Rounding of Hours for Non-Exempt Employees

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A question I am frequently asked is how an employer should pay an hourly, non-exempt employee when that employee does not work exactly an 8 hour day.

The answer is that the Department of Labor allows employers to round the hours worked by employees to the nearest quarter hour, so long as it does so in a neutral manner. In other words, you cannot always round up or down.

Therefore, if an employee starts work at 8:05 a.m., the nearest quarter hour is 8:00 a.m., you would round down to that time and the employee would actually be "on the clock" starting at 8:00. However, if the employee starts work at 8:11, you would round up to 8:15, the nearest quarter hour. The employee would therefore be "on the clock" for pay purposes starting at 8:15.

An employee in the first situation benefits, as they are paid for time before they actually started to work. But the employee in the second situation has the opposite, as they have worked time for which they are not paid. The DOL is okay with that, so long as it is done in a neutral manner. The theory is that it works out about even over time.

For additional information contact Scott Leah.