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Pennsylvania Increases Salary Threshold for Overtime Exemptions

On Oct. 2, 2020, the Pennsylvania Department of Labor and Industry announced a new overtime rule that increases the salary threshold that must be satisfied for executive, administrative and professional (EAP) employees to qualify for an overtime wage payment exemption.

- **The effective date is October 3, 2020.**
- The Commonwealth estimates that an additional 143,000 employees will now be eligible for overtime pay.
- The new rule also ensures that the duties tests for executive, administrative and professional workers more closely align to those in the federal Fair Labor Standards Act's (FLSA) overtime regulations.

The federal FLSA regulations that took effect on Jan. 1, 2020, raised the federal overtime salary threshold to \$35,568. While Pennsylvania’s overtime rule aligns more closely with the FLSA, Labor and Industry has set the minimum salary threshold at a higher level-- \$45,500, and the increase will be phased in three steps:

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

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

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 do NOT perform executive, administrative or professional duties, regardless of how much they are paid

Not Eligible for Overtime

- 1) Salaried employees who perform executive, administrative or professional duties and make more than the salary threshold per year.
 - ⇒ Being paid a salary, on its own, does not automatically qualify employees for an EAP exemption. Employees must satisfy every term and condition of an applicable exemption. Actual job responsibilities, rather than job title, determine an employee's exemption status.
- 2) Other occupations exempted by the Minimum Wage Act

For more information as to how trinity may be able to assist you with this or any other people-related matter:

- **E mail Trinity at info@TrinityHR.net**
- **Visit our website at www.TrinityHR.net**
- **Call us at 856.905.1762 or Toll Free at 877.228.6810**

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