



# **OBBBA – Reporting Overtime and Overtime Differentials**

Division of Finance – Department of Administration



*Providing Insight  
for Alaskans.*

# Content Guide



Resources .....	3
Background .....	4
Who does this material apply to?.....	5
What does this mean for you?.....	6
Understanding Pay Types and Overtime Eligibility.....	9
Qualified vs. Non-Qualified Time.....	10
What determines if it's qualified or non-qualified? .....	13
Claiming Overtime .....	20
Claiming Holiday Premium Pay .....	24

# Resources



Employees and administrative staff are encouraged to review the following resources for detailed guidance on accurately reporting time on timesheets:

- **Personnel Rules**
  - Review specific provisions related to timekeeping and compensation.
- **Alaska Administrative Manual (AAM)**
  - Reference official procedures and standards for state operations.
- **Fair Labor Standards Act (FLSA)**
  - Learn about federal labor regulations, including overtime eligibility.
- **Division of Finance – Payroll**
  - Use additional resources and references available to State of Alaska employees.
- **Department of Law – Interpretative Memorandum**
  - Use to clarify practice and procedures regarding pay.

# Background



Beginning December 22, 2025, the State of Alaska will adopt revised timesheet procedures to align with the requirements of Public Law 119-21 (the One Big Beautiful Bill Act).

This federal law introduced a new tax deduction for eligible overtime earnings through 2028. To support accurate reporting, the State is implementing updated procedures for recording overtime and premium pay.



# Who does this material apply to?



The content of this training applies to all **overtime eligible** (FLSA non-exempt) employees in the following categories

All employees who are eligible for overtime should review and understand the procedures outlined in this material to ensure time is accurately reported on their timesheet. As well as salaried (FLSA Non-exempt) employees who claim sea duty.

In addition, anyone who supervises, reviews, or approves timesheets for employees in the above categories are **required** to become familiar with and proficient in the processes described. Accurate timesheet reporting is essential to ensure compliance with updated payroll and tax procedures.

# What does this mean for you?



To comply with updated tax regulations, all FLSA non-exempt (overtime eligible) employees must report applicable premium pay codes on their timesheets in a format that supports accurate processing by the Division of Finance.

**These procedures do not apply to FLSA-exempt (salaried) employees.**

It is essential that supervisors reviewing and certifying employee timesheets are fully informed of the updated procedures to guarantee compliance and accurate payroll processing.

# What does this mean for you?



Employees should be aware that overtime earnings will continue to appear as taxed on their paystubs. This is expected and does not indicate an error.

Although certain premium pay types may qualify for a tax credit, this credit will not be reflected in regular payroll withholding. Instead, eligible employees will have the opportunity to claim the credit when filing their annual tax return, using information that will be provided on their W-2 form.

# What does this mean for you?



Because eligibility for the credit depends on accurate reporting, it is essential that all applicable premium pay codes are correctly recorded on an employee's timesheets.

Please note: The Division of Finance cannot provide individual tax advice. Employees are encouraged to consult a qualified tax professional for guidance specific to their personal tax situation.



# Understanding Pay Types and Overtime Eligibility



Certain pay types are commonly used to help employees meet their standard workweek requirements but do not count toward the calculation of overtime eligibility. Please note that overtime rules may vary by bargaining unit, so employees should consult their applicable [collective bargaining agreement](#) for details specific to their situation.

## Examples Of Pay Types That Do Not Count Toward Overtime Thresholds:

- All leave types
- Office Closures
- Regular Holiday Pay (not worked)

Only hours spent physically working count toward an employee's FLSA overtime threshold.

# Qualified vs. Non-Qualified Time



This procedural change applies to a wide range of premium pay codes—not just overtime.

Any pay that compensates at 1.5x or more than an employee's regular rate of pay, along with most associated premium pays, are required to differentiate between qualified and non-qualified time.

## **Reminder:**

These updates apply only to employee's deemed overtime eligible by **FLSA** standards. These changes to time reporting do not impact salaried (overtime ineligible) employees.

# Qualified vs. Non-Qualified Time



Not all overtime or premium pay types earned are eligible for the tax credit opportunity. As a result, employees will be required to record overtime and other applicable premium pays on their timesheets using either qualified or non-qualified pay codes, depending on eligibility.

