

# Workforce Opportunity Wage Act

Contact: Wage and Hour Division 855-464-9243



## Michigan's Workforce Opportunity Wage Act overview:

- Applies to employers who employ 2 or more persons 16 years of age or older, and certain employees in federally covered businesses because the state minimum wage rate for those employees will be higher than the federally required rate as of May 27, 2014.
- Establishes the minimum hourly wage rate for employees in Michigan.
- Establishes a training wage for new employees ages 16 to 19 of \$4.25 per hour for first 90 days of employment.
- Minors 16-17 years of age may be paid 85% of the minimum hourly wage rate\*.
- In situations where an employee is subject to both the state and federal minimum wage laws, the employee is entitled to the higher of the two minimum wage rates.
- Provides an overtime rate for non-exempt employees of 1½ times the regular rate of pay.
- Establishes compensatory time provisions that allow an employee to accrue and use compensatory time in lieu of overtime pay if certain conditions are met.
- Permits a tipped employee to be paid \$2.65 per hour before September 1, 2014, and 38% of the minimum hourly wage rate effective September 1, 2014; provided reported tips received in a pay period plus the tipped employee minimum hourly wage rate equal or exceed the minimum hourly wage rate; any shortfall must be paid by the employer.
- A written tip statement signed by the employee and dated before the date the paycheck was received must be maintained by the employer for each pay period that tips are reported.

## Michigan's Minimum Wage:

<b>Effective Date</b>	<b>Minimum Hourly Wage Rate</b>	<b>85% of Minimum Hourly Wage Rate</b>
Before September 1, 2014	\$7.40	\$7.25*
September 1, 2014	\$8.15	\$7.25*
January 1, 2016	\$8.50	\$7.25*
January 1, 2017	\$8.90	\$7.57
January 1, 2018	\$9.25	\$7.86

Every January beginning in January 2019, the state treasurer shall adjust the minimum wage by an amount determined by the state treasurer at the end of the preceding calendar year to reflect the average annual percentage change in the consumer price index for the most recent 5-year period for which data are available. As used in this subsection, "consumer price index" means the most comprehensive index of consumer prices available for the Midwest region from the bureau of labor statistics of the United States department of labor. The wage and hours division of the department of licensing and regulatory affairs shall post the adjusted minimum wage on its website by February 1 of the year it is calculated, and the adjusted rate is effective beginning April 1 of that year. An annual increase under this subsection shall not exceed 3.5%. This rate does not take effect if the unemployment rate determined by the bureau of labor statistics, United States department of labor, for this state is 8.5% or greater for the year preceding the year of the prescribed increase.

\* The federal minimum wage is \$7.25. Under Section 10 of Public Act 138 of 2014, as amended, states: "Sec. 10. (1) This act does not apply to an employer that is subject to the minimum wage provisions of the fair labor standards act of 1938, 29 USC 201 to 219, unless those federal minimum wage provisions would result in a lower minimum hourly wage than provided in this act."

For Tipped Employees:

<b>Effective Date</b>	<b>Minimum Hourly Wage Rate</b>	<b>Tipped Employee Minimum Hourly Wage Rate</b>	<b>Provided Reported Tips Per Hour Average At Least</b>
Before September 1, 2014	\$7.40	\$2.65	\$4.75
September 1, 2014	\$8.15	\$3.10	\$5.05
January 1, 2016	\$8.50	\$3.23	\$5.27

January 1, 2017	\$8.90	\$3.38	\$5.52
January 1, 2018	\$9.25	\$3.52	\$5.73

**Federal Fair Labor Standards Act of 1938 (FLSA):**

The Federal Fair Labor Standards Act of 1938 (FLSA) applies to those who work for employers that:

- produce goods for sale outside Michigan (for interstate commerce), or
- have gross annual revenue over \$500,000, or
- employ domestic service workers such as day workers, housekeepers, chauffeurs, cooks or full time babysitters are covered if they receive at least \$50 in cash wages in a calendar quarter or work more than 8 hours a week, or
- are a hospital or health care facility for the sick, aged or mentally ill, or
- are a pre-school, elementary or secondary school or college, or
- are an agricultural employer who employs 500 man days of agricultural labor (in a quarter for the previous or current year), or
- are federal, state, and local governments.

Questions regarding [Federal Minimum Wage](#) and the [Fair Labor Standards Act of 1938 \(FLSA\)](#) can be directed to: 866-487-9243 (866-4US-WAGE).