



# PENNSYLVANIA OVERTIME RULE

## Employer Fact Sheet

The Department of Labor & Industry (L&I) amended the Minimum Wage Act's regulations to clarify requirements and update salary thresholds to reflect the 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 rule, making it easier for employers to know if a worker qualifies.

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 rule; however, L&I's Rule sets the minimum salary at \$45,500 and phases in the increase in 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.

In addition to the salary threshold update, Pennsylvania also updated the duties tests to more closely align with the U.S. Department of Labor's regulations making it easier for employers to comply with the law and for employees to know if they should be classified as an exempt or non-exempt executive, administrative, or professional employee. Paying an employee a salary does not automatically make them exempt from overtime. The employee must also perform duties specified under the Rule.