

**State of Wisconsin**  
**DEPARTMENT OF EMPLOYMENT RELATIONS**

**- COMPENSATION & LABOR RELATIONS BULLETIN -**

**Date:** May 21, 2000

**Locator No:** CLR/POL-53

**Subject:** Policy Change Regarding Collecting Overtime  
Payments in Certain Reclassifications and  
Reallocations

The purpose of this bulletin is to inform appointing authorities, personnel and payroll staff of a change in policy regarding the practice of collecting overtime payments that occur as a result of delays in the processing of certain reclassifications and reallocations.

In reclassification and reallocation actions in which an employee's status changes from FLSA Nonexempt to Exempt, situations may occur in which an employee has been paid at the premium rate for overtime that occurred during the period of time between the effective date of the reclassification/reallocation and the date on which the reclassification/reallocation is approved. In the past, any premium overtime paid during this interim period in excess of any reclassification/reallocation increase was treated as an overpayment and collected from the employee. However, collection of overpayments is intended to correct an error and in the case of reclassification/reallocation delays no error has occurred. Rather, the payment of overtime in this situation is due to an administrative delay in processing the reclassification/reallocation.

Therefore, effective May 21, 2000, agencies will no longer be required to collect excess premium overtime paid during the period of time between the effective date of the reclassification/reallocation and the date on which it is approved. The employee will receive a reclassification/reallocation increase according to the provisions of the relevant contract, the Compensation Plan or administrative rules. Agencies should review the applicable labor contract or Compensation Plan to determine if the overtime paid during the interim period must be recalculated at the new rate of pay (i.e., the labor contract or Compensation Plan required overtime be paid to the now exempt employee during the interim period).

In reclassifications/reallocations that could result in a change in FLSA status from Nonexempt to Exempt, agencies are encouraged to: (1) process the reclassification/reallocation in a timely manner; and (2) minimize the amount of overtime assigned the affected employee during the period of time the reclassification/reallocation is being reviewed and processed.

Questions regarding this policy change may be addressed to Mary Hanaway, Bureau of Classification (608) 267-5165, e-mail [Mary.Hanaway@der.state.wi](mailto:Mary.Hanaway@der.state.wi) or Paul Ostrowski, Bureau of Compensation (608) 267-0343, e-mail [Paul.Ostrowski@der.state.wi](mailto:Paul.Ostrowski@der.state.wi), or Fax (608) 267-1020.

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