

## Minimum Wage and Overtime

**Contact:** Wage & Hour Division 517-322-1825

### Michigan's Minimum Wage and Overtime Law Covers:

- 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 October 1, 2006.
- 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.

### Michigan's Minimum Wage:

Effective Date	Minimum Hourly Wage Rate	85% of Minimum Hourly Wage Rate
October 1, 2006	\$6.95	\$5.91
July 1, 2007	\$7.15	\$6.08
July 1, 2008	\$7.40	\$6.55*
July 24, 2009	\$7.40	\$7.25*

- Provides an overtime rate for non-exempt employees of 1½ times the regular rate of pay.
- Minors 16-17 years of age may be paid 85% of the minimum hourly wage rate effective October 1, 2006.
- Permits tipped employees to be paid a minimum of \$2.65 per hour WHEN tips are received, combined with the employee's hourly rate, equal the required minimum hourly wage rate listed above. 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.
- Establishes training wage for new employees ages 16 to 19 of \$4.25 per hour for first 90 days of employment.
- Establishes compensatory time provisions that allow an employee to accrue and use compensatory time in lieu of overtime pay if certain conditions are met.

\* The state 85% rate of \$6.29 is valid between July 1, 2008 and July 23, 2008, effective July 24, 2008 the federal minimum wage will increase to \$6.55 and to \$7.25 on July 24, 2009. Under Section 14 of Public Act 154 of 1964, as amended, being MCL 408.394 (1) the act states: "Sec. 14. (1) This act does not apply to an employer who 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."

### 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.

**When an employee is subject to both the state and federal minimum wage laws, the employee is entitled to the higher of the two minimum wages.**

Questions regarding Federal Minimum Wage and the Fair Labor Standards Act of 1938 (FLSA) can be directed to: 1-866-487-9243 (1-866-4US-WAGE).