

New Years Predictions:

State and Local Minimum Wage Increases & New Federal Overtime Rules Are On The Way; Wage And Hour Litigation Continues to Rise; And We'll Join A Gym In January, But Will Forget Where It Is By February

By Brent Wasser

In this article, we look ahead to 2016 and discuss planned increases to the minimum wage in cities and states across the country; proposed changes to the federal overtime rules; and the nationwide uptick in wage and hour litigation. So, without further ado, our 2016 predictions:

I. Minimum Wages Set to Increase Across the Country

Consistent with recent trends, states across the country have increased their respective minimum wages for 2016. In total, twenty-two (22) states have increased their minimum wages for the new year. Of all the states, Alaska, Arkansas, the District of Columbia, and Massachusetts will see the largest increases to their minimum wages, with each increasing their 2016 minimum wage by \$1.00 over their 2015 minimum wage. Additionally, some municipalities have either established minimum wages or are increasing their minimum wage for the new year, with the most notable of these changes below:

Changes to State Minimum Wages		
State	2015 Wage	2016 Wage
Alaska	\$8.75	\$9.75
Arizona	\$8.05	\$8.20
Arkansas	\$7.50	\$8.50
Colorado	\$8.14	\$8.30
Connecticut	\$9.15	\$9.60
District of Columbia	\$10.50	\$11.50
Florida	\$8.05	\$8.22
Hawaii	\$7.75	\$8.50
Maryland	\$8.00	\$8.75
Massachusetts	\$9.00	\$10.00
Michigan*	\$8.15	\$8.50
Minnesota*	\$9.00	\$9.50
Missouri*	\$7.65	\$7.80
Montana*	\$8.05	\$8.20
Nebraska	\$8.00	\$9.00
New Jersey*	\$8.38	\$8.59
New York	\$8.75	\$9.00
Ohio*	\$8.15	\$8.30
Oregon*	\$9.25	\$9.45
Vermont*	\$9.15	\$9.60
Washington*	\$9.47	\$9.67
West Virginia	\$8.00	\$8.75
*Projected		

Changes to Certain Municipal Minimum Wages		
Municipality	2015 Minimum Wage	2016 Minimum Wage
Birmingham, AL	\$7.25	\$8.50 (effective 7-1-16)
Berkeley, CA	\$11.00	\$12.53 (10-1-16)
Los Angeles, CA	\$9.00	\$10.50 (effective 7-1-16 and applies only to employers with 26 or more employees)
Mountain View, CA	\$10.30	\$11.00
Oakland, CA	\$12.25	\$12.55
Palo Alto, CA	N/A	\$11.00
Richmond, CA	\$9.60	\$11.52
San Francisco, CA	\$12.25	\$13.00 (effective 7-1-16)
Santa Clara, CA	\$9.00	\$11.00
Chicago, IL	\$10.00	\$10.50 (effective 7-1-16)
Lexington, KY	\$7.25	\$7.75 (effective 1-1-16); \$8.20 (effective 7-1-16)
Louisville, KY	\$7.25	\$7.75 (effective 1-1-16); \$8.20 (effective 7-1-16)
Portland, ME	\$7.50	\$10.10
Seattle, WA	\$10.00 or \$11.00 (dependant on employer size)	\$10.50, \$12.00, \$12.50 or \$13.00 (dependant on employer size and contribution toward medical benefits)
Tacoma, WA	\$9.47	\$10.35 (effective 2-1-16)

II. Changes to Federal Overtime Rules Are On The Way

Earlier this year, the U.S. Department of Labor announced its plan to increase the minimum weekly salary that certain "white collar" employees must earn in order to be classified as exempt from the minimum wage and overtime requirements of the Fair Labor Standards Act ("FLSA"). Under the proposed rule, employees who otherwise satisfy one of the "white collar" exemptions (e.g. executive, administrative, or professional employees) must earn at least \$970 per week (or \$50,440 per year) to be exempt from the FLSA's minimum wage and overtime requirements. The minimum salary threshold for these workers is currently set at \$455 per week, and the proposed change therefore stands to affect millions of American workers. (The White House recently published statistics suggesting that 4,680,000 workers would be affected by the proposed rule.) It remains unclear as to when the new rule will take effect, but recent guidance from the Department of Labor suggests that it will be no earlier than July 2016, and late 2016 or early 2017 is probably more

realistic. In the meantime, employers are advised to begin identifying which of their employees might be affected by the proposed change.

III. Wage and Hour Litigation Continues to Rise

Statistics released by the Judicial Resource Center indicate that 8,781 wage and hour lawsuits were filed in federal courts during the 2015 fiscal year, nearly an 8% increase in wage and hour lawsuits compared to 2014. And looking ahead to 2016, we expect that wage and hour litigation will continue to rise. Increases in State and local minimum wages and the proposed changes to the federal overtime rules will likely stir up new litigation, as will the Department of Labor's attempts to narrow the class of workers who qualify as independent contractors. Employers are therefore advised to review their payment practices to ensure compliance with federal law and to minimize potential exposure to FLSA liability.

We understand that wage and hour law is complicated and we are here to help if you have questions or concerns. Should you have any questions about revising your wage and hour practices in light of this guidance, or any other questions about employment issues, please contact an Elarbee Thompson attorney.