

# THE GOVERNOR

## Title 4—ADMINISTRATION

### PART I. GOVERNOR'S OFFICE

[ 4 PA. CODE CH. 1 ]

[ EXECUTIVE ORDER NO. 2016-02 ]

### Minimum Wage for Employees of the Commonwealth and of Organizations Receiving State Contracts

March 7, 2016

*Whereas*, the inflation-adjusted hourly earnings of the bottom fifth of Pennsylvania workers are lower today than they were in 1979; and

*Whereas*, the current minimum wage of \$7.25 per hour has 18 percent less purchasing power than the minimum wage had in 1979; and

*Whereas*, the decline in the purchasing power of the minimum wage is the major reason why the earnings of the lowest-paid Pennsylvanians have fallen; and

*Whereas*, a full-time, year-round worker earning the current minimum wage earns less than the federal poverty threshold for a family of two; and

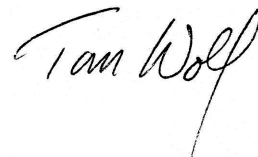
*Whereas*, studies have consistently shown that increases in the minimum wage have not reduced the employment of low-wage workers; and

*Whereas*, an increase in the minimum wage will lead to increases in employee morale, productivity, and quality of work and decreases in turnover and the costs of training and supervision; and

*Whereas*, it is the policy of this administration to increase efficiency and achieve cost savings in state government; and

*Whereas*, an increase in the minimum wage will achieve efficiency and cost savings for state government and reduce state expenditures on income support programs;

*Now, Therefore*, I, Tom Wolf, Governor of the Commonwealth of Pennsylvania, by the virtue of the authority vested in me by the Constitution and laws of the Commonwealth of Pennsylvania do hereby direct the following.



Governor

**Fiscal Note:** GOV-16-02. (1) Multiple Funds; (2) Implementing Year 2015-16 is \$1,372,259; (3) 1st Succeeding Year 2016-17 is \$4,116,776; 2nd Succeeding Year 2017-18 is \$4,251,718; 3rd Succeeding Year 2018-19 is \$4,320,839; 4th Succeeding Year 2019-20 is \$4,391,083; 5th Succeeding Year 2020-21 is \$4,462,470; (4) 2014-15 Program—\$0; 2013-14 Program—\$0; 2012-13 Program—\$0; (7) Multiple Appropriations; (8) recommends adoption. Agency General Government Operations appropriations are able to absorb the increased cost in 2015-16.

## Annex A

## TITLE 4. ADMINISTRATION

## PART I. GOVERNOR'S OFFICE

## CHAPTER 1. AGENCY OPERATION AND ORGANIZATION

Subchapter EEE. MINIMUM WAGE FOR EMPLOYEES OF THE  
COMMONWEALTH AND OF ORGANIZATIONS RECEIVING STATE  
CONTRACTS

Sec.	
1.841.	Minimum wage.
1.842.	Coverage.
1.843.	Implementation.
1.844.	Sanctions.
1.845.	Application.
1.846.	Effective dates.

**§ 1.841. Minimum wage.**

All employees covered by this subchapter, other than tipped employees, shall be paid no less than:

(1) \$10.15 per hour after the effective date of this subchapter.

(2) Beginning January 1, 2017, and annually thereafter, an amount that is no less than the amount previously in effect; increased from this amount by the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (United States city average, all items, not seasonally adjusted), or its successor publication as determined by the United States Bureau of Labor Statistics; and rounded to the nearest multiple of \$0.05. The applicable adjusted amount will be published in the *Pennsylvania Bulletin* by March 1 of each year to be effective the following July 1.

**§ 1.842. Coverage.**

For the purpose of this subchapter, "employee" is defined as in section 3 of The Minimum Wage Act of 1968 (43 P.S. § 333.103). Employees exempt from the minimum wage under The Minimum Wage Act of 1968 (43 P.S. §§ 333.101—333.115) are not covered by this subchapter. The employees covered by this subchapter are:

(1) Employees of Commonwealth agencies under the jurisdiction of the Governor.

(2) Employees who meet any of the following, when the service, construction or ancillary service is called for in a new lease of property or contract for services or construction exceeding the applicable small purchase threshold entered into with a Commonwealth agency under the jurisdiction of the Governor, or bilateral modifications to existing leases or contracts, entered into after the effective date of this subchapter:

(i) Directly perform services or construction.

(ii) Directly perform services for the Commonwealth and are employed by a lessor of property to the Commonwealth.

(iii) Spend at least 20% of their working time in a given work week performing an ancillary service.

**§ 1.843. Implementation.**

All Commonwealth agencies under the jurisdiction of the Governor shall take all steps necessary to implement this subchapter. Independent agencies, State-affiliated entities and State-related institutions are also strongly encouraged to implement this subchapter.

**§ 1.844. Sanctions.**

Failure of a covered contractor or lessor to comply with this subchapter may result in the imposition of sanctions, which may include, but are not limited to, termination of the contract or lease, nonpayment, debarment or referral to the Office of General Counsel for appropriate civil or criminal referral.

**§ 1.845. Application.**

(a) Nothing in this subchapter shall be construed to contravene or supersede:

(1) Any State or Federal law or collective bargaining agreement.

(2) Any State or local policy requiring a covered employee to be paid more than the minimum wage required by this subchapter.

(b) This chapter is not applicable when the provisions may jeopardize the receipt of Federal funds.

(c) This subchapter is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the Commonwealth, its departments, agencies or entities, its officers, employees or agents, or any other person.

**§ 1.846. Effective dates.**

This subchapter shall take effect on the following dates and shall remain in effect until modified or rescinded:

(1) For employees described in § 1.842(1) (relating to coverage), immediately.

(2) For employees described in § 1.842(2), on the effective date of the applicable contract or lease solicited or bilaterally modified on or after July 1, 2016.

[Pa.B. Doc. No. 16-508. Filed for public inspection March 25, 2016, 9:00 a.m.]

---