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State Notice Requirements for Employee Pay Reductions

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In response to the financial pressures of the COVID-19 crisis, many employers are considering pay reductions as an alternative to furloughs or layoffs. Most states require advance notice of these changes, and some states have specific timing and/or form-of-notice requirements. These requirements are detailed below.

Because of the current economic environment, some employers may not be able to give the required advance notice before wage reductions go into effect. While state departments of labor have not issued guidance waiving these requirements, they may be less likely to penalize employers for failure to give sufficient notice in the current environment, particularly if the pay reduction is being done to prevent layoffs. That said, employers should still try to give as much notice as possible of pay reductions, even if the notice period falls short of what is required under state law.

States With Specific Timing and/or Form-of-Notice Requirements

State	Amount of Notice Required	Specific Form of Notice Required	Other Notes
Alaska	1 pay period	None	
California	7 calendar days	None	Notice requirement does not apply to exempt employees
Maine	1 business day	None	
Maryland	1 pay period	None	
Missouri	30 calendar days	None	
North Carolina	24 hours	None	
Nevada	7 calendar days	None	
New York	7 calendar days	Hourly Employees Exempt Employees Weekly Rate / Salary for Fixed Number of Hours (40)	

or fewer)

South Carolina	7 calendar days	None	
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The following states require advance notice of pay reductions, but do not specify the amount of advance notice required or provide for any particular form of notice: Colorado, Connecticut, Delaware, Hawaii, Idaho, Illinois, Indiana, Kansas, New Jersey, Michigan, Minnesota, New Hampshire, New Mexico, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Utah, Vermont, Virginia, Washington, Washington, D.C, West Virginia and Wisconsin. If possible, we recommend that employers give at least seven calendar days of notice to satisfy that the notice is given in "advance" in these states.

The following states do not explicitly require advance notice of pay reductions: Alabama, Arizona, Arkansas, Florida, Georgia, Kentucky, Louisiana, Massachusetts, Mississippi, Montana, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota and Wyoming. Although these states do not explicitly require advance notice, we recommend as a best practice that employers still provide advance notice (seven calendar days, if possible).

Iowa does not generally require advance notice of pay reductions, but may require one pay period of advance notice if an employer has previously violated Iowa wage payment laws.

Penalties for failure to provide the required advance notice vary by state. A common penalty amount is \$50 per employee per day that the notice requirement is not met.

Employers are encouraged to consult with counsel before implementing pay reductions to ensure that the reductions are compliant with applicable law.

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