

# EMPLOYMENT LAW SUMMARY

## Michigan: Minimum Wage Laws



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Federal minimum wage law is governed by the Fair Labor Standards Act (FLSA). The current federal minimum wage rate is **\$7.25 per hour** for nonexempt employees. The Improved Workforce Opportunity Wage Act (IWOWA) complements federal law and, in some cases, prescribes more stringent or additional requirements that employers must follow. Whenever employers are subject to both state and federal laws, the law that is most beneficial to the employee will apply.

The Michigan [Department of Labor and Economic Opportunity](#) (LEO) enforces wage payment standards throughout the state.

### MINIMUM WAGE RATE

All employers that have two or more employees in Michigan must comply with minimum wage payment requirements under the IWOWA. Minimum wage increases were set by [Public Act No. 368](#), which amended the IWOWA in late 2018. Under the amendments, the minimum wage rate will increase annually until it reaches \$12.05 per hour.

Effective	State Minimum Wage	Tipped Employee Rate
Jan. 1, 2022	\$9.87	\$3.75
Jan. 1, 2023	\$10.10	\$3.84
Jan. 1, 2024	\$10.33	\$3.93
Jan. 1, 2025	\$10.56	\$4.01
Jan. 1, 2026	\$10.80	\$4.10
Jan. 1, 2027	\$11.04	\$4.20
Jan. 1, 2028	\$11.29	\$4.29
Jan. 1, 2029	\$11.54	\$4.39
Jan. 1, 2030	\$11.79	\$4.48
Jan. 1, 2031	\$12.05	\$4.58

Even though the rates in the table below represent the official schedule, state law prohibits scheduled increases when the state's annual average unemployment rate for the preceding calendar year is above 8.5%. This was the case in 2020, which resulted in no increase for 2021.

### COVERED EMPLOYEES

Most workers must be paid at least the minimum wage rate. Among others, covered employees specifically include:

- Child care providers (unless they are under age 18, only provide services on a casual basis and do not regularly work an aggregate of more than 20 hours per week); and

- Domestic service employees who provide companionship services (as defined by the FLSA) for persons who, because of age or infirmity, are unable to care for themselves.

## **EXCEPTIONS**

Despite the above, domestic service and child care providers are not covered under the IWOWA if they live with the individuals they serve. In addition, the IWOWA specifically excludes the following from its minimum wage payment requirements:

- Ice hockey players who are between 16 and 21 years of age and play for a team that is part of a regional, national or international junior ice hockey league;
- Individuals covered under the FLSA (unless the state minimum wage rate is higher than the federal minimum wage rate);
- Individuals exempt from the minimum wage rate under the FLSA;
- Individuals employed in summer camps for not more than four months;
- Individuals working under a special certificate issued by the U.S. Department of Labor; and
- Fruit, pickle and tomato growers and other agricultural employers that traditionally contract for harvesting on a piecework basis.

The IWOWA also allows employers to pay employees who are younger than 20 years old a training wage of \$4.25 per hour for the first 90 days of employment. After the 90-day period, employers must pay these employees their applicable minimum wage rate. Employees who are under age 18 may receive a regular wage rate as low as 85% of the state minimum wage rate.

## **POSTING REQUIREMENT**

Michigan law requires employers to post and maintain updated information regarding the state's minimum wage rate and wage payment laws. Employers can use the [model poster](#) provided by LEO to satisfy this requirement.

## **MORE INFORMATION**

Contact Heffernan Insurance Brokers for more information on wage payment and work hour laws in Michigan.

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