

ALERT

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LABOR AND EMPLOYMENT

News Concerning Recent
Labor and Employment Issues



FEDERAL MINIMUM WAGE INCREASE TO \$6.55 PER HOUR GOES INTO EFFECT JULY 24, 2008

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Beginning on Thursday, July 24, 2008, the federal minimum wage will increase from \$5.85 to \$6.55 per hour. This is the second of three scheduled increases called for by the Fair Minimum Wage Act signed by President Bush in 2007. On July 24, 2009 the final increase will take effect to lift the minimum wage to \$7.25 an hour. The U.S. Department of Labor has issued a Federal Minimum Wage Poster reflecting these changes. (The Fair Labor Standards Act (FLSA) requires that employers post a notice explaining the FLSA's requirements in a conspicuous place at all of their work sites). It is available on the Department of Labor's website at the following link: <http://www.dol.gov/esa/whd/regs/compliance/posters/flsa.htm>.

The law provides certain exceptions to the new minimum wage rate. For example, tipped employees can be paid a lower rate of \$2.13 an hour in direct wages so long as that amount plus the tips received equals the Federal minimum wage. Companies can also pay new employees under twenty (20) years of age a reduced "training wage" during their first ninety (90) days of employment.

It is important to note that states are free to set their own minimum wage rates higher than the Federal rate, and many

have done so. For example, Pennsylvania's minimum wage is now \$7.15 an hour. New York, New Jersey and Delaware's minimum wage rates are also currently set at \$7.15 an hour. Florida's is set at \$6.79 an hour. Approximately twenty (20) other states also have wage rates higher than the federal minimum. Where Federal and state law have different minimum wage rates, the higher rate must be paid to covered employees.

It is also important to note that these changes apply to employees covered by collective bargaining agreements, so that if a Company has an agreement which calls for wages below the new federal or state minimums, those wage rates will need to be adjusted in order to comply with federal or state law.

These new minimum wage rates may require the attention of your Human Resources, payroll or compensation professionals to ensure compliance with federal and state wage and hour laws. If you would like to discuss any aspects of these changes and how they might impact your business or organization, please contact any of the Cozen O'Connor Labor and Employment Department lawyers.

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