

MINIMUM WAGE POP QUIZ!

QUESTION ONE: True or False: Oregon's minimum wage rate is more than \$2.00 per hour higher than the federal minimum wage.

ANSWER: True. The federal minimum wage has been \$5.15 per hour since 1997. Oregon's current minimum wage is \$7.50, and increases to \$7.80 per hour effective January 1, 2007. There are currently no scheduled increases to the federal minimum wage rate.

QUESTION TWO: True or False: All employees in Oregon are entitled to be paid an hourly rate which is at least as much as the Oregon state minimum wage -- that's why it's called the "minimum" wage.

ANSWER: False. While most employees do indeed have to be paid at least minimum wage, there are some employees who are exempt from the minimum wage requirements. Examples include: certain "white collar" employees who are paid on a salary basis, companions to the elderly and disabled working in family homes, and some agricultural employees.

There are also many workers in Oregon who are not considered "employees" and are thus exempt from the minimum wage requirements. For example, volunteers and independent contractors are not considered "employees," and thus do not have to be paid minimum wage.

QUESTION THREE: True or False: A restaurant owner may require tipped employees to report their tips, and then pay employees an amount to make up the difference between the tip amount and minimum wage. In fact, if the tips satisfy or exceed minimum wage, the employer does not have to pay tipped employees any additional amounts.

ANSWER: False! Oregon law prohibits employers from applying tips received by an employee toward payment of the minimum wage. Oregon employers must pay full minimum wage to tipped employees without factoring in tips received, often referred to as a "tip credit."

QUESTION FOUR: TRUE OR FALSE: Oregon's minimum wage automatically increases every January.

ANSWER: Not necessarily, although this is usually the case. The Oregon minimum wage rate is adjusted annually for inflation when there is an increase in the consumer price index. The law requires the Labor Commissioner to calculate the minimum wage annually by September 30 for the following year, and the new minimum wage becomes effective on January 1 each year.

Based on this formula the commissioner applied a 30 cent increase to the current minimum wage, \$7.50, which becomes \$7.80 effective January 1, 2007.

QUESTION FIVE: TRUE OR FALSE: As soon as the minimum wage goes up, employers must make sure employees are paid at the increased rate on the very next paycheck.

ANSWER: Not exactly. It depends on when the employee worked the hours being paid in the paycheck. All hours employees work from the effective date of the minimum wage change forward must be paid at the new minimum wage rate. The timing of the paycheck may result in an employee receiving a check which reflects compensation at the former minimum wage for work hours performed before the increase, in addition to compensation at the new rate for hours worked after the change became effective.

QUESTION SIX: TRUE OR FALSE: As long as the employee has provided specific written authorization, an employer may deduct from a minimum wage earner's first paycheck to cover costs for uniforms and tools the employer requires to be used on the job.

ANSWER: FALSE. Payroll deductions may never be taken for any items that are required by the employer. In addition to this restriction on paycheck deductions, employees may not be required to pay for any necessary items to be used in performing their job if it would reduce their pay below the minimum wage in any pay period, including the first pay period.

QUESTION SEVEN: TRUE OR FALSE: Because the minimum wage is going up 30 cents in 2007, employers must increase everyone's wage by that amount. Otherwise, it would be discrimination.

ANSWER: FALSE. While this might make for good employer/employee relations, it is not required under the law.

HOW DID YOU DO? If you got all seven pop quiz questions correct, you should consider yourself a minimum wage expert. Six? You are an expert-in-training. If you got five correct you need to brush up a bit on the basics; consider yourself an expert-in-training "second class." If you got just one to four of the minimum wage questions correct, you need to study up. You are an expert-in-training "wanna-be."

For more information on these and important issues for Oregon employers, including seminars given by BOLI's Technical Assistance Unit, please visit our website at www.oregon.gov/boli/ta. You may also call us at 971-673-0824.