

White Collar Exemption Chart (Effective August 23, 2004)

	Fact Sheet: DoI Website Federal Standard Test	Pa State Law Cited in Pa. Code §231.81, §231.82, §231.83, §231.84, §231.85
EXECUTIVE BUSINESS OWNERS	1) Under a special rule for business owners, an employee who owns at least a bona fide 20 percent equity interest in the enterprise in which employed, regardless of the type of business organization (e.g., corporation, partnership, or other), and are actively engaged in the management of the business organization.	
HIGHLY COMPENSATED EMPLOYEES	1) Highly compensated employees performing office or non-manual work and paid a total annual salary of \$100,000 or more (which must include at least \$455 per week paid on a salary basis) 2) The employee's primary duty includes performing office or non manual work 3) The employee customarily and regularly performs at least one of the duties of an exempt executive, administrative or professional employee identified in the standard tests for exemption.	
EXECUTIVES	1) The employee must be compensated on a salary basis (as defined in the regulations) at a rate not less than \$455 per week. 2) The employee's primary duty is managing an enterprise or a recognized department or subdivision of the enterprise. 3) The employee must customarily and regularly direct the work of at least two or more full-time employees or their equivalent. 3) The employee must have the authority to hire or fire other employees, or the employee's suggestions and recommendations as to hiring, firing, advancement, promotion, or other change of status of other employees are given particular weight. Primary Duty "Primary duty" means the principal, main, major or most important duty that the employee performs. Determination of an employee's primary duty must be based on all the facts in a particular case, with the major emphasis on the character of the employee's job as a whole. Management Generally, "management" includes, but is not limited to, activities such as interviewing, selecting, and training of	Employment in a bona fide executive capacity means work by an individual: 1) Whose primary duty consists of the management of the enterprise in which he is employed or of a customarily recognized department or subdivision. 2) Who customarily and regularly directs the work of two or more people. 3) Who has the authority to hire or fire other employees or whose suggestions and recommendations as to the hiring or firing and as to the advancement and promotion or any other change of status of other employees will be given particular weight. 4) Who customarily and regularly exercises discretionary powers. 5) Who does not devote more than 20%, or in the case of an employee of a retail or service establishment, who does not devote as much as 40% of his hours of work in the workweek to activities which are not directly and closely related to the performance of the work described in paragraphs one through four, provided that this paragraph may not apply in the case of an employee who is sole charge of an independent establishment or a physically separated branch establishment or who owns at least 20% interest in the enterprise in which he is employed. 6) Who is compensated for his services on

EXECUTIVES (cont)	<p>employees; setting and adjusting their rates of pay and hours of work; directing the work of employees; maintaining production or sales records for use in supervision or control; appraising employees' productivity and efficiency for the purpose of recommending promotions or other changes in status; handling employee complaints and grievances; disciplining employees; planning the work; determining the techniques to be used; apportioning the work among the employees; determining the type of materials, supplies, machinery, equipment or tools to be used or merchandise to be bought, stocked and sold; controlling the flow and distribution of materials or merchandise and supplies; providing for the safety and security of the employees or the property; planning and controlling the budget; and monitoring or implementing legal compliance measures.</p> <p>Department or Subdivision The phrase "a customarily recognized department or subdivision" is intended to distinguish between a mere collection of employees assigned from time to time to a specific job or series of jobs and a unit with permanent status and function.</p> <p>Customarily and Regularly The phrase "customarily and regularly" means greater than occasional but less than constant; it includes work normally done every workweek, but does not include isolated or one-time tasks.</p> <p>Two or More The phrase "two or more other employees" means two full-time employees or their equivalent. For example, one full-time and two half-time employees are equivalent to two full-time employees. The supervision can be distributed among two, three or more employees, but each such employee must customarily and regularly direct the work of two or more other full-time employees or the equivalent. For example, a department with five full-time nonexempt workers may have up to two exempt supervisors if each supervisor directs the work of two of those workers.</p> <p>Particular Weight Factors to be considered in determining whether an employee's recommendations as to hiring, firing, advancement, promotion or any other change of status are given "particular weight" include, but are not limited to, whether it is part of the employee's job duties to make such recommendations, and the frequency with which such recommendations are made, requested, and relied upon. Generally, an executive's recommendations must pertain to employees whom the executive customarily and regularly directs. It does</p>	<p>a salary basis at a rate of not less than \$155 per week, exclusive of board, lodging or other facilities, provided that an employee who is compensated on a salary basis at a rate of not less than \$250 per week, exclusive of board, lodging or other facilities, and whose primary duty consists of the management of the enterprise in which he is employed or of a customarily recognized department or subdivision thereof, and includes the customary and regular direction of the work of two or more other employees therein shall be deemed to meet all the requirements of this section.</p>
-------------------	---	--

