



WAGE Watch

Monthly Newsletter | May 2017

WPI Wage Watch: Minimum Wage and Overtime Updates

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Just under halfway through 2017, minimum wage and overtime developments have shifted into overdrive. Proposals submitted by federal legislators from both sides of the aisle highlight the different approaches the country's main political parties take to tackling labor and employment issues. States and counties struggle to assert their legislative dominance over their governmental subordinates. And local councils and agencies continue to push existing and proposed minimum wage ordinances.

Comp(time)iments of the House: The Working Families Flexibility Act of 2017 passed the U.S. House of Representative and has gone to the Senate, where it faces greater scrutiny. As we noted last month, the Act proposes to allow certain private employees to receive, in lieu of overtime pay, at least one-and-a-half compensatory time hours for each overtime hour worked, up to an overall maximum of 160 compensatory time hours.

Sanders Throws Punch in Fight for Federal \$15: Senator Bernie Sanders (I-VT), with multiple co-sponsors, introduced The Raise the Wage Act of 2017, which proposes raising the minimum wage under the federal Fair Labor Standards Act (FLSA) from \$7.25 per hour to \$15.00 per hour by 2024, with annual adjustments in future years. The Act also seeks to eventually eliminate the tip credit employers may apply toward paying covered tipped employees the minimum wage and the subminimum wage for newly hired employees under the age of 20. Because Republicans currently

control the legislative and executive branches, the likelihood that the Act will succeed is slim. However, Democratic leadership supports the measure, and is committing to more forcefully advancing a \$15.00 minimum wage if Democrats regain majority status in the 2018 election.

Ballot Measure 1, Challengers 0: A Washington State trial court judge ruled plaintiffs challenging the November 2016 ballot measure increasing the state's minimum wage and creating a statewide paid sick leave law failed to show the measure violated the state constitution. The challengers indicated they will not appeal the ruling.

Cleared at Least One House: Nevada SB 106 passed the state senate and moved to the state assembly, where it has been referred to the Committee on Commerce and Labor. The bill directs the Nevada Labor Commissioner to ensure that the minimum wage is increased \$0.75 per year until it reaches \$12.00 or more per hour (if an employer does not offer health insurance to the employee) or \$11.00 or more per hour (if health insurance is offered). Also, Nevada AB 175 aims to define the type and quantity of health benefits employers must offer to be eligible to pay the lower-tier minimum wage rate.

Illinois SB 81, as originally drafted, sought to exclude certain minor league baseball players, managers, coaches, and athletic trainers from coverage under the state minimum wage law. However, when the bill went to the house, it was entirely rewritten as a minimum wage increase measure. Specifically, as

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amended and passed by the house, the bill seeks to increase the current \$8.25 minimum wage to the following rates on January 1: \$9.00 (2018); \$10.00 (2019); \$11.25 (2020); \$13.00 (2021); \$15.00 (2022). The bill would allow certain employees younger than 18 years old to be paid a lower rate.

The Newest in New: Wage Watch readers may associate Missouri with bills preempting local laws, but in May at least four new bills were introduced to raise the state minimum wage. HB 167, HB 470, and HB 516 seek to increase the minimum wage from \$7.70 to \$15.00 per hour on January 1, 2018, whereas effective January 1, 2018, HB 652 seeks to create a three-tier minimum wage based on how many hours an employee works: \$9.00 (20 hours or less each week); \$13.50 (20, but less than 40, hours each week); and \$15.00 (40 or more hours each week).

Maine LD 1609, introduced by the governor, seeks to undo changes approved by voters at the November 2016 election and make other changes to the state's minimum wage and overtime provisions. For example, the bill aims to decrease the minimum salary exempt executive employees must be paid from an annual rate that exceeds \$27,000 (i.e., a rate that exceeds 3,000 times the state minimum wage) to \$23,660 (the annual FLSA rate). It also seeks to decrease future minimum wage rates from \$10.50 to \$9.50 on January 1, 2018; from \$11.00 to \$10.00 per hour on January 1, 2019; and from \$12.00 to \$10.50 per hour effective January 1, 2020. The bill would eliminate the annual increases scheduled to occur January 1, 2021 and each subsequent January and replace those rates with an \$11.00 per hour minimum wage. The measure also proposes reverting to the pre-election tip credit standard of 50% of the minimum wage, whereas the approved ballot measure eventually phases out the tip credit.

Nevada Senate Joint Resolution 6 is similar to Nevada SB 106 because one component is a \$0.75 per year increase until the minimum wage reaches \$12.00 per hour. However, SJR 6 seeks to effectuate the change via the state constitution rather than a state statute. The measure also

proposes eliminating the ability to waive minimum wage requirements via a collective bargaining agreement and mandates triple damages for violations.

I am a Rock, I am a Virgin Island Minimum Wage Increase: On June 1, 2017, the minimum wage for the U.S. Virgin Islands will increase from \$8.35 to \$9.50 per hour. Tipped tourist service and restaurant employees must be paid a rate not less than 40% of the minimum wage.

New in The Lou: On May 5, 2017, after a prolonged court battle and attempts by the state to preempt local laws, St. Louis, Missouri's minimum wage ordinance took effect. How long the law will remain in effect is an open question because the state legislature has again passed a law to prohibit St. Louis and other Missouri municipalities from enacting minimum wage laws.

A New Sheriff in Town: To enforce its recently created minimum wage ordinance, Flagstaff, Arizona created the Office of Labor Standards. The Office is staffed by an Interim Manager while the city seeks candidates for a permanent position. A website concerning the ordinance has been created that contains, e.g., links to the law, information pamphlets, the required poster, FAQ, and contact information for OLS.

Cook County Opt-Outs: As the July 1, 2017 operative date for Cook County's minimum wage and paid sick leave ordinance approaches, the number of municipalities opting not to be subject to the law continues to increase, with at least 13 villages and/or cities voting against participating. Additionally, the county's largest city - Chicago - is not subject to the law because it has its own law.

Preemption Bill Drowns in Land of 10,000 Lakes While Minimum Wage Proposal Remains Buoyant: Minnesota HF 600, a contentious preemption bill that passed both houses of the Minnesota Legislature and progressed to a conference committee, was a casualty of the state's budget approval process. To approve the budget, legislators agreed to withdraw the bill. However, a few days later the governor vetoed Minnesota SF 3,

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a separate bill that also sought to preempt local laws. Though scrapped, a similar measure could appear in the next legislative session.

In the interim, no state-created obstacles remain concerning Minneapolis' and St. Paul's paid sick leave ordinances. Additionally, the Minneapolis City Council voted to direct staff to draft a minimum wage ordinance.

Legislative Losses: At least three Maine bills – LD 702, 775, and 1005 – that aimed to amend the November 2016 voter-approved increases to the state minimum wage, failed. Florida SB 1158, which sought to prohibit local government from regulating commerce, trade, or labor unless authorized by state law, also failed. Louisiana SB 153, which sought to establish a state minimum wage, passed the state senate's Committee on Labor and Industrial Relations, but was voted down in the Committee on Finance. Its sponsor, State Senator Troy Carter, intends to reintroduce the measure in future sessions.

We will continue to monitor and report on minimum wage and overtime developments as they occur.

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