$150.00

$\$150 \times 20 \text{ pay periods} = \$3,000$

Employee liability is \$600

**Full-time & Part-time 9, 10 & 11 Months exempt Employees**

**Benefit Premiums:** (includes, medical, dental, vision and other employee paid benefit premiums)

- Paid over 12 pay periods
- Premium paid during months not working
- For example, if medical premium is \$3,600 per year

$\$3,600 / 12 \text{ pay periods} = \$300 / \text{pay period}$

**Accruals**

**Sick Accrual:**

Accrue 3.69 hours per pay period. Hours continue to accrue when not working.

$3.69 \text{ hrs.} \times 26 \text{ pay periods} = 96 \text{ hrs./year}$

**Vacation Accrual:** Accrue set hours per pay period based on pay grade and length of service, and hours worked.

Prorated based on percent of 12-month full time employee (e.g. 9 month employee hours are 75% of 12 month employee).

Accrues over 26 pay periods

Accrues during pay periods of no work

Example:

$(4.61 \text{ hrs./pay period} \times 75\%) \times 26 \text{ pay periods} = 90 \text{ hrs./ year.}$

**Holiday Accrual:**

Accrues prorated holiday hours based on percent of full-time status (2080 hours) to use for university holidays.

Holiday hours can be banked for use at a later date, but must be used before the end of the fiscal year.

Unused holiday hours are lost.

**Accruals**

**Sick Accrual:**

Accrue prorated sick hours per pay period, based on percent of full-time (e.g. 9 month employee is 75% of 12 month employee).

$(8 \text{ hrs.} \times 75\%) \times 12 \text{ pay periods} = 72 \text{ hrs./year}$

**Vacation Accrual:** Accrue set hours per pay period based on pay grade and length of service, and hours worked.

Prorated based on percent of 12-month full time employee (e.g. 9 month employee hours are 75% of 12 month employee).

Accrues over 12 pay periods

Accrues during pay periods of no work

Example:

$(10 \text{ hrs./pay period} \times 75\%) \times 12 \text{ pay periods} = 90 \text{ hrs./ year.}$

**Holiday Accrual:**

Monthly employees do not accrue holiday hours.

Pay does not change whether or not the employee works on the holiday.



**Full-time & Part-time 9, 10 & 11 Months Non-exempt Employees**

**Full-time & Part-time 9, 10 & 11 Months Exempt Employees**

**403(b) Contributions:**

Pre-tax deduction can fluctuate based on earned pay per pay period.

Earned pay includes regular, overtime, vacation, holiday and sick

$$\$30.77/\text{hour} \times 80 \text{ hrs.} = \$2461.60$$

$$\$2461.60 \times 5\% = \$123.08$$

$$\$123.08 \times 19.5 \text{ pay periods} = \$2,400.06$$

**403(b) Contributions:**

Monthly pre-tax deduction based on amount per pay period.

12 pay periods per year.

Employee contributing 5%

$$\$4,000/\text{pay period} \times 5\% = \$200/\text{pay period}$$

$$\$200/\text{pay period} \times 12 \text{ pay periods} = \$2,400$$