

necessary and available under the circumstances. Only time will tell whether Mitchell's ample allegations will flourish into evidence of misconduct by the airline or falter as the airline is provided with the opportunity

to present evidence countering her allegations. Rest assured, we will monitor this case as the litigation unfolds.

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## WORDS ON WISE MANAGEMENT

### Happy anniversary, FLSA

by Jennifer Blake  
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On June 25, 2018, the Fair Labor Standards Act (FLSA) turned 80 years old! I didn't notice much fanfare or celebrating. Did you? Remember, just two years ago many of us were frantically implementing new pay policies as the deadline loomed for implementation of the "new and improved" FLSA overtime regulations.

It seems like the FLSA hasn't gotten much attention since November 2016, when the U.S. Department of Labor's (DOL) final rule was put on ice by a federal judge. The national conversation about minimum wage *has not* diminished, however.

The federal minimum wage has languished at \$7.25 per hour since 2009. In the last few years, we've heard a steady narrative about a \$15 minimum wage. Implementing such a gigantic leap in the minimum wage nationally seems unlikely. As the DOL discovered in crafting the final rule regarding changes to the FLSA overtime exemptions, determining what is reasonable across all industries and regions of the United States is not an easy task. But at \$7.25 per hour, it's unlikely a full-time worker in any corner of the nation can actually live on the minimum wage.

As an alternative to regulatory compliance, some employers have taken the initiative and led the way in increasing pay for entry-level employees to a level that is more "livable." Walmart increased its minimum pay for most employees to \$10 in 2015 and then again to \$11 in February 2018. Target has done the same. Effective January 1, 2018, 18 states and 20 American cities increased their minimum wages, including Arizona, where the state minimum wage is now \$10.50.

Employers should make sure they have executive-level buy-in to the philosophy that every full-time employee is entitled to make a living wage. For some organizations, that may require a huge shift in perspective, but for others, such a philosophy may already align with their overall employee relations strategy.

The concept of "living wage" takes into account the required living expenses in a particular geographic

location. When calculated, the living wage considers minimal spending for food, child care, health insurance, housing, transportation, and miscellaneous items such as clothing and personal care. (The Massachusetts Institute of Technology's (MIT) Living Wage Calculator is available at <http://livingwage.mit.edu/>.)

The current living wage for one adult in the Phoenix-Mesa-Scottsdale Metropolitan Statistical Area (MSA) is \$11.22. Compared to the state minimum wage of \$10.50, there's an eight percent gap. In Flagstaff, which currently has an \$11 minimum wage, the living wage is \$11.75. See how this information may be useful in establishing entry-level pay?

In the feature article "Beyond the Minimum" in the June/July 2018 issue of *Workspan*, writer Jane Larson shares Ikea's experience implementing a living-wage model. Beginning in 2015, Ikea used the MIT Living Wage Calculator to establish new minimum pay rates for all hourly employees in the United States.

In its first year of paying living wages, Ikea realized a four percent reduction in turnover and increased employee engagement, its U.S. compensation manager told the magazine. The decline in turnover saved the company \$1.5 million in recruiting costs, such as job ads and screening and interviewing candidates.

Ikea continues to maintain its minimum hourly wages in the same manner. The retailer believes paying a living wage is consistent with its people strategy and employment standards.

Every employer must choose a strategy for paying entry-level workers, even if the strategy is just to comply with applicable minimum wage laws. But thinking more creatively about alternatives, including establishing livable wages, is not only good for a company's employees, but it may also lead to easier recruitment and retention and higher employee morale.



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