

Publications

Labor and Employment Alert: Minimum Wage Increases Win Big at the Ballot Box

Related Professionals

Mark A. Knueve

George L. Stevens

Related Services

Labor and Employment

CLIENT ALERT | 11.5.2014

Voters in four states and two California cities yesterday faced ballot initiatives proposing to raise the state minimum wage. All were passed.

Alaska will raise its minimum wage from \$7.75 an hour to \$8.75 on Jan. 1, 2015, and to \$9.75 on Jan. 1, 2016. The measure also provides for automatic yearly increases after 2016 based upon inflation, and further provides for an automatic increase should their minimum wage ever be less than \$1 over the federal minimum wage. The measure included language that specifically indicated that tips and gratuities do not count towards a worker's wage.

Arkansas will raise what is currently one of the lowest minimum wages in the country from \$6.25 an hour to \$7.50 on Jan. 1, 2015, then to \$8 on Jan. 1, 2016, and finally to \$8.50 on Jan. 1, 2017.

Nebraska will raise its minimum wage from \$7.25 an hour to \$8 by Jan. 1, 2015, and then to \$9 on Jan. 1, 2016.

South Dakota will raise its minimum wage from \$7.25 an hour to \$8.50 on Jan. 1, 2015, and will automatically adjust this wage for the cost of living every year after 2015. Tipped employees see their minimum wage raised to \$4.25 under the measure. These increases come with several exceptions, including workers earning "opportunity wages" (primarily workers under 20 years old), babysitters and outside salespeople.

Illinois held an advisory referendum to ask voters if they thought the minimum wage ought to be increased from \$8.25 an hour to \$10 by 2015. Voters emphatically said yes. Expect more action on this issue from Illinois to come in the near future.

Meanwhile, San Francisco voted to increase the city minimum wage—currently at \$10.74 an hour—to \$12.25 on May 1, 2015, then to \$13 by July 1, 2016, then to \$14 by July 1, 2017, and finally to \$15 by July 1, 2018. Thereafter the minimum wage would automatically increase with inflation. This pushes San Francisco into a tie with Seattle—whose city council approved a measure to gradually raise its minimum wage to \$15

earlier this year—for the highest minimum wage in the country. Oakland also approved a ballot initiative to increase the city minimum wage to \$12.25 an hour beginning in March 2015, with annual adjustments for inflation every year.

This has been a hugely popular initiative in recent years, with a Gallup poll in 2013 reporting that 7 out of 10 Americans support boosting the minimum wage. Yesterday's results may embolden supporters to push this issue in more cities and states across the country. To prepare for these new measures, employers should consult their Vorys attorney.