



# PENNSYLVANIA OVERTIME RULE

## Employee Fact Sheet

The Department of Labor & Industry (L&I) amended the Minimum Wage Act's regulations to expand eligibility for overtime and strengthen protections for Pennsylvanians to ensure employees who work overtime are fairly and fully compensated for their labor. L&I's final Rule modernizes overtime rules, clarifies requirements, and updates the salary threshold to reflect current wages paid to Pennsylvanians working in executive, administrative, and professional occupations.

Pennsylvania's Overtime Rule was published in the PA Bulletin on Oct. 3, 2020 and ensures that the duties for executive, administrative and professional workers more closely align to the federal overtime regulations.

The federal Fair Labor Standards Act's rule took effect on January 1, 2020 raising the federal overtime salary threshold to \$35,568.

Pennsylvania's Overtime Rule more closely aligns with the federal Fair Labor Standards Act's regulations; however, L&I's Rule sets the minimum salary at \$45,500 and phases in an increase over three steps:

- **\$684 per week, \$35,568 annually (per federal rule), on January 1, 2020;**
- \$780 per week, \$40,560 annually on October 3, 2021; and
- \$875 per week, \$45,500 annually on October 3, 2022.

Starting in 2023, the salary threshold will adjust automatically every three years.

Pennsylvania's Overtime Rule also allows up to 10 percent of the salary threshold to be satisfied by nondiscretionary bonuses, incentives, and commissions, paid annually, quarterly or more frequently.

### **Minimum Wage Exemption for Executive, Administrative, and Professional Employees**

The Pennsylvania Minimum Wage Act requires employers to pay their employees at a rate of not less than \$7.25 an hour for all hours worked and an overtime rate of 1.5 times the employee's regular rate of pay for all hours worked above 40 in a workweek.

However, the Minimum Wage Act provides an exemption from both minimum wage and overtime pay for employees employed in a bona fide executive, administrative, or professional capacity. To qualify for the exemption, employees must meet certain tests regarding their salary and their job duties. **Being paid a salary does not automatically qualify an employee for one of these exemptions. Furthermore, job titles do not determine exempt status.**