

NEW FEDERAL MINIMUM WAGE & POSTING REQUIREMENT

On May 24, 2007, President Bush signed the *Fair Minimum Wage Act of 2007* that, among other things, increases the federal minimum wage from \$5.15 in three steps: to \$5.85 per hour effective July 24, 2007; to \$6.55 per hour effective July 24, 2008; and to \$7.25 per hour effective July 24, 2009. These increases are the first federal minimum wage hike in ten years. As such, it is a good time to review your compensation practices and ensure compliance with the law.

It's Time to Put up New Minimum Wage Posters

Every employer subject to the Fair Labor Standards Act must post a notice explaining the Act in a conspicuous place in each of their establishments so as to permit employees to readily read it. Due to the new minimum wage increase, companies are required to post an updated federal minimum wage poster advising employees of the increase by [June 30, 2007](#). The Department of Labor's Wage and Hour Division does not currently provide an approved copy of the minimum wage poster. However, an updated poster is available to employers for a fee from a number of commercial poster vendors, such as Govdocs.com; its website is accessible at <http://www.hrdocs.com/Posters/federal/asp>.



Don't Forget to Factor in the Impact on Labor Costs

- Given the wage increases, it is important to factor in the new rates in planning your labor costs for your hourly and salaried non-exempt workforce. Remember that the minimum wage increase affects not just the regular hourly rate, but also increases the employee's overtime rate.
- Employers who use tip wage credits may continue to pay tipped employees at \$2.13 per hour. However, it is critical that you ensure that your tipped employees now earn enough in tips to meet the new higher minimum wage.

State Minimum Wages may also be Higher

Approximately thirty states have higher minimum wage rates than the federal minimum wage. Other states tie their minimum wage rates to the federal standard, and thus, such minimum wage rates may also increase with

the new federal standard. In addition to the increase in the federal minimum wage, employers should be aware that several states have increased the state minimum wage this year, including:

Arizona	California	Colorado
Connecticut	Delaware	Florida
Hawaii	Massachusetts	Michigan
Missouri	Montana	Nevada
New York	North Carolina	Ohio
Oregon	Pennsylvania	Rhode Island
Vermont	Washington	West Virginia

Michigan, Pennsylvania, and West Virginia are scheduled for an increase in minimum wage effective July 1, 2007. Also, the minimum wage in Florida, Oregon, and Washington increases with inflation, so there may be an increase every year.

Conclusion

Closer scrutiny is likely to be given to compliance with wage and hour laws following the new federal minimum wage increases. Moreover, employees are likely to become more focused on compensation with this statute's being featured in the news. This is a good time to review your compensation practices and wage structures to ensure that employees are properly classified under the wage and hour laws and to ensure that your compensation practices are in line with your peers.

If you have any questions about the new federal minimum wage laws or wage and hour laws in general, please call your labor and employment counsel or contact:

Kalee Vargo 404.572.6639 kvargo@pogolaw.com

Karen Neely 404.572.6766 kneely@pogolaw.com

Atlanta ■ Washington ■ Dallas

One Atlantic Center
Fourteenth Floor
1201 West Peachtree Street, NE
Atlanta GA 30309
Tel: 404.572.6600
Fax: 404.572.6999

Third Floor
901 New York Avenue, NW
Washington DC 20001
Tel: 202.347.0066
Fax: 202.624.7222

JP Morgan Chase Tower
2200 Ross Avenue, Suite 3300
Dallas TX 75201
Tel: 214.721.8000
Fax: 214.721.8100

www.pogolaw.com