

HOUSE BILL REPORT

HB 1597

As Reported by House Committee On:
Labor & Workforce Development

Title: An act relating to achieving economic security through income sufficient to meet basic needs.

Brief Description: Achieving economic security through income sufficient to meet basic needs.

Sponsors: Representatives Miloscia, Green, Ormsby, Moeller, Reykdal, Hunt, Dickerson, Appleton, Ryu, Hasegawa, Pettigrew, Fitzgibbon and Kenney.

Brief History:

Committee Activity:

Labor & Workforce Development: 2/11/11, 2/16/11 [DP].

Brief Summary of Bill

- Specifies that, if per capita personal income for Washington satisfies two conditions, the state minimum wage rate is adjusted using the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) plus 3 percent.

HOUSE COMMITTEE ON LABOR & WORKFORCE DEVELOPMENT

Majority Report: Do pass. Signed by 8 members: Representatives Sells, Chair; Reykdal, Vice Chair; Green, Kenney, Miloscia, Moeller, Ormsby and Roberts.

Minority Report: Do not pass. Signed by 5 members: Representatives Condotta, Ranking Minority Member; Shea, Assistant Ranking Minority Member; Fagan, Taylor and Warnick.

Staff: Jill Reinmuth (786-7134).

Background:

Employers covered under the state Minimum Wage Act are required to pay employees no less than the state minimum wage rate. The state minimum wage rate is currently \$8.67 per hour; the federal minimum wage rate is currently \$7.25.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Initiative 688 requires that the state minimum wage rate be adjusted for inflation each year. The Department of Labor and Industries calculates the adjusted rate "to maintain employee purchasing power by increasing the current year's minimum wage rate by the rate of inflation" using the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), for the 12 months prior to each September 1. The adjusted rate is calculated on September 30 of each year, and takes effect on January 1 of the following year.

Summary of Bill:

The Legislature declares that the minimum wage is established to allow employees to support themselves and their families with dignity. The Legislature seeks to establish a minimum wage that enables employees to provide for their families' basic needs and not rely on social services.

The rate of inflation used to adjust the state minimum wage rate for 2013 and thereafter is modified.

The adjusted rate is calculated using the increase in the CPI-W, plus 3 percent, if two conditions are satisfied:

- per capita personal income for the preceding year for Washington is greater than it was for the second preceding year; and
- per capita personal income for the preceding year for Washington is greater than for the United States.

Otherwise, the adjusted rate is calculated in the same manner as under current law, using only the increase in the CPI-W.

The bill contains a referendum clause requiring the act to be submitted to the people for adoption or rejection on the date specified by statute for the state primary.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 30 days after the election at which the referendum bill is approved.

Staff Summary of Public Testimony:

(In support) A higher minimum wage has a positive effect on jobs and income. When this state raised the minimum wage, nearly every economic indicator for Washington did better

than the national average. This bill will drive increases in income and productivity. People, families, and businesses will prosper.

This state should aim for a living wage for all of our residents. People are not getting enough hours, more than the minimum wage, or health care benefits. They are not able to move forward, and are easily shoved onto TANF and other programs with the least change in their circumstances. People working full-time should be able to fully participate in society. With this bill there would be less need for state investment in the safety net. These dollars will be spent locally and stay here in the state.

More than 30 percent of home care workers (nearly 13,000 people and their families) live below the poverty level and rely on some form of public assistance. These people are out there trying to help our most vulnerable. Despite taking steps as a family to make sure that we can sustain ourselves, we would not have our house right now if there was not a minimum wage. The state needs to continue to work to bring forward ideas for working families.

The data suggests that the state should be ratcheting up the minimum wage rather than lowering it. Earlier studies suggested that raising the minimum wage had a negative effect, but newer studies have found that there is no negative impact on jobs from raising the minimum wage. The newer studies show that there was no significant impact on jobs overall, jobs in restaurants, or jobs for teenagers. There were increases in family income, and a sharp reduction in turnover. Employees stayed on the job longer, and employers saved on training costs and gained in productivity.

The minimum wage formula is strong and stable. This strategy will help people from falling into poverty or deeper into poverty, and will help the state save money and be solvent. If the state adopts measures to reduce the wage gap, society will be healthier.

(Opposed) None.

Persons Testifying: Representative Miloscia, prime sponsor; Lonnie Johns-Brown, National Organization for Women and Welfare Advocates Group; Glenda Faatoate, Service Employees International Union Local 775; Marilyn Watkins, Economic Opportunity Institute; and Teresa Mosqueda, Washington State Labor Council.

Persons Signed In To Testify But Not Testifying: None.