

Increase in Federal Minimum Wage

The federal minimum wage will rise from \$5.15 to \$5.85 per hour on Tuesday, July 24, 2007, the first of three increases that will take place over the next two years.

Over the next two years, the federal minimum wage will rise from to \$7.25 per hour in three steps.

The federal minimum wage will increase to:

\$5.85 per hour on July 24, 2007

\$6.55 per hour on July 24, 2008

\$7.25 per hour on July 24, 2009

Employees last saw an increase in the federal minimum wage in 1997. Since then, most states have raised their minimum wages above both the old and new federal minimum wage. Therefore, most states and the District of Columbia won't be affected by the first step of the federal increase.

Workers in most states will not be affected by the upcoming increase in the federal minimum wage to \$5.85, according to CCH, a leading provider of human resources information and software and part of Wolters Kluwer Law & Business. That's because 32 states and the District of Columbia have minimum wages higher than the new federal level.

Where state and federal minimum wage rates differ, the higher rate prevails.

Alabama, Louisiana, Mississippi, South Carolina and Tennessee do not have state minimum wage laws, so employers must pay the federal rate to employees who are subject to the FLSA.

In Georgia, Kansas, New Mexico, Utah and Wyoming, the state minimum wage rates are lower than the revised federal rate, so employers must pay the federal rate to employees who are subject to the FLSA (however, the New Mexico rate will increase to \$6.50 on January 1, 2008).

In Idaho, Indiana, New Hampshire, North Dakota, Oklahoma, South Dakota, Texas and Virginia, the state rates are tied to the federal rate and will automatically increase (however, the New Hampshire rate will then increase to \$6.50 on September 1, 2007).

The remaining states and the District of Columbia have minimum wage rates that will equal or exceed the federal rate on July 24, 2007. Employers in these states must continue to pay the state rate as long as it remains higher than the federal rate. In Minnesota, Montana and Nevada, some employers currently paying a state-authorized lower minimum wage based on their size or offering benefits will be affected by the federal increase.

If the federal rate increases above the state rate, the federal rate applies, and the federal hourly rate is scheduled to increase to \$6.55 on July 24, 2008 and to \$7.25 on July 24, 2009.

"Employers -- especially those who operate in several different states -- will have to keep aware of a changing environment as federal and state rates criss-cross in the years ahead," O'Dell said.

A state-by-state list of hourly wage rates follows for states at or above the new federal level as of July 24, 2007.

Hourly Minimum Wage Rates as of July 24, 2007

State Rate

Alaska \$7.15
Arizona \$6.75
Arkansas \$6.25
California \$7.50
Colorado \$6.85
Connecticut \$7.65
Delaware \$6.65
District of Columbia \$7.00
Florida \$6.67
Hawaii \$7.25
Illinois \$7.50
Iowa \$6.20
Kentucky \$6.85
Maine \$6.75
Maryland \$6.15
Massachusetts \$7.50
Michigan \$7.15
Minnesota \$6.15 (1)
Missouri \$6.50
Montana \$6.15 (2)
Nebraska \$5.85
Nevada \$6.33 (3)
New Jersey \$7.15
New York \$7.15
North Carolina \$6.15
Ohio \$6.85
Oregon \$7.80
Pennsylvania \$7.15 (4)
Rhode Island \$7.40
Vermont \$7.53
Washington \$7.93
West Virginia \$6.55
Wisconsin \$6.50

(1)Minnesota: \$5.25 for employers with less than \$625,000 in gross annual sales

(2)Montana: \$4.00 for employers with \$110,000 or less in gross annual sales

(3)Nevada: \$5.15 if qualified health benefits are offered

(4)Pennsylvania: \$6.65 for employers with 10 or fewer employees