



THE UNIVERSITY OF TOLEDO
MEMORANDUM

On November 7, 2006, Ohio voters approved Issue 2 which increases the state hourly minimum wage from \$5.15 to \$6.85, effective January 1, 2007. Issue 2 also provides for additional annual increases based on the percentage change of the Consumer Price Index (CPI). It has been determined that the increase effective January 1, 2008 will be 15 cents making the new minimum wage \$7.00.

Human Resources, Payroll and Student Employment will be sending a list (spreadsheet) to all business managers who have affected employees in their areas. The change in the minimum wage primarily affects student employees and a few temporary employees. The spreadsheet will include the position, old pay rate(s) and the new rate(s) for affected employees as well as a space for the department to indicate changes to the supplemental rates should you chose to not reduce it. **Please carefully review each employee's pay rate(s) paying special attention to any supplemental rates the department may be paying.** Pay rates will be adjusted automatically to ensure employees currently paid below \$7.00 are moved to the new minimum wage. Several examples of supplemental pay issues departments will need to evaluate are set out below. The spreadsheets must be reviewed and returned to the Payroll email account at: payroll@utnet.utoledo.edu no later than the end of business on Monday, 12/17/2007. If a spreadsheet is not returned by the due date, it will be assumed you agree with all changes as listed which will automatically be implemented. After the 12/17/07 deadline, if any changes need to be made, the department will need to complete a new Personnel Action form.

Although the minimum wage is increasing, Federal Work Study awards and departmental student budget accounts are not increasing. Therefore, each employee and department will need to monitor available funds and either reduce the employee's hours of work to account for the increase in pay or identify additional funds to make sure sufficient amounts are available to pay employees who exhaust Federal Work Study awards or who may exceed departmental funds.

The new pay rates will be effective 12/29/2007 and will be reflected on the 01/18/2007 payroll (which begins on 12/29/2007 and ends on 01/11/2007). Please be sure that you accurately record the new rates on all timecards beginning with that pay. Please take a few minutes to look at the impact that this will have on your budget and the remaining FWS awards available to your students and adjust their schedules accordingly.

Examples

A Federal Work Study student who is currently paid \$6.85 per hour on the work study account and has an additional \$0.15 or more of supplemental wage, has a combined wage that is at or above the minimum wage. As a result, the student's rate does not have to be increased. However, because the FWS rate will be changing from 6.85 to 7.00, the department will need decide if it wants to reduce the supplemental rate by 15 cents to keep the students total pay rate the same or leave the supplemental rate the same and give the student an 15 cent raise. See the examples below.

Example #1: FWS with a \$2.00 supplemental rate.

Before the change:

FWS	\$6.85
Supplemental rate	<u>\$ 2.00</u>
Total rate	\$8.85

Defaulted change: Reduce the supplemental rate, so the total pay will remain unchanged. The spreadsheet will be set up to do as a default.

FWS	\$7.00
Supplemental rate	<u>\$1.85</u>
Total rate	\$8.85

Department's discretionary change:

FWS	\$7.00
Supplemental rate	<u>\$2.00</u>
Total rate	\$9.00

If the department has the funds and wishes to keep the supplemental account at the \$2.00 rate, that should be indicated on the spreadsheet and returned by 12/17/2007.

Example #2: FWS student with a .15 supplemental account.

Before the change:

FWS	\$6.85
Supplemental rate	<u>\$.15</u>
Total rate	\$7.00

Defaulted change: The .15 cent supplemental assignment will be end dated and the FWS assignment increased to \$7.00.

FWS	\$7.00	
Supplemental rate	<u>NA</u>	Supplemental assignment will be ended 12/28/2007, going forward the
Total rate	\$7.00	the supplemental timecard will not be needed

Department's discretionary change:

FWS	\$7.00
Supplemental rate	<u>\$.15</u>
Total rate	\$7.15

If the department has the funds and wishes to keep the supplemental account, that should be indicated on the spreadsheet and returned 12/17/2007.

Attached is a draft copy of the e-mail that Financial Aid is sending to all Work Study employees, as well as the spreadsheet for the affected employees in your area.

If you have questions please feel free to contact payroll at (419) 530-8780.