**Qualified pay codes** will end with the letter “Q”

**Non-qualified pay codes** will end with the letter “N”

For example:

- Overtime may be recorded using Event Type 251Q (qualified) or 251N (non-qualified)
- Swing Overtime may be recorded using Event Type 260Q (qualified) or 260N (non-qualified)

It is essential that all State of Alaska employees use the correct pay codes to ensure accurate reporting and compliance with the new procedures.

# Qualified vs. Non-Qualified Time



Description	Old Event Code	New Event Code (Non-Qualified)	New Event Code (Qualified)
Overtime 1.5	251	251N	251Q
Overtime Double	252	252N	252Q
Holiday Worked	249	249N	249Q
Recall Within 4 Hours	243	243N	243Q
Recall with Minimum Guarantee	244	244N	244Q
Swing Overtime 1.5	260	260N	260Q
Swing Double	262	262N	262Q
Grave Overtime 1.5	270	270N	270Q
Grave Double	272	272N	272Q
Weekend Premium	235	235N	235Q
Overtime 1.5	251C	251CN	251CQ
Holiday Worked	249C	249CN	249CQ

**\*Changes were also made to Sea Duty and EFF time reporting – see specific section for additional details\* 12**

# What determines if it's qualified or non-qualified?



Chronologically speaking, it is important to understand that qualified pay types are not limited to hours worked after reaching 40 hours in a workweek.

The day in the week when overtime, holiday premium pay, or recall/call back occur does not determine qualification. What matters is that the employee physically works more than 40 hours within the designated workweek.

The primary pay codes that should be used to reach an employee's 40-hour threshold are event codes that represent physical hours worked **at a regular rate of pay**.

- *Event Code 100 (Regular Hours) and Event Code 250 (Straight Pay)*

If event codes 100 and 250 do not equal 40 hours within the workweek, then time worked at a rate of 1.5x or more begin to be included, starting with time worked earliest in the week (from left to right).



# What determines if it's qualified or non-qualified?



Employees have the potential to record hours at a pay rate of 1.5x or more on a day that falls before their required workweek hours are reached.

- ***Examples: Overtime (if accrued daily), Holiday Premium Pay, Recall/Call Back***

Hours paid at a rate of 1.5x or higher on a day before the workweek requirement is met may still be considered qualified if:

- The employee's regular hours alone total 40 for the week, or
- The regular hours combined with straight pay reach 40

If regular hours and straight pay (*if present*) do not reach 40, then hours worked at a pay rate of 1.5x or more will begin to be included in reaching the 40 hours needed for qualified time.

- Hours at 1.5x or more that are included in reaching the 40-hour threshold are considered non-qualified time.
- When non-qualified time is used to reach 40, the earliest hours in the week at a pay rate of 1.5x or more will have the non-qualified pay codes applied.
- Hours will continue to be considered non-qualified until they reach 40, at which point all remaining pay at a rate of 1.5x or more in the week will begin to be considered qualified.

# What determines if it's qualified or non-qualified?



## Pro Tip!

To determine how many hours at a pay rate of 1.5x or more within a week should be considered qualified and verify accurate reporting, proceed with the following steps.

### Step 1: Calculate hours physically worked within the week.

- Add up all hours physically worked during the workweek.
- Exclude any leave or holiday hours – *only actual time worked counts*.

### Step 2: Compare Against the 40-Hour FLSA Threshold

- If total hours physically worked exceed 40, the number of hours above 40 should be how many hours are recorded as qualified time within that week.
  - If pay at a rate of 1.5x or higher are included in reaching (but not exceeding) 40 hours, those hours are considered non-qualified.
- If total physical hours worked are 40 or less, all pay at a rate of 1.5x or more is considered non-qualified.

# What determines if it's qualified or non-qualified?



Example:

An employee physically worked 49.75 hours in a workweek.

$$49.75 - 40 = 9.75$$

*49.75 (hours physically worked in a week) minus 40 (FLSA qualified time threshold) = 9.75 hours of qualified time to be recorded on timesheet for that week.*

Considering the FLSA threshold for qualified time is 40 hours, and a total of 49.75 hours in that week were worked, 9.75 hours in the workweek must be considered qualified – whether that be overtime, holiday premium pay, recall/call back, or double time.

