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Hot Topic: New Minimum Wage Set

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Hot Topics for Tennessee cities and towns

September 30, 1996 #24

New Minimum Wage Set

by Richard L. Stokes
MTAS Municipal Human Resources Consultant

Last month, President Bill Clinton signed into law the Small Business Job Protection Act of 1996. The bill contains several amendments affecting government employees. Among them are the Minimum Wage Increase Act of 1996 and the Fair Labor Standards Act Amendment of 1996. (FLSA) The Small Business Job Protection Act also provides an extension of the Employer-Provided Educational Assistance Programs.

Minimum Wage

The Minimum Wage Increase Act amends the Fair Labor Standards Act by establishing that the minimum wage paid to employees shall be set at no less than \$4.75 an hour effective October 1, 1996. The minimum wage will increase on September 1, 1997, to \$5.15 an hour.

FLSA Exemptions and Opportunity Wage

Other amendments to the Fair Labor Standards Act include a clarification on the exemption of computer technology employees. It provides a test for the exemption of computer employees. The tests include examples of the duties of computer systems analyst, computer programmers, software engineers or other similarly skilled workers, and a minimum rate of compensation that would exempt them from the provisions of the act. Additionally, the act creates an opportunity wage for employers. It establishes the opportunity wage rate at \$4.25 an hour during the first 90 consecutive calendar days. The opportunity rate does not apply to any employee 20 years of age or older.

Educational Tax Credits


Finally, the Small Business Job Protection Act also provides an extension of tax credit for educational assistance programs. The act extends tax credit from December 31, 1994, to May 31, 1997. The act, however, does not include any payment for any graduate level course in a program of law, business, medicine, or other advanced academic or professional degrees. The act also requires the Secretary of the Treasury to establish procedures for the refund of any overpayment of taxes during 1995 and 1996.

For additional information contact Richard L. Stokes, MTAS Human Resources Management Consultant at (615)532-6827. Or, contact the MTAS office in your area.


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By sharing information, responding to client requests, and anticipating the ever-changing municipal government environment. MTAS promotes better local government and helps cities develop and sustain effective management and leadership.

MTAS offers assistance in areas such as accounting and finance, administration and personnel, fire, public works, law, ordinance codification, communications, and wastewater management. MTAS houses a comprehensive library and publishes numerous documents annually.

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