EXECUTIVES (cont)	not include occasional suggestions. An employee's recommendations may still be deemed to have "particular weight" even if a higher level manager's recommendation has more importance and even if the employee does not have authority to make the ultimate decision as to the employee's change in status.	
ADMINISTRATIVE EMPLOYEES	<p>1) The employee must be compensated on a salary basis (as defined in the regulations) at a rate not less than \$455 per week.</p> <p>2) The employee's primary duty must be the performance of office or non manual work directly related to the management of the business operations of the employer or the employer's customers.</p> <p>3) The employee's primary duty includes the exercise of discretion and independent judgment with respect to matters of significance.</p> <p>Directly Related to Management or General Business Operations To meet the "directly related to management or general business operations" requirement, an employee must perform work directly related to assisting with the running or servicing of the business, as distinguished, for example from working on a manufacturing production line or selling a product in a retail or service establishment. Work "directly related to management or general business operations" includes, but is not limited to, work in functional areas such as tax; finance; accounting; budgeting; auditing; insurance; quality control; purchasing; procurement; advertising; marketing; research; safety and health; personnel management; human resources; employee benefits; labor relations; public relations; government relations; computer network, Internet and database administration; legal and regulatory compliance; and similar activities. Employer's Customers An employee may qualify for the administrative exemption if the employee's primary duty is the performance of work directly related to the management or general business operations of the employer's customers. Thus, employees acting as advisors or consultants to their employer's clients or customers — as tax experts or financial consultants, for example — may be exempt.</p> <p>Discretion and Independent Judgment In general, the exercise of discretion and independent judgment involves the comparison and the evaluation of possible</p>	<p>Employment in a bona fide administrative capacity means work by an individual:</p> <p>1) Whose primary duty consists of the performance of office or non manual work directly related to management policies or general operation of his employer or the customers of the employer.</p> <p>2) Who customarily and regularly exercises discretion and independent judgment.</p> <p>3) Who regularly and directly assists an employer or an employee employed in a bona fide executive or administrative capacity, who performs under only general supervision work along specialized or technical lines requiring special training, experience or knowledge, or who executes under only general supervision special assignments and tasks.</p> <p>4) Who does not devote more than 20% of time worked in a workweek, or in the case of an employee of a retail or service establishment, who does not devote more than 40% of his hours of work in the workweek to activities which are not directly and closely related to the performance of the work described in paragraphs one through three.</p> <p>5) Who is paid for his services a salary of not less than \$155 per week, exclusive of board, lodging or other facilities, provided that an employee who is compensated on a salary or fee basis at a rate of not less than \$250 per week, exclusive of board, lodging or other facilities and whose primary duty consists of the performance of work described in paragraph one., which includes work requiring the exercise of discretion and independent judgment, shall be deemed to meet all the requirements of this section.</p>

ADMINISTRATIVE
EMPLOYEES (cont)

courses of conduct and acting or making a decision after the various possibilities have been considered. The term must be applied in the light of all the facts involved in the employee's particular employment situation, and implies that the employee has authority to make an independent choice, free from immediate direction or supervision. Factors to consider include, but are not limited to: whether the employee has authority to formulate, affect, interpret, or implement management policies or operating practices; whether the employee carries out major assignments in conducting the operations of the business; whether the employee performs work that affects business operations to a substantial degree; whether the employee has authority to commit the employer in matters that have significant financial impact; whether the employee has authority to waive or deviate from established policies and procedures without prior approval, and other factors set forth in the regulation. The fact that an employee's decisions are revised or reversed after review does not mean that the employee is not exercising discretion and independent judgment. The exercise of discretion and independent judgment must be more than the use of skill in applying well-established techniques, procedures or specific standards described in manuals or other sources.

