MTAS
Municipal Technical Advisory Service
In cooperation with the Tennessee Municipal League

#146 HOT topic

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CONGRESS INCREASES MINIMUM WAGE

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After many hours of wrangling in Congress, President Bush has signed a spending bill that, among other things, amends the Fair Labor Standards Act (FLSA) to increase the federal minimum wage in three steps. The first increase is effective July 24, 2007, and raises the minimum wage from $5.15 per hour to $5.85 per hour. The second increase becomes effective July 24, 2008, and raises the minimum wage from $5.85 per hour to $6.55 per hour. The final increase, effective July 24, 2009, increases the minimum wage from $6.55 per hour to $7.25 per hour.

The bill, The Fair Minimum Wage Act of 2007, was introduced on January 5, 2007. It passed the House on January 10, 2007, and the Senate on February 1, 2007. Congressional Democrats pushed the increase through by tying it to a military spending bill. Earlier attempts to pass it failed, as the House and Senate each tried to attach different business tax breaks to the proposed bill. The bill was finally signed by the president on May 25, 2007.

A separate provision of the bill requires phased increases to the minimum wage in the Commonwealth of the Northern Mariana Islands and American Samoa, with the goal of bringing the minimum wage in those locations up to the general federal minimum wage over several years.

For further information about the Fair Labor Standards Act, feel free to contact MTAS human resource consultants Bonnie Curran at (865) 974-0411 or Richard Stokes at (615) 532-6827, or visit the Department of Labor's Wage and Hour Division Web site at http://www.dol.gov/.

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