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Connecticut Charts Path to Increase Minimum Wage to \$15

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Joining a trend sweeping the country, Connecticut lawmakers passed a bill that introduces a schedule to increase the minimum wage to \$15 per hour by June 2023.

Gov. Ned Lamont signed the bill this morning, and employers should revise their policies and payment processes to accommodate the schedule of wage increases, including training wage increases.

Minimum Wage Increases

The current minimum wage in Connecticut is \$10.10 per hour. Under the new law, the minimum wage will increase to \$15 per hour over the next four years on the following effective dates:

- October 1, 2019 – \$11 per hour
- September 1, 2020 – \$12 per hour
- August 1, 2021 – \$13 per hour
- July 1, 2022 – \$14 per hour
- June 1, 2023 – \$15 per hour

Beginning on January 1, 2024, and every year thereafter, the minimum wage will be adjusted by the percentage change in the employment cost index, or its successor index, as calculated by the U.S. Department of Labor.

Employers in the hotel and restaurant industry are permitted to pay their employees less than the minimum wage and thus take a tip credit

towards their minimum wage obligations as long as the employee's tips plus the cash wage paid is equal to or greater than the minimum wage. Currently, employers can pay a cash wage of \$8.23 per hour to bartenders who customarily and regularly receive tips and a cash wage of \$6.38 per hour to other hotel and restaurant staff who customarily and regularly receive tips. Though the minimum wage is scheduled to increase in stages over the next four years, the cash wage that employers in the hotel and restaurant industry can pay to their tipped staff is not being altered. Thus, such employers may continue to pay such tipped employees either \$8.23 or \$6.38 per hour provided that the employee's cash wages and gratuities are greater than or equal to the minimum wage.

In the event there are two consecutive quarters of negative growth in the state's real gross domestic product, the state's Labor Commissioner is required to make a recommendation in writing to the governor regarding whether any scheduled increases in the minimum wage should be suspended. The governor may then submit his or her recommendations to the General Assembly.

Training Wage Increases

Currently, Connecticut law allows employers to pay learners, beginners and individuals under the age of 18 a rate of 85 percent of the minimum wage (known as the "training wage") for the first 200 hours of their employment.

Under the new law, the training wage is limited only to people under the age of 18 (except for emancipated minors). All employees 18 years of age or older, including beginners and learners, must be paid the full minimum wage. The new law requires the training wage to be 85 percent of the minimum wage or \$10.10, whichever is greater, and can be paid to covered employees for the first 90 days, rather than 200 hours, of their employment.

Due to the increases in the minimum wage through June 1, 2023, the training wage will also increase on the following effective dates:

- October 1, 2019 – \$10.10 per hour
- September 1, 2020 – \$10.20 per hour
- August 1, 2021 – \$11.05 per hour
- July 1, 2022 – \$11.90 per hour
- June 1, 2023 – \$12.75 per hour

On or after October 1, 2020, employers are prohibited from taking any action “to displace an employee, including, but not limited to, a partial displacement of an employee, such as reducing the employee’s hours, wages or employment benefits, for purposes of hiring persons under the age of eighteen years at a rate below the minimum fair wage.” If the Labor Commissioner determines that an employer violated this provision of the law, the employer’s right to pay the reduced rate for covered employees will be suspended for a period of time. Employers may not take a tip credit if they are paying the employee a training wage.

Employers should address these upcoming changes to the law immediately to ensure that all policies and payment procedures will be in place by the date the law goes into effect.

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