



Senate Fiscal Agency
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Senate Bill 934 (as introduced)
Sponsor: Senator Randy Richardville

CONTENT

The bill would repeal the Minimum Wage Law and create the "Workforce Opportunity Wage Act" to do the following:

- Increase the standard minimum hourly wage from \$7.40 to \$8.15, beginning September 1, 2014.
- Allow an employer to pay an employee a minimum hourly wage of \$2.65, or \$2.93 after September 1, 2014, if the employee received gratuities in the course of his or her employment and the employer paid any shortfall if the gratuities plus that minimum wage did not equal or exceed the standard minimum wage.
- Allow an employer to pay a new employee under the age of 20 a training hourly wage of \$4.25 for the first 90 days of employment, and to pay an employee who was under the age of 18 an hourly wage of 85% of the standard minimum wage.
- Prohibit an employer from displacing an employee to hire an individual at the training hourly wage or the hourly wage allowed for a person under the age of 18.
- Specify that the minimum wage would not apply to employees employed in a bona fide executive, administrative, or professional capacity; a person holding elective office; a political appointee; an employee of an amusement or recreational establishment that did not operate more than seven months in a year; or an agricultural employee.
- Require an employer to compensate an employee who worked more than 40 hours in a work week at one and one half times the regular rate, subject to various exceptions.
- Allow an employee to receive compensatory time off instead of overtime if certain requirements were met, subject to a 240-hour limit on accrued compensatory time.
- Provide that the Act would not apply to agricultural fruit growers, pickle growers, or other agricultural employers that traditionally contract for harvesting on a piecework basis, until a scale equivalent to the prevailing minimum wage for those positions was established.
- Require the Department of Licensing and Regulatory Affairs (LARA) to promulgate rules defining certain terms and to administer the proposed Act.
- Require the Governor to appoint a wage deviation board whose members represented employers, employees, and the public.
- Prohibit an employer from discharging or discriminating against an employee who served on or testified before the wage deviation board or was about to do so.
- Prohibit an employer from discriminating between employees on the basis of sex for the payment of wages, unless the differential between the employees was based on a merit or seniority system, or a system based on the quality or quantity of production.
- Allow an employee affected by a violation of the proposed Act, within three years of the violation, to bring a civil suit for damages, costs, and attorney fees and file a claim with LARA.
- Prescribe a misdemeanor penalty for an employer operating a massage establishment that violated the Act.

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would have an indeterminate, but likely negative, fiscal impact on the State and local units of government. The bill would raise the minimum wage from \$7.40 per hour to \$8.15 per hour on September 1, 2014. To the extent that the State and local governments pay employees between the current minimum wage of \$7.40 per hour and the wage of \$8.15 per hour, the cost to employ those employees would increase. According to the Civil Service Commission, approximately 1,600 executive branch State employees made between \$7.40 and \$8.15 per hour in fiscal year 2012-13. While more granular data were not available at the time this analysis was prepared, if it is assumed that all 1,600 employees made exactly \$7.40 per hour and worked 2,080 hours during FY 2012-13, then an increase in the minimum wage to \$8.15 during that year would have cost the State about \$2.5 million. The actual figure, however, would likely be significantly less than this. Many of these employees were part-time or limited-term, or otherwise did not work a full 2,080-hour year, and many made more than \$7.40 but less than \$8.15 per hour.

There are no available data that would be of use in determining the fiscal impact on local units of government.

Date Completed: 5-13-14

Fiscal Analyst: Josh Sefton

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.