

# Overtime Pay: Analysis

Overtime pay is designed in general to compensate employees for conditions of work that are considered disadvantageous or burdensome. During the past 20 years, the payment of premiums for work after some standard number of hours in the day or week, on certain days in the week not scheduled as regular work days, on late shifts, and on holidays has become widespread in American industry.

Overtime pay at time and a half for work after 40 hours a week is currently a predominant practice; time and a half for work after 8 hours a day is also widely established. Double time for work on paid holidays is a frequent practice. For Saturday and Sunday work, limited information indicates that payment of time and a half and of double time, respectively, are most general.

Provisions covering premium-pay practices in private industry have developed through the collective-bargaining process or by employer personnel action, and through legislation.

Great impetus to the spread of premium pay for overtime was given by the Fair Labor Standards Act of 1938. Two years after its effective date, overtime pay, at time and a half after 40 hours a week was required for most employees covered by the act. Although this standard was not new, the act served to give it the force of law and extend it to many workers not previously subject to overtime provisions. The act did not provide for daily overtime, a principle recognized in other federal legislation. The Walsh-Healy Public Contracts Act of 1936 required payment of time and a half after 8 hours daily as well as after 40 hours weekly. The eight-hour law in 1940 which affected federal public works required time and a half pay after an 8-hour day.

Provision for premium pay for overtime on a daily basis was typical in a

variety of industries in the early 1940's. Time and a half after 40 hours weekly or 8 hours daily was overwhelmingly found.

Extra pay for holiday work was a well established practice by 1941. Double time was the most customary rate for work on holidays for which employees received straight-time without working. Rates of time and a half and double time for working on unpaid holidays were about equally prevalent among the union agreements studied.

Premium pay for both Saturday and Sunday work was commonly provided in 1942. The premium rates most frequently specified were time and a half for Saturday and double time for Sunday.

The principle of daily overtime was recognized in about 95 per cent of the union agreements analyzed for 1948 and 1949. Nearly all of these set premium pay at time and a half the regular rate. A few agreements, mostly in the construction industry, provided double time.

Overtime was paid after 8 hours' work under all but a tenth of the agreements providing for penalty rates. Payment for daily overtime after a regular schedule of less than 8 hours was largely restricted to agreements in the apparel and the commercial and newspaper printing industries.

For work beyond the regularly scheduled work-week penalty rates were somewhat less customary than for daily overtime. Three-fourths of the agreements analyzed specifically provided for premium payment for weekly overtime work, almost invariably at time and a half. Very few agreements required double time. This does not mean that premium rates were not paid for work in excess of 40 hours in the remaining agreements, inasmuch as time and a half must be paid to

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