

# Michigan Department of Transportation

## Overtime Reimbursement Guidelines

### Conditions When Overtime is Eligible for Reimbursement

Consultant employers with employees subject to the overtime provisions of the Michigan Minimum Wage Law of 1964 may invoice the Michigan Department of Transportation for overtime, including premium pay, under the following conditions:

1. 8-hours per day: If the employee works over 8-hours in one day, the additional time spent on a project shall be considered overtime. It may occur that an employee works on multiple projects throughout the day; in this case the overtime shall be applied to the project worked on after the 8-hours of regular time was achieved, **and**
2. 40-hours per work week: If the employee works additional hours after achieving at least 40-hours of regular time during their normal work week (five 8-hour days or via an Alternative Work Schedule), then that time will be considered overtime.

The following are exceptions to these Overtime Reimbursement procedures:

1. If an employee is pre-assigned to work an Alternative Work Schedule, such as four 10-hour days, then overtime shall be accrued after the employee has worked 10-hours in one day **and** 40-hours in a work week.
2. The employee is given notice of an Alternative Work Schedule that will change their normal working hours for an extended period of time (e.g. new work week includes weekends or a shift change).

An estimate of overtime expenses will be derived by the Consultant Project Manager (PM) and agreed upon with the MDOT PM in the original contract price negotiations, in consideration of the unique circumstances specific to each individual project and scope of services.

Overtime may be authorized and expenditures planned for work activities as indicated in the MDOT Guidelines for Overtime Utilization.

All efforts will be made by the Consultant to minimize the amount of overtime required to deliver the scope of services through the utilization of techniques including, but not limited to, staggered work shifts, extended work shifts, alternate work schedules, and flexible utilization of qualified staff. The MDOT PM may request specific scheduling plans from the Consultant to verify that reasonable effort has been made to minimize the expected overtime needs for the contract.

The MDOT PM has the authority to approve estimated overtime expenses as part of the original contract price negotiations up to 20% of the total authorized hours for the contract. For

## **Michigan Department of Transportation**

overtime estimates in excess of 20% of the total authorized hours, the MDOT PM must obtain prior approval of the Region Engineer prior to execution of the contract.

### **Overtime Calculation**

Overtime is authorized time that an eligible employee works in excess of 8-hours in one day (except for employees working on an Alternate Work Schedule) and 40-hours in a work week.

Overtime worked shall be for work activities and tasks consistent with the MDOT Guidelines for Overtime Utilization, unless otherwise agreed to with the MDOT PM prior to the overtime being worked.

The work week shall be defined and agreed upon between the MDOT PM and the consultant PM as part of the contract price negotiations, taking into consideration the standard time-keeping practices of the consultant and the parameters of the project and scope of services, with the objective of minimizing both overtime costs and administrative burdens.

For purposes of calculating overtime hours, sick leave and vacation time shall not be treated as time worked.

Overtime pay is at a rate of time and one-half of an employee's regular pay rate.

MDOT may request and the Consultant shall provide payroll information to verify overtime hours worked and paid.

### **Management of Overtime Utilization**

Upon the consultant contract award, it is the consultant's responsibility to effectively manage overtime usage in accordance with the terms of the contract. Changes in the consultant's business conditions will not be a basis for consideration of adjustments to the contract and budgeted hours for overtime. Changes in the subject project conditions (e.g. construction contractor schedule) or the scope of services requested by the department may be cause for adjustments to the contract.

Consultants are required to complete the MDOT Form, "Bi-weekly Overtime Summary" for each employee who works and charges overtime to the MDOT contract in any given week within each monthly invoice period. Completed reports must be submitted as attachments to each monthly progress report for all bi-weekly periods covered by each monthly invoice. The Consultant shall also maintain copies of all reports and make them available at any time, as requested by the MDOT PM. The Consultant PM shall notify and seek concurrence from the MDOT PM when overtime utilization is anticipated to vary from the originally agreed upon overtime utilization plan and/or variations from the MDOT Guidelines for Overtime Utilization,

## Michigan Department of Transportation

and must be justified by changed circumstances or requirements of the project that is the subject of the scope of services.

The MDOT PM shall review the submitted “Bi-weekly Overtime Summary” reports at a minimum on a monthly basis. The MDOT PM shall reconcile these reports against the submitted invoices, the original or amended agreed upon overtime utilization plan and work schedule, and the MDOT Guidelines for Overtime Utilization. Significant variations between actual and approved overtime utilization shall be discussed with the Consultant PM and a corrective action plan implemented immediately.

Failure of the Consultant to properly manage overtime utilization and expenditures may result in unsatisfactory interim and/or final vendor evaluation ratings.