

Connecticut Moves Toward Highest Minimum Wage of Any State in the Country

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On March 27, 2014, Connecticut Governor Dannel Malloy signed a law that is poised to make Connecticut's minimum wage the highest of any state in the nation by 2017 (if no other state enacts a higher wage in the interim). Under the new law, Connecticut's existing \$8.70 minimum wage will increase to \$9.15 on January 1, 2015, \$9.60 on January 1, 2016, and \$10.10 on January 1, 2017.^[1] Employers with employees earning at or slightly above the Connecticut current minimum wage should begin taking steps to ensure compliance with the new minimum wage rates once they take effect.

Employers also should anticipate a similar increase in related overtime costs, as overtime typically is calculated at 1.5 times an employee's regular rate. And, although the new law does not address the minimum cash wages for employees who earn tips, employers who rely on "tip credits"^[2] to meet the regular minimum wage still will need to make up any difference between the tip-credited wage and the regular minimum wage. If you would like further information about the new law or have other wage and hour questions, please contact your Proskauer relationship attorney.

^[1] The \$10.10 minimum wage that will go into effect in 2017 is currently the highest minimum wage to have been approved by any state. Notably, the U.S. Congress has proposed increasing the minimum wage to \$10.10 per hour, although given the present political dynamic, passage is unlikely. Nevertheless, many states continue to raise the minimum wage on their own initiative, as discussed in a past [client alert](#), as do some cities and municipalities.

[2] Under existing law, Connecticut employers may compensate hotel and restaurant employees at 65.4% of the regular minimum wage, provided that the employee recoups the remaining 34.6% in tips. Moreover, an employer need only pay bartenders 84.4% of the regular minimum wage, so long as the employee earns the remaining 15.6% in tips. Beginning on January 1, 2015, the tip credit amount will increase to 36.8% for hotel and restaurant employees, and to 18.5% for bartenders.

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