# What determines if it's qualified or non-qualified?



## Pro Tip x2!

If an employee has not reached the 40-hour FLSA overtime threshold with worked hours that are paid at their regular rate, follow these steps to calculate the number of non-qualified hours that must be recorded before reporting any qualified overtime.

**Step 1:** Calculate hours physically worked within the week that pay at a normal rate of pay.

- Add up Regular Pay hours (Event Code 100) and if present, Straight Pay hours (Event Code 250)
- Be sure to exclude any leave or holiday hours, or hours that are required to be paid at a rate of 1.5x or more.

**Step 2:** Compare Against the 40-Hour FLSA Threshold

- Subtract the number of hours calculated in Step 1 from 40. The remaining hours represent the amount of time paid at 1.5x or higher that must be reported as non-qualified before any qualified time can be recorded.

# What determines if it's qualified or non-qualified?



Example:

Within a workweek, an employee has 34 hours physically worked that pay at their normal rate of pay.

$$40 - 34 = 6$$

*40 (FLSA qualified time threshold) minus 34 (hours worked and paid at a normal pay rate) = 6 hours of non-qualified time needed before being eligible to claim qualified time.*

In this example, if the employee has hours during the week that must be paid at 1.5x or higher, the first 6 of those hours must be recorded as non-qualified. After recording these 6 non-qualified hours, any additional hours at 1.5x or higher will be considered qualified.



# What does all of this look like on a timesheet?



The following slides provide visual examples and additional guidance on properly recording overtime and other premium pay types on a timesheet.

*Disclaimer: These examples are intended as a helpful guide only. They do not cover every possible time reporting situation.*



## Claiming Overtime:

EX, PX



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# Claiming Overtime: EX, PX Event Code 251Q



This section provides visual examples of how to accurately record overtime on a timesheet. It is specifically designed for employees in Partially Exempt or Exempt service categories.

These employees are required to meet a 37.5-hour workweek but are only eligible for overtime after reaching 40 hours of physically worked time. As a result, they will not need to use non-qualifying overtime, since their overtime is only earned once the full 40-hour threshold is met.

*Disclaimer: These examples are intended as a helpful guide only. They do not cover every possible time reporting situation.*

11/30/2025 (Form Revised 01/31/2025)







## Claiming Holiday Premium Pay:

PX, EX



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## ALASKA DEPARTMENT OF

## Administration

## Time &amp; Attendance Report

Employee Name: Employee, AlaskaHome Department: 02Alt. Workweek: NoPay Period Start Date: February 16, 2026Employee ID: 123456Home Unit: Z40POvertime Eligible: YesPay Period End Date: March 1, 2026Status: Full Time (FR)Bargaining Unit: XEComp Time: No

Document ID: \_\_\_\_\_

Certified By: \_\_\_\_\_

Date: \_\_\_\_\_

Entered By: \_\_\_\_\_

	Standard Start / Stop Times			Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	HOURS WORKED
				02/16	02/17	02/18	02/19	02/20	02/21	02/22	02/23	02/24	02/25	02/26	02/27	02/28	03/01	
Start	8:00			8:00	8:00	8:00	8:00	8:00	10:00		8:00	8:00	8:00	8:00	8:00			
Stop	12:00			12:00	12:00	12:00	12:00	12:00	14:00		12:00	12:00	12:00	12:00	12:00			
Start	13:00			13:00	13:00	13:00	13:00	13:00			13:00	13:00	13:00	13:00	13:00			
Stop	16:30			16:30	16:30	16:30	16:30	16:30			16:30	16:30	16:30	16:30	16:30			
Start																		
Stop																		
Start																		
Stop																		
Total	7:30			7:30	7:30	7:30	7:30	7:30	4:00	0:00	7:30	7:30	7:30	7:30	7:30	0:00	0:00	79:00
Event Code	Event Code Description	LDP Override/ Ref #	LDP Description	Mon 02/16	Tue 02/17	Wed 02/18	Thu 02/19	Fri 02/20	Sat 02/21	Sun 02/22	Mon 02/23	Tue 02/24	Wed 02/25	Thu 02/26	Fri 02/27	Sat 02/28	Sun 03/01	TOTAL HOURS
100	REGULAR PAY				7:30	7:30	7:30	7:30			7:30	7:30	7:30	7:30	7:30			67:30
105	REG HOLIDAY			7:30	0:00	0:00	0:00	0:00	0:00	0:00	0:00	0:00	0:00	0:00	0:00	0:00	0:00	7:30
249N	HOLIDAY WORKED			7:30														7:30
250	ADD ST PAY								2:30									2:30
251Q	OT 1.5								1:30									1:30
																		0:00