Matters of Significance

The term "matters of significance" refers to the level of importance or consequence of the work performed. An employee does not exercise discretion and independent judgment with respect to matters of significance merely because the employer will experience financial losses if the employee fails to perform the job properly. Similarly, an employee who operates very expensive equipment does not exercise discretion and independent judgment with respect to matters of significance merely because improper performance of the employee's duties may cause serious financial loss to the employer.

Educational Establishments and Administrative Functions

The administrative exemption is also available to employees compensated on a salary or fee basis at a rate not less than \$455 a week and whose primary duty is performing administrative functions directly related to academic instruction or training in an educational establishment. Academic administrative functions include operations directly in the field of education, and do not include jobs relating to areas outside the educational field. Employees engaged in academic administrative functions include: the superintendent or other head of an elementary or secondary school system,

<p>ADMINISTRATIVE EMPLOYEES (cont)</p>	<p>and any assistants responsible for administration of such matters as curriculum, quality and methods of instructing, measuring and testing the learning potential and achievement of students, establishing and maintaining academic and grading standards, and other aspects of the teaching program; the principal and any vice-principals responsible for the operation of an elementary or secondary school; department heads in institutions of higher education responsible for the various subject matter departments; academic counselors and other employees with similar responsibilities.</p>	
<p>LEARNED PROFESSIONALS</p>	<p>1) The employee must be compensated on a salary basis (as defined in the regulations) at a rate not less than \$455 per week.</p> <p>2) The employee's primary duty must be the performance of work requiring advanced knowledge, defined as work which is predominantly intellectual in character and which includes work requiring the constant exercise of discretion and judgment.</p> <p>3) The advanced knowledge must be in a field of science or learning.</p> <p>4) The advanced knowledge must be customarily acquired by a prolonged course of specialized intellectual instruction.</p> <p>Work Requiring Advanced Knowledge "Work requiring advanced knowledge" means work which is predominantly intellectual in character, and which includes work requiring the consistent exercise of discretion and judgment. Professional work is therefore distinguished from work involving routine mental, manual, mechanical or physical work. A professional employee generally uses the advanced knowledge to analyze, interpret or make deductions from varying facts or circumstances. Advanced knowledge cannot be attained at the high school level.</p> <p>Field of Science or Learning Fields of science or learning include law, medicine, theology, accounting, actuarial computation, engineering, architecture, teaching, various types of physical, chemical and biological sciences, pharmacy and other occupations that have a recognized professional status and are distinguishable from the mechanical arts or skilled trades where the knowledge could be of a fairly advanced type, but is not in a field of science or learning.</p> <p>Customarily Acquired by a Prolonged Course of Specialized Intellectual Instruction</p>	<p>Employment in a bona fide professional capacity means work by an individual:</p> <p>1) Whose primary duty consists of the performance of work requiring knowledge of an advanced type in a field of science or learning customarily acquired by a prolonged course of specialized instruction and study or the performance of work that is original and creative in character in a recognized field of artistic endeavor.</p> <p>2) Whose work requires the consistent exercise of discretion and judgment in its performance.</p> <p>3) Whose work is predominately intellectual and varied in character, as opposed to routine mental, manual, mechanical or physical work, and is of such a character that the output produced or the result accomplished cannot be standardized in relation to a given period of time.</p> <p>4) Who does not devote more than 20% of time worked in the workweek to activities which are not an essential part of and necessarily incident of the work described in paragraphs one through three.</p> <p>5) Who is compensated for his services on a salary or fee basis at a rate of not less than \$170 per week, exclusive of board, lodging or other facilities, provided that an employee who is compensated on a salary or fee basis at a rate of not less than \$250 per week, exclusive of board, lodging or other facilities, and whose primary duty consists of the performance of work described in paragraph one, which includes work requiring the consistent exercise of discretion and judgment, or the performance of work requiring invention, imagination or talent in a recognized field of artistic endeavor, shall be deemed to meet all of the requirements of this section.</p>

