

CLIENT ALERT: Minimum Wage Change in Four States Effective January 1, 2010

Employers should be aware that on January 1, 2010, the minimum wage rate changed in four states. Notably, the federal minimum wage of \$7.25 per hour did not change.

Three states experienced an increase effective January 1, 2010. First, Alaska's minimum wage increased from \$7.25 to \$7.75 an hour. Alaska recently passed a law holding that the state minimum wage rate must be fifty cents higher than the federal rate. Approximately 8,000 Alaskans will be affected by the recent increase.

In Connecticut, the minimum wage increased from \$8.00 to \$8.25 per hour. It is estimated that the new rate will affect approximately 65,000 workers in the state.

The most dramatic increase happened in Kansas, where the minimum wage changed from \$2.65 to \$7.25 per hour. For many years prior to this increase, Kansas had the lowest state-approved minimum wage in the nation. Approximately 17,000 workers, who are covered by the Kansas rather than the federal minimum wage, will be affected by the change.

One state, Colorado, experienced a decrease of its minimum wage on January 1, 2010. The hourly minimum wage in Colorado decreased by four cents, from \$7.28 to \$7.24 per hour. In accordance with the Colorado Constitution, the Colorado minimum wage is adjusted annually for inflation as measured by the Consumer Price Index used for Colorado. As such, this change was the result of an annual cost-of-living adjustment. This was the first decrease in any state's minimum wage since the federal minimum was first adopted in 1938. Of course, employers in Colorado covered by the federal minimum wage law, which establishes a minimum wage of \$7.25 per hour, must pay their employees the higher value under federal law.

Eight other states also experienced annual inflation adjustments on January 1, 2010. However, because these states allow only for an increase in the minimum wage, and not for a decrease, their minimum wage rates will not change in 2010. The eight states and their respective minimum wages are as follows: Arizona (\$7.25), Florida (\$7.25), Missouri (\$7.25), Montana (\$7.25), Ohio (\$7.30), Oregon (\$8.40), Vermont (\$8.06) and Washington (\$8.55). Generally, these states experience an increase in the minimum wage the first of every January based on increases in the cost of living. However, due to a decrease in the cost of living this year, there is no increase of minimum wage rates in these states in 2010. In Oregon, this is the first time the minimum wage has not increased annually since 2002.

Employers in states that have experienced a change in their minimum wage this month should examine their payroll operations to make sure they are in compliance with the new law, and should make sure that new wage-and-hour posters are properly displayed. It is also important to keep in mind that in any given state, different wage rates may apply for tipped employees, minors, and employees working in particular industries.

If you have any questions about how these minimum wage changes may affect your employees, or about wage and hours laws in general, please contact your MBJ attorney.

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