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Strength in Numbers 95,000

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LEGISLATIVE ACTION ALERT

New overtime rules go into effect Saturday in Pennsylvania, more workers eligible

Friday, October 2, 2020

According to an article posed on line by Paul Guggenheimer, staff writer for Triblive®, workers making about \$35,600 or less per year are eligible for overtime beginning Saturday in Pennsylvania. That's when the state's new overtime rule takes effect.

"Tomorrow marks the first update to the commonwealth's overtime regulations in more than four decades," Department of Labor and Industry Secretary Jerry Oleksiak said in a statement released Friday.

However, the new regulations won't have any impact on employers or employees this year because they only bring the state threshold up to the federal level already in place. The Department of Labor and Industry is increasing the minimum annual salary threshold for overtime in three steps: \$35,568 a year starting Saturday; \$40,560 in October 2021 and \$45,500 in October 2022.

Beginning in 2023, the salary threshold will adjust automatically every three years with up to 10% of the salary threshold to be satisfied by

nondiscretionary bonuses, incentives and commissions.

Under the new state regulations, about 34,000 more Pennsylvania workers will be eligible for overtime pay next year and another 48,000 in 2022, according to the Economics Policy Institute (EPI).

According to EPI estimates, 63% of those impacted by the new regulations are women and 16% are minorities.

"This final rule ensures that employees who work overtime are fairly and fully compensated for their labor in accordance with the original intent of the Pennsylvania Minimum Wage Act," Oleksiak said.

With a few exceptions, those now eligible for overtime include all hourly employees who work more than 40 hours per week, most salaried employees who work more than 40 hours a week and earn less than the salary threshold, and most salaried employees who don't perform executive, administrative, or professional duties, regardless of how much they are paid.

See full article at: <https://triblive.com/local/regional/new-overtime-rules-go-into-effect-saturday-in-pennsylvania/>

Attachments: [Overtime Poster - 8.5x11](#)

[Employee Overtime Fact Sheet](#)





PENNSYLVANIA OVERTIME RULE SUMMARY

The Pennsylvania Overtime Rules updates salary thresholds to reflect current wages paid to Pennsylvanians in executive, administrative and professional occupations and updates the duties tests for these occupations.

JANUARY 1, 2020

This new rule will raise the salary threshold to determine overtime eligibility for salaried executive, administrative, and professional workers from the federal overtime salary threshold of \$455 per week, \$23,660 annually, to \$875 per week, \$45,500 annually.

This 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, extending overtime eligibility to 143,000 workers in three years.

Are you eligible for Overtime?

ELIGIBLE for Overtime

With a few exceptions, all hourly employees who work more than 40 hours per week

Most salaried employees who work more than 40 hours per week and earn less than the salary threshold regardless of their job duties

Most salaried employees who work more than 40 hours per week and do not perform executive, administrative, or professional duties, regardless of how much they are paid

Starting in 2023, the salary threshold will adjust automatically every three years. Please check the Department's website for the threshold amount and to determine whether you perform duties to qualify for the executive, administrative or professional exemptions.

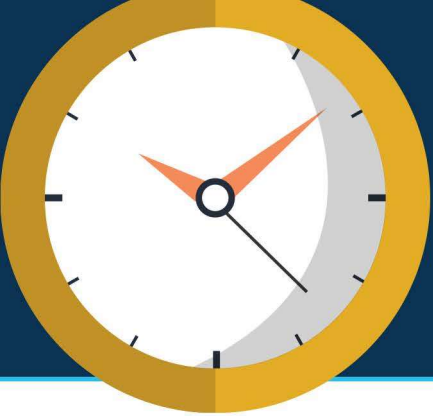
NOT ELIGIBLE for Overtime

Salaried employees who perform executive, administrative, or professional duties and make more than the salary threshold per year

Other occupations exempted by the Minimum Wage Act

More Information

Call 1-800-932-0665
Bureau of Labor Law Compliance
Email RA-LI-SLMR-LLC@pa.gov
www.dli.pa.gov



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.**