



Legal Alert: Reminder: Federal Minimum Wage Increases to \$6.55 Per Hour on July 24, 2008

7/23/2008

This is a reminder that, effective July 24, 2008, the federal minimum wage rate for covered non-exempt employees will increase from \$5.85 per hour to \$6.55 per hour. This is the second of three increases required by the 2007 Fair Minimum Wage Act, which amended the federal Fair Labor Standards Act (FLSA). The final increase, to \$7.25 per hour, will take effect July 24, 2009.

The Fair Minimum Wage Act did not change the FLSA's "tip credit" provisions. Currently, employers who use the "tip credit" are permitted to pay tipped employees a cash wage of \$2.13 per hour, under the assumption that these employees will make enough in tips to earn the required minimum wage. Although the Fair Minimum Wage Act did not change the required cash payment, employers should ensure that tipped employees earn enough in tips to bring their wages up to the increased minimum wage rate.

A number of states have a minimum wage rate that is higher than the federal rate. Covered employers must comply with both state and federal laws.

If you have any questions regarding the FLSA or other employment related issues, please contact the Ford & Harrison attorney with whom you usually work.