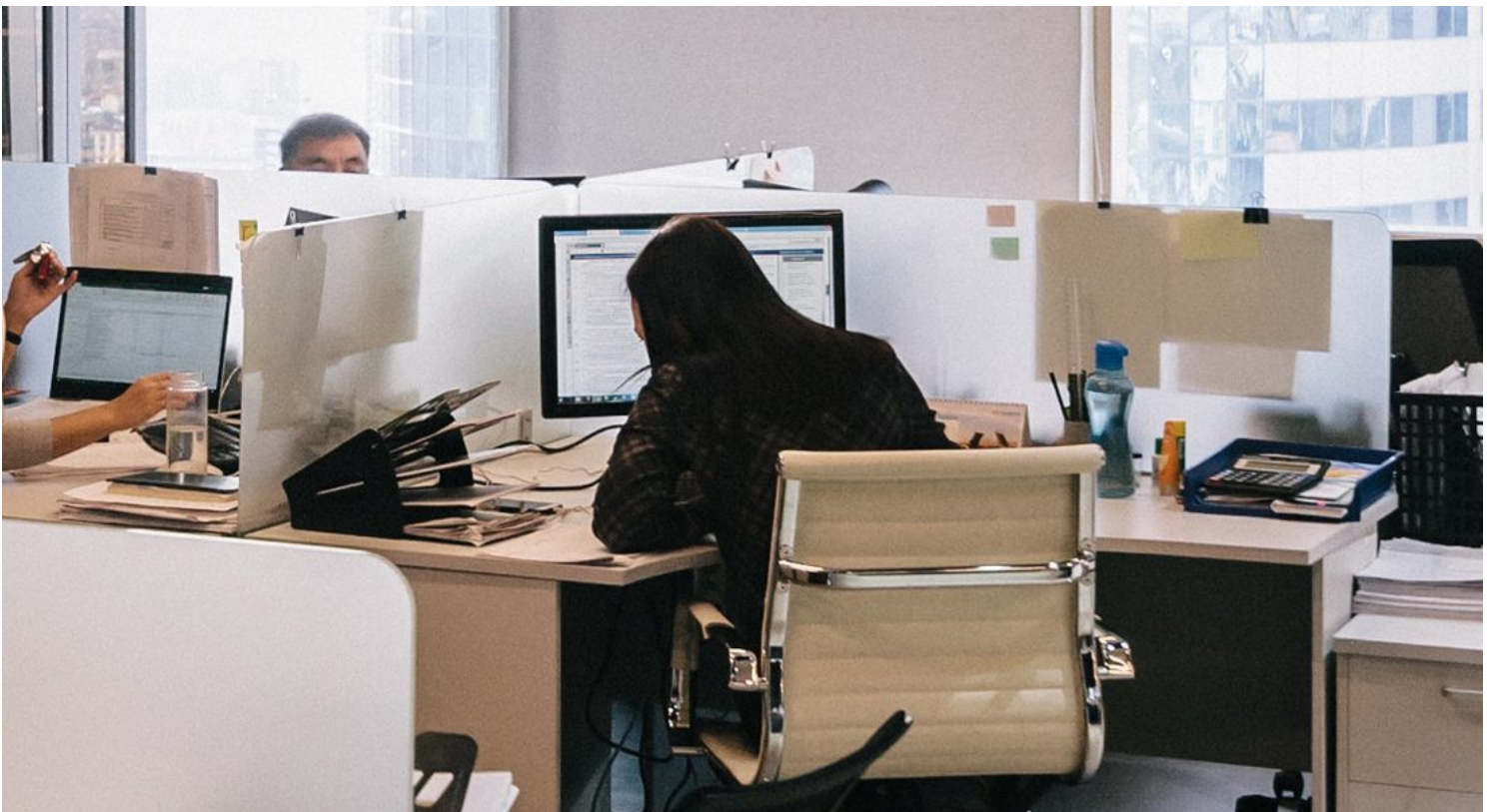


NEWS & INSIGHTS

Pennsylvania updates overtime rules to expand eligibility to more than 100,000 additional employees

BY: [STEPHEN J. FLEURY, JR.](#) | [INSIGHTS](#) | [LEGAL UPDATE](#)

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The Pennsylvania Department of Labor & Industry (L&I) recently announced updates to the Commonwealth's overtime regulations that will dramatically expand the number of employees eligible for overtime over the next two years. Beginning October 3, 2021, the minimum salary required to avoid overtime compensation for "white collar" (i.e. executive, administrative and professional) workers will increase from the current federally mandated \$35,568 to \$40,560. Pennsylvania's minimum salary threshold will again increase to \$45,500 effective October 3, 2022.

These increases to the minimum salary threshold represent a substantial increase over the federal minimum salary level which itself was significantly increased effective January 1, 2020. This difference may very well grow even greater during the next several years as state adjustments after 2022 are automatic every three years, while the U.S. Department of Labor must initiate future federal adjustments through the cumbersome rulemaking process.

Other important differences between federal and state overtime regulations remain. For example, Pennsylvania does not recognize the highly compensated employee exemption which allows employers to avoid paying overtime if an employee earns at least \$107,432. Additionally, unlike the federal regulations, Pennsylvania does not recognize an overtime exemption for certain computer professionals (e.g., computer systems analysts, computer programmers and software engineers).

Impact for employers

Given the pending changes, employers should use the next several months to conduct an internal audit of their workforce with respect to both job duties and salary levels. Where appropriate, employers will need to be prepared to either increase salaries or reclassify workers as non-exempt. For those reclassified employees, training should be implemented concerning timekeeping and how certain common activities that they may have earlier performed – for example, reviewing and sending emails after-hours or during the weekend – likely constitute compensable work time.

Seek legal counsel

Saxton & Stump attorneys [Rick Hackman](#), [Steve Fleury](#), and [Morgan Hays](#) are available to discuss the impact of the updated overtime regulations on your business and how our [Labor and Employment](#) team can help you prepare.

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