

The McKenzie Mailer

April, 2005

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UPCOMING EVENTS

April 19, 2005

SUPERCHARGE YOUR CAREER WORKSHOP

Celebrating Equal Pay
Day, 2005

Marriott Southpoint 10:00
a.m. to 12:00 noon

Bob McKenzie will be one
of the presenters.
His Topic:

“Are You the Only One
Who Knows How Good
You Are?”

Call 722-3000 for more
information.

July 14, 2004

Mr. McKenzie will be the
Guest Speaker at the
Society for Human
Resources Management
Luncheon also at the
Marriott at Southpoint.

The Topic:

“A High Performance
Workplace, You Can Feel
it In the Air”

Call us at 273-8637 for
more information.

Are You Ready for the Minimum Wage Backlash?

In November, Florida voters approved a constitutional amendment increasing the minimum wage from \$5.15 per hour to \$6.15 per hour. The increase goes into effect on May 2, 2005. Many other states have already increased their minimum wage in 2005 including New York, Washington, District of Columbia, Maryland and Illinois to name a few. To most companies, raising the minimum wage is not a big deal as their lowest paid employees are significantly above the new minimum wage. Right? Well, maybe not. The last time the minimum wage increased was September 1, 1997, and many may not remember the backlash it caused in the workplace. At that time, the increase was only 8% and many employees who were then making quite a bit more than \$5.15 per hour expressed disappointment with the fact that they did not receive wage increases.

The upcoming Florida minimum wage increase is nearly 20% and should have a much more profound trickle-up effect on wages throughout the state than previous wage increases. Are you ready? The newspapers will have headline stories which will be read by your employees who will wonder if they will be getting more money. After all, there is some good reasoning. If their job was worth three dollars an hour more than the minimum wage in April, isn't it worth three dollars more than the minimum wage in May? What's your answer? Are you ready?

What if you have a retail store and pride yourself on paying more than the minimum wage. Now you have two choices, you can either raise your starting wage for new employees or change your compensation philosophy. What about the employee who started at \$6.00 an hour last year and received two raises since then and now makes \$6.50 per hour. Does this person deserve a raise because your new hires will earn only 35 cents an hour less than an experienced employee?

What about the experienced accounting clerk that is making \$10.00 an hour? Does he deserve a wage increase because you feel you must raise the starting wage for an accounting clerk from \$7.00 to \$7.50 an hour because the pay was too close to the minimum wage?

These are tough questions to answer.

In Florida, the trouble will start all over again next year. The minimum wage amendment includes an annual escalator to the minimum wage which is tied to the consumer price index. So, on January 1 of each year, the minimum wage will go up again.

Aside from raising all wages to a minimum of \$6.15 per hour, our recommendation is to take a wait and see approach. Wage rates are normally determined by the marketplace. In time, the market will tell you what you should do with your rates of pay. In the meantime, tell your employees that you pay competitive wages and will continue to do so regardless of where the minimum wage falls. In time, conduct a survey of the wages being paid by your competitors using a third party to conduct the survey. If a wage increase is warranted and you can afford to pay higher wages, then do it.

In Florida, there is very little that can be done as the minimum wage is now a part of the state constitution. At least in Maryland and New York, it can be changed by the legislature. Other states should keep a close eye on what happens in Florida over the next couple of years. It could turn out to be a very educational experience.