



Research

Workplace Policy Toward Overtime Workers

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Overtime work is a mainstay of the U.S. economy and provides valuable flexibility for firms.[1] Unfortunately, the flexibility is not balanced. Federal law dictates that workers must receive more monetary payment (“time and one-half”) for overtime, but may not choose to be compensated by time off (of the same value, “time and one-half”) when they need it. The law should be changed so that workers can manage the hours in their lives more flexibly, just as employers can use overtime for the same purpose.

High unemployment may mean that Americans are not getting the opportunity to work as much as they would like, but they are willing to work a lot. Indeed, many workers choose to work beyond their usual hours. In the April jobs report, the Department of Labor indicated that there were an average of 3.3 hours of weekly overtime worked in durable goods manufacturing, and 3.4 hours in non-durable manufacturing.

Under current law, overtime work means overtime pay - 1½ times the normal rate. A worker making \$10 normally picks up \$15 for the overtime hour. Cash is good, but it might be even more valuable for the worker to have an extra hour off to go to the doctor, have a parent-teacher conference, or otherwise manage the demands of modern life.

The data suggest that there may be widespread value of this sort. Using American Time Use Survey allows one to look at the demands of the time of the American worker.[2] For this purpose, define an overtime worker as one who works more than 40 hours in a week.[3] Using that definition, the data indicate that more than 45 percent of men and more than 20 percent of females work overtime. (See Table.) Nearly 20 percent of the poor work overtime.

Time Demands and Overtime Work

Characteristic	Percent Work Overtime
Males	45.5
Females	22.9
Poor	18.8
Have Kids	36.2
Poor Health	26.5
Married, but no spouse present	31.2