



May 28, 2014

## *Michigan Increases The Minimum Wage*

Late yesterday the State House passed, and Governor Snyder signed into law, the “Workforce Opportunity Wage Act” which will increase in the Michigan minimum wage. The first increase will be to \$8.15 per hour (from the current \$7.40) and will take effect on September 1, 2014. The minimum wage will then be increased in steps to \$9.25 per hour by January 1, 2018. The increases will take place as follows:

- Beginning September 1, 2014, \$8.15
- Beginning January 1, 2016, \$8.50
- Beginning January 1, 2017, \$8.90
- Beginning January 1, 2018, \$9.25

Beginning in 2019, the minimum wage will be indexed to the consumer price index and adjusted annually. The minimum wage will be adjusted based on a rolling 5 year average of the US Department of Labor’s CPI for the Midwest region. The new wage will be announced on February 1 and take effect on April 1. Annual increases will be capped at 3.5%. (The wage can be adjusted downward if there is a decline in the CPI and there is no floor on downward adjustments). No increase in the minimum wage based on the CPI adjustment will be made if the state unemployment rate is 8.5% or greater in the preceding year.

For tipped employees, the minimum wage is currently \$2.65 per hour. Beginning on September 1, 2014, the minimum wage for tipped employees will be 38% of the minimum wage established in the Act. The requirements in the Act for payment of tipped employees, most notably that their total compensation including tips must meet or exceed the statutory minimum wage, remain the same as under the previous Minimum Wage Law. The new minimum wage calculations for tipped employees are as follows:

- Beginning September 1, 2014, \$3.10
- Beginning January 1, 2016, \$3.23
- Beginning January 1, 2017, \$3.38
- Beginning January 1, 2018, \$3.52
- Beginning April 1, 2019 and annually thereafter, 38% of the CPI adjusted minimum wage

While this is a state law, it is applicable to virtually all employers in Michigan. The state law applies to any employer which has 2 or more employees. The federal Fair Labor Standards Act (“FLSA”) has thresholds for coverage but applies to most employers in Michigan. The FLSA contains a minimum wage of \$7.25 per hour. However, the FLSA requires covered employers to apply state and local wage laws which are more favorable to the employee than the federal law. Thus, the new state minimum wages in Michigan apply to employers covered by the federal FLSA.

If you have any questions about the "Workplace Opportunity Wage Act", please contact the author of this Client Alert or your Butzel Long attorney.

**Scott Patterson**

248 258 2506

[patterson@butzel.com](mailto:patterson@butzel.com)

The above news is only intended to highlight some of the important issues. This e-mail has been prepared by Butzel Long for information only and is not legal advice. This information is not intended to create, and receipt of it does not constitute, a client-lawyer relationship. Readers should not act upon this information without seeking professional counsel. This electronic newsletter and the information it contains may be considered attorney advertising in some states. If you feel you have received this information in error, or no longer wish to receive this service, please follow the instructions at the bottom of this message.

Attorney Advertising Notice - The contents of this e-mail may contain attorney advertising under the laws of various states. Prior results do not guarantee a similar outcome.

For previous e-news or to learn more about our law firm and its services, please visit our website at: [www.butzel.com](http://www.butzel.com)

**Butzel Long Offices:**

Ann Arbor  
Bloomfield Hills  
Detroit  
Lansing  
New York  
Washington D.C.

**Alliance Offices:**

Beijing  
Shanghai  
Mexico City  
Monterrey

**Member:**

Lex Mundi