

Federal Minimum Wage Increase Delayed

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According to Senator Tom Harkin (D-Iowa), a bill to raise the federal minimum wage to \$10.10 per hour has been delayed until after Jan. 1, 2014. Senate Majority Leader Harry Reid (D-Nevada) expressed disappointment over the delay and stated he would “push for an extension of unemployment insurance, as well as an increase in the minimum wage, when the Senate convenes after the New Year.”

[The bill \(S.460\)](#) sets forth a staggered increase in the federal minimum wage, with an initial increase to \$8.20 per hour in the first year, then to \$9.15 per hour, and \$10.10 within two years from enactment of the Fair Minimum Wage Act of 2013 Act. The bill also proposes that the Secretary of Labor determine the effective federal minimum wage on an annual basis under the following formula:

1. An amount not less than the minimum wage described in the bill; and
2. Increased by the annual percentage increase in the Consumer Price Index; and
3. Rounded to the nearest multiple of \$0.05.

Finally, the bill addresses the federal minimum wage for tipped employees. The bill states that the cash wages paid to tipped employees must not be less than \$3.00 per hour with increases for each succeeding year until the hourly wage equals 70 percent of the then-federal minimum wage. Again, a formula is set forth in the bill as to the manner in which the minimum wages for tipped employees will be increased.

Should this bill pass the Senate, the effective date would take place on the first day of the third month following enactment.