

## OVERTIME

Employees covered by the overtime provisions of the Improved Workforce Opportunity Wage Act must be paid 1.5 times their regular rate for work exceeding 40 hours in a workweek.

## COMPENSATORY TIME

The Improved Workforce Opportunity Wage Act, Public Act 337 of 2018, as amended, allows the accrual, and use of compensatory time in lieu of payment of overtime wages under certain conditions.

Employees may agree to receive time off instead of overtime pay. Employees should then receive 1.5 hours of time off for each hour of overtime.

- The agreement must be voluntary, in writing, and obtained before the time is earned.
- It is allowed only if the employer gives the employee at least 10 paid days of leave per year.
- All time earned must be paid to the employee within 30 days of a request. Documentation of approval or denial of a request is recommended.
- Total time may not exceed 240 hours.
- Employers must keep a record of time earned and paid.
- The employee's paystubs must reflect compensatory time earned and paid.

## ENFORCEMENT

Employees may file a civil action for recovery of unpaid minimum wages or overtime or may file a complaint with the Wage and Hour Division.

- Wage and Hour may investigate a complaint and file civil action to collect unpaid wages or overtime due to the employee.
- If Wage and Hour has reasonable cause to believe an employer has violated the act, an investigation may be done on behalf of all employees.
- Recovery can include unpaid minimum wages or overtime plus an equal amount for damages, costs, and reasonable attorney fees.
- An employer who does not pay minimum wage or overtime can be assessed a \$1,000 civil fine.

Complaints may be filed online at [www.michigan.gov/wageclaim](http://www.michigan.gov/wageclaim).

This brochure is intended for general information only. It does not include all the provisions of Act 337, Public Act of 2018.

LEO is an equal opportunity employer / program. Auxiliary aids, services, and other reasonable accommodations are available upon request to individuals with disabilities. Call (517) 284-7800 to make your needs known to this agency.

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# THE IMPROVED WORKFORCE OPPORTUNITY WAGE ACT MINIMUM WAGE AND OVERTIME



MICHIGAN DEPARTMENT OF  
LABOR & ECONOMIC  
OPPORTUNITY

WAGE & HOUR

### Wage and Hour Division

Stevens T. Mason Building  
530 W. Allegan St. Lansing, MI 48933  
(517) 284-7800

### Southeast Michigan

Cadillac Place  
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Detroit, MI 48202

### Mailing Address:

PO Box 30476  
Lansing, MI 48909-7976

Toll Free: 1-855-4MI-WAGE  
(1-855-464-9243)

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

## OVERVIEW

This act applies to employers who employ 2 or more employees 16 years of age and older.

- The state minimum wage law does not apply to employers covered by the (Federal) Fair Labor Standards Act unless the required federal rate is less than the state required rate.

This act does not cover the following workers:

- Employees under the age of 16 years old.
- Individuals employed in summer camps for 4 months or less.
- Employees with disabilities who are covered under Section 14(c) of the Fair Labor Standards Act of 1938.

## 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 a job requiring equal work, skill, effort, and responsibility performed under similar working conditions.

- Exception: where payment is based on a seniority system, merit system, or system measuring earnings on criteria other than sex.

## STATE MINIMUM HOURLY WAGE

Michigan's minimum wage rate for individuals 18 years of age and older is:

EFFECTIVE DATE*	MINIMUM HOURLY RATE	85% HOURLY RATE
January 1, 2023	\$10.10	\$8.59
January 1, 2024**	\$10.33	\$8.78
January 1, 2025**	\$10.56	\$8.98

\*The rate did not increase in 2021 because the state unemployment rate exceeded 8.5% which impacts future effective dates.

\*\*Future increases will occur only if the state unemployment rate is less than 8.5% in the previous year.

Minors aged 16-17 years old may be paid a youth subminimum wage that is 85% of the adult minimum wage, as outlined above.

- An employer may not displace an employee to hire a minor at the 85% hourly wage rate.

## TRAINING WAGE FOR MINORS 16-19 YEARS OF AGE

For the first 90 consecutive calendar days of initial employment, a training wage of \$4.25 per hour may be paid to minors aged 16-19 years old.

An employer may not discharge, layoff, relocate another employee, or reduce hours, wages, or benefits of an employee to hire a worker at training wage.

## TIPPED EMPLOYEES

Tipped employees must be paid a minimum of:

EFFECTIVE DATE*	TIPPED HOURLY RATE	REPORTED AVERAGE HOURLY TIPS
January 1, 2023	\$3.84	\$6.26
January 1, 2024**	\$3.93	\$6.40
January 1, 2025**	\$4.01	\$6.55

\*The rate did not increase in 2021 because the state unemployment rate exceeded 8.5% which impacts future effective dates.

\*\*Future increases will occur only if the state unemployment rate is less than 8.5% in the previous year.

When tips are received, the combined tip and hourly rate shall equal the required minimum hourly wage rate.

For each pay period, the employee must give the employer a written tip statement signed by the employee AND dated before the date the paycheck was received.

