

**EMPLOYERS COVERED BY STATE MINIMUM WAGE**

- The state minimum wage law applies to employers who employ two or more employees 16 years of age and older.
- The state minimum wage law does not apply to employers covered by the minimum wage provisions of the (Federal) Fair Labor Standards Act unless the required Federal rate is less than the State required rate.

**EMPLOYERS NOT COVERED BY STATE MINIMUM WAGE**

- Federal, state and local governments

**EMPLOYEES NOT COVERED BY STATE MINIMUM WAGE**

- Employees under 16 years of age
- Persons employed in summer camps for not more than four months
- Employees with disabilities who are covered by a blanket deviation certificate or other special certificate issued under section 14(c) of the Fair Labor Standards Act of 1938, 29 USC 214.

**EQUAL PAY**

- An employer may not pay an employee at a rate which is less than the rate paid to an employee of the opposite sex for equal work on a job requiring equal skill, effort, and responsibility performed under similar working conditions – except where payment is pursuant to a seniority system, merit system, or system measuring earnings on the basis of quantity or quality of production or a differential other than sex.

**WAGE DEVIATION**

- The Director of the Department of Labor & Economic Growth may establish a rate that is less than the minimum wage for apprentices, learners and persons with physical or mental disabilities who are clearly unable to meet normal production standards.
- Applications for approval to pay less than the minimum wage to a person whose employment is impaired by a physical or mental disability are available from the Wage & Hour Division.

STATE MINIMUM HOURLY WAGE RATE		
Effective Date	Minimum Hourly Wage Rate	85% of Minimum Hourly Wage Rate
<b>September 1, 1997</b>	\$5.15	Not applicable
<b>October 1, 2006</b>	\$6.95	\$5.91
<b>July 1, 2007</b>	\$7.15	\$6.08
<b>July 1, 2008</b>	\$7.40	\$6.55 *

- \*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. 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."

**MINIMUM HOURLY WAGE RATE FOR MINORS 16-17 YEARS OF AGE.**

- Youth sub minimum wage may be paid to a minor age 16 or 17 which is 85% of the adult minimum wage.
- An employer shall not displace an employee to hire a minor at the 85% hourly wage rate.

**TRAINING WAGE FOR MINORS (16-19 YEARS OF AGE)**

- A training wage of \$4.25 an hour may be paid to employees 16-19 years of age for the first 90 days of their employment.
- The training wage period covers the first 90 days regardless of whether the employment occurs in a single year or over one or more years, employment seasons or employment periods.
- The overtime rate of pay for a worker subject to the training wage provisions is \$6.375 per hour; 1½ - times the regular hourly rate of \$4.25.
- An employer may not discharge, layoff or displace another employee or reduce the hours, wages or benefits of an employee to hire a worker at the training wage.
- Employees who qualify for the training wage and regularly receive tips may be paid \$2.65 per hour provided they receive and report tips averaging \$1.60 per hour.

**OVERTIME REQUIREMENTS**

- Employees covered by the overtime provisions of the Michigan Minimum Wage Law of 1964 must be paid 1½ times their regular rate of pay for hours worked exceeding 40 in a workweek.
- Some positions are considered exempt from overtime requirements: certain professional, administrative, or executive employees paid a salary; elected officials; political appointees; employees of amusement and recreational

establishments operating less than seven months of the year; employees exempt from the minimum wage provisions of the Fair Labor Standards Act of 1938, 29 USC 201 to 219, except certain domestic service employees defined in 29 CFR 552.6 who do not meet the description of a live-in domestic service employee described in 29 CFR 552.102, agricultural employees; and any employee not subject to the minimum wage provisions of this act.

- Employees reporting tips may be paid an overtime rate of:

Effective date	Minimum hourly wage rate for overtime hours:	Provided reported tips per hour are:
<b>Sept. 1, 1997</b>	\$5.225	\$2.50
<b>October 1, 2006</b>	\$6.125	\$4.30
<b>July 1, 2007</b>	\$6.225	\$4.50
<b>July 1, 2008</b>	\$6.35	\$4.75

**TIPPED EMPLOYEES**

- The Act 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. 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 in which tips are reported.
- The state's minimum wage rate applies to all tipped employees, including employees of otherwise federally-covered businesses, when an employer takes a tip credit because the state wage rate for tipped employees exceeds the federal minimum rate.

## COMPENSATORY TIME REQUIREMENTS

- Employees may agree to receive compensatory time of 1½ hours for each hour of overtime worked.
- The agreement must be voluntary, in writing and obtained before the compensatory time is earned.
- It is permitted only if the employer allows the employee 10 paid days of leave per year.
- All compensatory time earned must be paid to an employee within 30 days of a request for compensatory time. Documentation of approval or denial of a request is recommended.
- Accrued compensatory time may not exceed 240 hours.
- Employers must keep a record of compensatory time earned and paid.

## RECORDKEEPING REQUIREMENTS

The employer should maintain employment records for each employee showing all of the following:

- ▶ Employee name
- ▶ Home address
- ▶ Date of birth
- ▶ Occupation in which employed
- ▶ Total daily hours worked, computed to the nearest 1/10 of an hour or smaller unit of time
- ▶ Total hours worked in each pay period
- ▶ Total hours worked in each work period when the period does not coincide with the pay period
- ▶ Total hourly, daily, or weekly basic wage
- ▶ Total wages paid each pay period
- ▶ Itemization of all deductions made each pay period
- ▶ Separate itemization of tips received if a tip credit is taken
- ▶ A record of compensatory time earned for the pay period in which it was earned.

- ▶ A statement of compensatory time paid in the pay period compensatory time was paid.
- ▶ An employee's written request to receive compensatory time in lieu of wages.
- ▶ An employee's written consent for tip pooling.

### ENFORCEMENT OF ACT 154

Employees may file civil action for recovery of unpaid minimum wages or overtime; or employees may file a complaint with the Department of Labor & Economic Growth.

The department may investigate a complaint and file civil action to collect unpaid wages or overtime due the employee and all employees of an establishment.

Recovery under this act can include unpaid minimum wages or overtime; plus an equal additional amount as liquidated damages, costs, and reasonable attorney fees.

A \$1,000 civil fine can be assessed to an employer who does not pay minimum wage or overtime.

Violation of any provision is a misdemeanor.

This brochure is intended for general information only. It does not include all of the provisions of Act 154, Public Acts of 1964.

For information on the Payment of Wages and Fringe Benefits Act or other laws administered by the Wage & Hour Division contact:

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[www.michigan.gov/wagehour](http://www.michigan.gov/wagehour)

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(03/08)

WHD-9802

1000 copies at \$170.97 \$0.171 per copy

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## AN OVERVIEW OF THE MICHIGAN MINIMUM WAGE AND OVERTIME LAW

1964 PA 154, MCL 408.381



[www.michigan.gov/dleg](http://www.michigan.gov/dleg)