

Commonwealth of Pennsylvania Enhanced Minimum Wage Provision

In March 2016, Commonwealth Executive Order 2016-02 'Minimum Wage for Employees of the Commonwealth and of Organizations Receiving State Contracts' was enacted. This order was amended effective January 31, 2022, increasing the state contractor minimum wage to \$15/hour:

https://www.oa.pa.gov/Policies/eo/Documents/2016_02.pdf.

An additional bulletin was published on March 4, 2023, increasing the state contractor minimum wage to \$16.17/hour effective July 31, 2023:

<https://www.pacodeandbulletin.gov/Display/pabull?file=/secure/pabulletin/data/vol53/53-9/280.html>

An additional bulletin was published on March 23, 2024, increasing the state contractor minimum wage to \$16.74/hour effective July 1, 2024:

<https://www.pacodeandbulletin.gov/Display/pabull?file=/secure/pabulletin/data/vol54/54-12/387.html>

This executive order is included in the new COP Master Agreement but will be followed by Penn State for all awards and agreement types (purchase orders, grants, contracts, etc.). Penn State will also follow these wage requirements whether Commonwealth or federal pass-through funding and for all subagreements where the COP is the prime sponsor.

Minimum wage requirements for individuals working on Commonwealth agreements

If the agreement was executed **prior to January 31, 2022** and has not been modified to incorporate the amended Executive Order:

Effective July 1, 2021, the minimum wage will be \$13.50/hour and increase by fifty cents per hour each July 1 until July 1, 2024, at which time it will be \$15/hour.

If the agreement was executed or modified **January 31, 2022 or later**:

Effective July 1, 2022, the minimum wage will be \$15.00/hour.
Effective July 1, 2023, the minimum wage will be \$16.17/hour.
Effective July 1, 2024, the minimum wage will be \$16.74/hour.

Beginning 2023 and thereafter, the minimum wage rate will be increased by an annual cost-of-living adjustment using the percentage change in the Consumer Price Index for All Urban Consumers (CPIU) for Pennsylvania, New Jersey, Delaware and Maryland. The application amount shall be published in the Pennsylvania Bulletin by March 1 of each year to be effective the following July 1.

Exceptions. These Enhanced Minimum Wage Provisions shall not apply to employees:

- 1) Exempt from the minimum wage under the Minimum Wage Act of 1968
- 2) Covered by a collective bargaining agreement
- 3) Required to be paid a higher wage under another state or federal law governing the services, including the Prevailing Wage Act and Davis-Bacon Act, or
- 4) Required to be paid a higher wage under any state or local policy or ordinance

1. **Notice.** UNIVERSITY shall post these Enhanced Minimum Wage Provisions for the entire period of the contract conspicuously in easily accessible and well-lighted places customarily frequented by employees at or near where the contracted services are performed.
2. **Records.** UNIVERSITY must maintain and, upon request and within the time periods requested by the Commonwealth, furnish all employment and wage records necessary to document compliance with these Enhanced Minimum Wage Provisions.
3. **Sanctions.** Failure to comply with these Enhanced Minimum Wage Provisions may result in the imposition of sanctions, which may include, but shall not be limited to, termination of the agreement, nonpayment, debarment, or referral to the Commonwealth's Office of General Counsel for appropriate civil or criminal referral.
4. **Subcontractors.** Penn State shall include the provisions of these Enhanced Minimum Wage Provisions in every subcontract/subaward so that these provisions will be binding upon each subcontractor/subawardee.

Last updated April 15, 2024