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Pennsylvania Minimum Wage Increased to \$7.15 Per Hour

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On Sunday, July 9, 2006, Pennsylvania Governor Edward Rendell signed into law a bill raising the Commonwealth's minimum wage to \$7.15 an hour, which is \$2.00 above the current federal minimum. For most Pennsylvania employers, the first increase will go into effect on January 1, 2007, when the minimum wage will increase to \$6.25 an hour. The \$7.15 minimum will then take effect on July 1, 2007.

The new law provides some relief to smaller employers by phasing in the higher minimum wage over a longer period of time. For employers with fewer than ten (10) workers, the minimum wage will increase to \$5.65 on January 1, 2007. It will then increase to \$6.65 on July 1, 2007 and then to \$7.15 on July 1, 2008.

The new law also provides for a lower "training wage" for new employees under the age of twenty (20). Under this provision, an employer may pay a training wage set at the federal minimum wage (currently \$5.15 an hour), for the first sixty (60) calendar days of employment. Certain employees who were exempt from the minimum wage under the old law, such as executive, administrative or professional employees, teachers, farm workers, and seasonal amusement employees, all remain exempt under the new law as well.

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

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Finally, the law preempts any further efforts by townships or cities to impose so-called "living wage" ordinances, which require employers in those municipalities to pay a higher minimum wage than required by state or federal law. While any such ordinances passed prior to January 1, 2006 are "grandfathered" and can remain in effect, municipalities are prevented from imposing any further local minimum wage increases.

In signing the bill into law, Governor Rendell noted that Pennsylvania was joining nineteen (19) other states, including New Jersey and Delaware, which have minimum wage levels above the current federal minimum of \$5.15 an hour.

These changes may have dramatic effects upon the compensation practices of Pennsylvania employers in the retail, food service, and other industries. If you would like to discuss any aspects of this new law and how it might impact your business or organization, please contact any of the Cozen O'Connor Labor and Employment Department lawyers.

For additional information concerning our Labor & Employment practice, please contact:

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