



# PENNSYLVANIA OVERTIME RULE

## Employer Fact Sheet

The Department of Labor & Industry (L&I) amended the Minimum Wage Act 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 Rules were published in the PA Bulletin on Oct. 3, 2020 and ensure that the duties for executive, administrative and professional workers more closely align to the federal overtime regulation, making it easier for employers to know if a worker qualifies.

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

Pennsylvania's Overtime Rules align with the federal Fair Standards Labor Act; however, L&I's rules have set the minimum salary at \$45,500 and the increase will be phased in 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 Rules also allow 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 align with the U.S. Department of Labor's 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.