This employee worked a full 7.5-hour day on the holiday, and all of those hours were recorded as Non-Qualified Holiday Premium Pay (Event Code 249N). This classification was necessary because, when combining their 30 hours of Regular Pay (Event Code 100) with the 7.5 hours of holiday work, the employee had only physically worked 37.5 hours—still 2.5 hours short of the 40-hour FLSA threshold required for qualified overtime.

Although the employee met their 37.5-hour workweek requirement through 30 hours of Regular Pay (Event Code 100) and 7.5 hours of Regular Holiday Pay (Event Code 105), they had not yet physically worked 40 hours. Therefore, despite working 7.5 hours on the holiday, they were required to record 2.5 hours of Straight Pay (Event Code 250) to reach the 40-hour threshold.

Event Codes **100 + 249N + 250 = 40 Hour FLSA Overtime Threshold**

The employee worked an additional 4 hours on Saturday. The first 2.5 hours were recorded as Straight Pay (Event Code 250), bringing their total physically worked hours to 40. The remaining 1.5 hours worked on Saturday were then eligible to be recorded as Qualified Overtime (Event Code 251Q).

## ALASKA DEPARTMENT OF

## Administration

## Time &amp; Attendance Report

Employee Name: Employee, AlaskaHome Department: 02Alt. Workweek: NoPay Period Start Date: February 16, 2026Employee ID: 123456Home Unit: Z40POvertime Eligible: YesPay Period End Date: March 1, 2026Status: Full Time (FR)Bargaining Unit: XEComp Time: No

Document ID: \_\_\_\_\_

Certified By: \_\_\_\_\_

Date: \_\_\_\_\_

Entered By: \_\_\_\_\_

		Standard Start / Stop Times															HOURS WORKED	
		Mon 02/16	Tue 02/17	Wed 02/18	Thu 02/19	Fri 02/20	Sat 02/21	Sun 02/22	Mon 02/23	Tue 02/24	Wed 02/25	Thu 02/26	Fri 02/27	Sat 02/28	Sun 03/01			
Start	8:00	8:00	8:00	8:00	8:00	8:00	8:45		8:00	8:00	8:00	8:00	8:00	11:00				
Stop	12:00	12:00	12:00	12:00	12:00	12:00	14:00		12:00	12:00	12:00	12:00	12:00	16:30				
Start	13:00		13:00	13:00	13:00	13:00			13:00	13:00	13:00	13:00	13:00					
Stop	16:30		16:30	16:30	16:30	18:00			16:30	16:30	16:30	16:30	16:30					
Start																		
Stop																		
Start																		
Stop																		
Total	7:30	4:00	7:30	7:30	7:30	9:00	5:15	0:00	7:30	7:30	7:30	7:30	7:30	5:30	0:00	83:45		
Event Code	Event Code Description	LDP Override/ Ref#	LDP Description	Mon 02/16	Tue 02/17	Wed 02/18	Thu 02/19	Fri 02/20	Sat 02/21	Sun 02/22	Mon 02/23	Tue 02/24	Wed 02/25	Thu 02/26	Fri 02/27	Sat 02/28	Sun 03/01	TOTAL HOURS
100	REGULAR PAY				7:30	7:30	7:30	7:30			7:30	7:30	7:30	7:30	7:30			67:30
105	REG HOLIDAY			7:30	0:00	0:00	0:00	0:00	0:00	0:00	0:00	0:00	0:00	0:00	0:00	0:00	0:00	7:30
249N	HOLIDAY WORKED			4:00														4:00
250	ADD ST PAY							1:30	4:30							2:30		8:30
251Q	OT 1.5								0:45							3:00		3:45

In Week 1, the employee met their 37.5-hour workweek requirement with 30 hours of Regular Pay (Event Code 100) and 7.5 hours of Regular Holiday Pay (Event Code 105). It's important to note that Regular Holiday Pay (Event Code 105) does not count as time physically worked toward overtime.

