



July 2007

Federal Minimum Wage Increase to Take Effect July 24

On May 25, 2007, President Bush signed a bill, H.R. 2206, that includes an increase in the Federal Minimum Wage rate. The bill provides for a three-step, incremental increase to the minimum wage, currently set at \$5.15 per hour, over the next few years. The total increase will be \$2.10.

With each incremental increase, the minimum wage will go up \$0.70 pursuant to the following schedule:

- July 24, 2007 – \$5.85
- July 24, 2008 – \$6.55
- July 24, 2009 – \$7.25

This change in the federally-mandated minimum wage raises several issues that need to be addressed by employers in order to ensure compliance with the Fair Labor Standards Act (FLSA) and the Department of Labor's implementing regulations.

First, and most obviously, employers should ensure that on and after July 24, 2007, no employee is paid less than \$5.85 per hour (unless the employee fits within an exemption to the minimum wage requirement). Employers also should set reminders for the incremental increases that will occur in July 2008 and July 2009.

Second, employers should review the state-mandated minimum wage for each state in which they employ employees. Although some states have adopted the Federal Minimum Wage rate, many others have a State Minimum Wage rate that is higher than the federal wage. Currently, there are 29 states with minimum wages higher than the federally-mandated wage, and Kentucky and Virginia also are considering increasing their State Minimum Wages. Employers should ensure that they pay each employee no less than the State Minimum Wage (unless the employee fits within an exemption).

Finally, since the FLSA regulations require employers to post notice of certain wage and hour issues, employers will need to update their Federal Minimum Wage posters to reflect the upcoming changes. The official revised poster is available to print in both color and black & white, at www.dol.gov/esa/regs/compliance/posters.flsa.htm. While there are companies that sell laminated labor law posters, employers will be in compliance with the regulations if they simply print and conspicuously display the posters that are available on-line. Employers with employees in states with higher State Minimum Wages should check to see if those states require them to post a State Minimum Wage poster in addition to the federal poster.



This *GT Alert* was written by **Amanda Thompson** and **Todd Wozniak** in the Atlanta office. For information on a specific state's minimum wage and posting requirements, or if you have questions about this or any other legal issue, please contact:

- **Amanda Thompson** at 678.553.2672 (thompsona@gtlaw.com)
- **Todd Wozniak** at 678.553.7326 (wozniakt@gtlaw.com)
- or any of the Labor & Employment Practice team members listed below

Albany
518.689.1400

Amsterdam
+ 31 20 301 7300
Peter Roorda

Atlanta
678.553.2100
Ernest LaMont Greer
David Long-Daniels
Rodney Gregory Moore
Amanda Thompson
Todd D. Wozniak

Boca Raton
561.955.7600

Boston
617.310.6000
Joseph W. Ambash
Terence P. McCourt
Paul Murphy

Chicago
312.456.8400
Ruth A. Bahe-Jachna
Thomas E. Dutton

Dallas
214.665.3600
Hugh E. Hackney

Delaware
302.661.7000

Denver
303.572.6500
Naomi G. Beer
Jeannette M. Brook
David K. Isom

Fort Lauderdale
954.765.0500
Caran Rothchild
Michele L. Stocker

Houston
713.374.3500
L. Bradley Hancock

Las Vegas
702.792.3773

Los Angeles
310.586.7700
Michelle Lee Flores
Diana P. Scott

Miami
305.579.0500
Joseph Z. Fleming
Ronald M. Rosengarten

New Jersey
973.360.7900
Neil A. Capobianco
Brian S. Cousin
J. Michael Riordan
Eric B. Sigda
Kevin B. Walker

New York
212.801.9200
Neil A. Capobianco
Brian S. Cousin
Jerrold F. Goldberg
Jonathan E. Goldberg
Deanna H. Niño
Eric B. Sigda

Orange County
714.708.6500
Gregory F. Hurley

Orlando
407.420.1000

Philadelphia
215.988.7800
Robert M. Goldich

Phoenix
602.445.8000
Mary E. Bruno
John Alan Doran
John F. Lomax, Jr.
Lawrence Rosenfeld
Jeffrey H. Wolf

Sacramento
916.442.1111
Carol Livingston

Silicon Valley
650.328.8500
William J. Goines

Tallahassee
850.222.6891

Tampa
813.318.5700
Cynthia May
Richard McCrea
Shane Munoz
Scott Silverman
Peter Zinober

Tokyo
+ 81 3 3264 0671

Tysons Corner
703.749.1300
Craig A. Etter
Dawn M. Lurie
Laura Foote Reiff
John Scalia

Washington, D.C.
202.331.3100
Craig A. Etter
Maria E. Hallas
Laura Foote Reiff

West Palm Beach
561.650.7900
Bridget A. Berry
Mark F. Bideau
Lorie M. Gleim
Bradford D. Kaufman
Susan Fleischner Kornspan

Zurich
+ 41 44 224 22 44

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