<p>LEARNED PROFESSIONALS (cont)</p>	<p>The learned professional exemption is restricted to professions where specialized academic training is a standard prerequisite for entrance into the profession. The best evidence of meeting this requirement is having the appropriate academic degree. However, the word "customarily" means the exemption may be available to employees in such professions who have substantially the same knowledge level and perform substantially the same work as the degreed employees, but who attained the advanced knowledge through a combination of work experience and intellectual instruction. This exemption does not apply to occupations in which most employees acquire their skill by experience rather than by advanced specialized intellectual instruction.</p>	
<p>CREATIVE PROFESSIONALS</p>	<p>1) The employee must be compensated on a salary basis (as defined in the regulations) at a rate not less than \$455 per week.</p> <p>2) The employee's primary duty must be the performance of work that requires invention, imagination, originality, or talent in a recognized field of artistic or creative endeavor.</p> <p>Invention, Imagination, Originality or Talent This requirement distinguishes the creative professions from work that primarily depends on intelligence, diligence and accuracy. Exemption as a creative professional depends on the extent of the invention, imagination, originality or talent exercised by the employee. Whether the exemption applies, therefore, must be determined on a case-by-case basis. The requirements are generally met by actors, musicians, composers, soloists, certain painters, writers, cartoonists, essayists, novelists, and others as set forth in the regulations. Journalists may satisfy the duties requirements for the creative professional exemption if their primary duty is work requiring invention, imagination, originality or talent. Journalists are not exempt creative professionals if they only collect, organize and record information that is routine or already public, or if they do not contribute a unique interpretation or analysis to a news product.</p> <p>Recognized Field of Artistic or Creative Endeavor This includes such fields as, for example, music, writing, acting and the graphic arts.</p> <p>Teachers Teachers are exempt if their primary duty is teaching, tutoring, instructing or lecturing in the activity of imparting knowledge, and if they are employed and</p>	

<p>CREATIVE PROFESSIONALS</p>	<p>engaged in this activity as a teacher in an educational establishment. Exempt teachers include, but are not limited to, regular academic teachers; kindergarten or nursery school teachers; teachers of gifted or disabled children; teachers of skilled and semi-skilled trades and occupations; teachers engaged in automobile driving instruction; aircraft flight instructors; home economics teachers; and vocal or instrument music teachers. The salary and salary basis requirements do not apply to bona fide teachers.</p> <p>Practice of Law or Medicine An employee holding a valid license or certificate permitting the practice of law or medicine is exempt if the employee is actually engaged in such a practice. An employee who holds the requisite academic degree for the general practice of medicine is also exempt if he or she is engaged in an internship or resident program for the profession. The salary and salary basis requirements do not apply to bona fide practitioners of law or medicine.</p>	
<p>OUTSIDE SALES EMPLOYEE</p>	<p>1) No salary requirement.</p> <p>2) The employee's primary duty must be making sales (as defined in the FLSA), or of obtaining orders or contracts for services or for the use of facilities for which a consideration will be paid by the client or customer.</p> <p>3) The employee must be customarily and regularly engaged away from the employer's place or places of business.</p> <p>Making Sales "Sales" includes any sale, exchange, contract to sell, consignment for sales, shipment for sale, or other disposition. It includes the transfer of title to tangible property, and in certain cases, of tangible and valuable evidences of intangible property.</p> <p>Obtaining Orders or Contracts for Services or for the Use of Facilities Obtaining orders for "the use of facilities" includes the selling of time on radio or television, the solicitation of advertising for newspapers and other periodicals, and the solicitation of freight for railroads and other transportation agencies. The word "services" extends the exemption to employees who sell or take orders for a service, which may be performed for the customer by someone other than the person taking the order.</p> <p>Customarily and Regularly The phrase "customarily and regularly" means greater than occasional but less</p>	<p>Outside salesman means an employee who is employed for the purpose of and who is customarily and regularly engaged more than 80% of work time away from the employer's places or places of business in the following manner:</p> <p>1) Making sales, including any sale, exchange, contract to sell, consignment for sale, or other disposition or selling, and delivering articles or goods.</p> <p>2) Obtaining orders or contracts for the use of facilities for which a consideration will be paid by the client or customer. In addition, the employee may not spend more than 20% of the hours worked in any week in work of nature not directly related to and in conjunction with the making of sales; provided however, that work performed incidental and in conjunction with the employee's own outside sales or solicitations, including incidental deliveries and collections, shall be not regarded an nonexempt work.</p>