On the holiday, the employee worked 4 hours, which was recorded as non-qualified Holiday Premium Pay (Event Code 249N). These hours were considered non-qualified because, when combined with their Regular Pay hours, the total was only 34 hours; still 6 hours short of the 40-hour FLSA threshold required for qualified overtime.

Later in the week, after meeting the 37.5-hour workweek requirement, but still having only physically worked 34 hours, the next 6 hours were recorded as Straight Time (Event Code 250) to bring their total worked hours up to 40.

Event Codes **100 + 249N + 250 = 40 Hour FLSA Overtime Threshold**

Once they reached that threshold, any additional hours worked were eligible to be recorded as **Qualified Overtime (Event Code 251Q)**.

## ALASKA DEPARTMENT OF

## Administration

## Time &amp; Attendance Report

Employee Name: Employee, AlaskaHome Department: 02Alt. Workweek: NoPay Period Start Date: December 22, 2025Employee ID: 123456Home Unit: Z40POvertime Eligible: YesPay Period End Date: January 4, 2026Status: Full Time (FR)Bargaining Unit: XEComp Time: No

Document ID: \_\_\_\_\_

Certified By: \_\_\_\_\_

Date: \_\_\_\_\_

Entered By: \_\_\_\_\_

Standard Start / Stop Times				Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	HOURS WORKED
				12/22	12/23	12/24	12/25	12/26	12/27	12/28	12/29	12/30	12/31	01/01	01/02	01/03	01/04	
Start	8:00			8:00	8:00	8:00	13:00	8:00	11:00		6:00	7:00	6:30	8:00	8:00			
Stop				12:00	12:00	12:00	16:30	12:00	16:00		12:00	12:00	12:30	12:00	12:00			
Start				13:00	13:00	13:00		13:00			12:30	13:00	13:00	13:00	13:00			
Stop				16:30	16:30	16:30		16:30			18:00	19:45	18:15	16:30	17:00			
Total				7:30	7:30	7:30	3:30	7:30	5:00	0:00	11:30	11:45	11:15	7:30	8:00	0:00	0:00	88:30
Event Code	Event Code Description	Ref #	LDP Description	Mon 12/22	Tue 12/23	Wed 12/24	Thu 12/25	Fri 12/26	Sat 12/27	Sun 12/28	Mon 12/29	Tue 12/30	Wed 12/31	Thu 01/01	Fri 01/02	Sat 01/03	Sun 01/04	TOTAL HOURS
100	REGULAR PAY			7:30	7:30	7:30		7:30			11:30	11:45	6:45					60:00
105	REG HOLIDAY			0:00	0:00	0:00	7:30	0:00	0:00	0:00	0:00	0:00	0:00	7:30	0:00	0:00	0:00	15:00
249N	HOLIDAY WORKED						3:30							5:30				9:00
249Q	HOLIDAY WORKED													2:00				2:00
250	ADD ST PAY								5:00				4:30					9:30
251Q	OT 1.5														8:00			8:00

In the second week, the employee met their 37.5-hour workweek requirement with 30 hours of Regular Pay (Event Code 100) and 7.5 hours of Regular Holiday Pay (Event Code 105).

Event Codes **100 + 105 = 37.5 Hour Workweek Requirement**

After hitting 30 regular hours on Wednesday, the employee worked 4.5 additional hours which were recorded as Straight Pay (Event Code 250) because they hadn't yet physically worked enough for overtime, but already had enough hours for their workweek requirement. Going into the holiday, they only had 34.5 hours of actual work, so the first 5.5 hours of Holiday Premium Pay were Non-Qualified (Event Code 249N).

Event Codes **100 + 250 + 249N = 40 Hour FLSA Overtime Threshold**

Once they reached 40 hours, the remaining 2 hours of holiday work were recorded as Qualified Holiday Premium Pay (Event Code 249Q). All hours worked after that were eligible for Qualified Overtime (Event Code 251Q).



Questions? Please contact \_\_\_\_\_

