



*This article presents general guidelines for Ohio nonprofit organizations as of the date written and should not be construed as legal advice. Always consult an attorney to address your particular situation.*

## Ohio Non-Profits Need to be Proactive in Addressing 2020 Minimum Wage Increase

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Starting January 1, 2020, the minimum wage in Ohio will increase to \$8.70/hour, a raise of fifteen cents for non-tipped employees that earned \$8.55/hour in 2019. Tipped employees are also getting a raise, to \$4.35/hour. This increase will only apply to businesses with gross receipts of more than \$319,000 a year. For smaller companies, with gross receipts less than \$319,000, the minimum wage is \$7.25/hour (the federal minimum hourly wage rate). The Department of Commerce has [issued a poster](#) describing these changes.<sup>1</sup>

Non-profits often find themselves conflicted when faced with a higher minimum wage. On one hand, a higher minimum wage can mean more income and greater economic security for the vulnerable populations that non-profits often serve. On the other, non-profits typically run on a strict budget. Any deviation can mean difficult decisions about services or staff.

The best way for non-profits to minimize any impact on services while also remaining compliant with wage and hour laws is to be proactive about the upcoming minimum wage hike and take the following steps.

1. First, consider whether the minimum wage increase will actually apply to the non-profit. To apply, the non-profit must be an employer under the Ohio wage and hour law and must also meet the gross receipts thresholds discussed above. If the increase does not apply, the non-profit should consider whether the federal minimum wage law, which is currently \$7.25/hour, applies instead.
2. If the increase does apply to the non-profit, review personnel status and determine which specific employees are impacted and what the cost to the non-profit will be. For example, volunteers, independent contractors, and salaried exempt staff will not be impacted by the increase. If the non-profit employs youth, the increase does not apply to 14 and 15-year olds. Instead, they must be paid \$7.25/hour (the federal minimum wage).

<sup>1</sup> This increase comes as a result of Constitutional Amendment II-34a, which voters approved in 2006, which ties increases in the minimum wage to inflation. The Consumer Price Index increased by 1.5% over the 12-month period from September 1, 2018 and August 31, 2019, leading to the 2020 scheduled increase.



3. For those employees and non-profits who are impacted, consider what needs to be done to ensure compliance from an administrative perspective, including things like updating posters. Keep in mind that a raise in the regular rate of pay will also increase the cost of overtime if an employee works more than 40 hours in a workweek. Employers who are increasing the wage rate for some employees to meet the new minimum wage rate should also consider whether and how to implement corresponding wage increases for other employees who are already receiving at least \$8.70 per hour in order to maintain the same wage rate structure.
4. Finally, review the impact of the increase on the non-profit's budget. Although this looks like a relatively small raise, the effects of a higher minimum wage over a year can accumulate quickly. Non-profits may need to consider reallocating dollars or reorganizing staff or programs to make sure they can cover the increase cost in salary to minimum wage workers.

One final note - it is important to be proactive to ensure compliance with the minimum wage increase because wage and hour violations can be both costly and distracting from the purpose of the non-profit.

## Need Legal Advice?

If you are a PBPO client and have questions regarding the impact of Ohio's minimum wage increase or would like legal assistance implementing the recommended action steps, please contact us at [info@pbpohio.org](mailto:info@pbpohio.org) or (513) 977-0304.

If you are not a client but would like to apply, please contact us at [info@pbpohio.org](mailto:info@pbpohio.org) or (513) 977-0304.

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