<p>OUTSIDE SALES EMPLOYEE (cont)</p>	<p>than constant; it includes work normally done every workweek, but does not include isolated or one-time tasks.</p> <p>Away from Employer's Place of Business An outside sales employee makes sales at the customer's place of business, or, if selling door-to-door, at the customer's home. Outside sales does not include sales made by mail, telephone or the Internet unless such contact is used merely as an adjunct to personal calls. Any fixed site, whether home or office, used by a salesperson as a headquarters or for telephonic solicitation of sales is considered one of the employer's places of business, even though the employer is not in any formal sense</p> <p>Promotion Work Promotion work may or may not be exempt outside sales work, depending upon the circumstances under which it is performed. Promotional work that is actually performed incidental to and in conjunction with an employee's own outside sales or solicitations is exempt work. However, promotion work that is incidental to sales made, or to be made, by someone else is not exempt outside sales work.</p> <p>Drivers Who Sell Drivers who deliver products and also sell such products may qualify as exempt outside sales employees only if the employee has a primary duty of making sales. Several factors should be considered in determining whether a driver has a primary duty of making sales, including a comparison of the driver's duties with those of other employees engaged as drivers and as salespersons, the presence or absence of customary or contractual arrangements concerning amounts of products to be delivered, whether or not the driver has a selling or solicitor's license when required by law, the description of the employee's occupation in collective bargaining agreements, and other factors set forth in the regulation.</p>	
<p>COMPUTER-RELATED OCCUPATIONS</p>	<p>1) The employee must be compensated either on a salary or fee basis at a rate not less than \$455 per week, or on an hourly basis, they are paid at least \$27.63 an hour.</p> <p>2) The employee must be employed as a computer systems analyst, computer programmer, software engineer or other similarly skilled worker in the computer field performing the duties described below;</p> <ul style="list-style-type: none"> • The application of systems analysis techniques and procedures, to include 	

<p>COMPUTER-RELATED OCCUPATIONS (cont)</p>	<p>consulting with users in order to determine hardware, software, or system functional applications;</p> <ul style="list-style-type: none"> • The design, development, documentation, analysis, creation, testing, or modification of computer systems or programs, including prototypes, based on and related to user or system design specifications; • The design, documentation, testing, creation, or modification of computer programs related to machine operating systems; or • A combination of the above duties, the performance of which requires the same level of skills. 	
--	--	--

Where to Obtain Additional Federal Information

The Department of Labor provides this information to enhance public access to information on its programs. This publication is for general information and is not to be considered in the same light as official statements of position contained in the regulations.

For more information regarding the FLSA, visit the Wage and Hour Division’s Web site at www.wagehour.dol.gov or call our toll-free help line, available from 8 a.m. to 5 p.m. in your time zone, at 1-866-4US-WAGE (1-866-487-9243).

Copies of Wage and Hour publications also may be obtained from any office of the Wage and Hour Division. To locate the nearest Wage and Hour Division office, telephone the toll-free help line or visit our Web site for a complete listing of offices.

When the state laws differ from the federal FLSA, an employer must comply with the standard most protective to employees. Links to your state labor department can be found at www.dol.gov/esa/contacts/state_of.htm.