

Minimum Wage in Washington State

Current Law: How did we get here?

The minimum wage in Washington State, at \$8.07 an hour, is the highest in the nation. The Department of Labor and Industries (L&I) recalculates the state's minimum wage each year in September as a result of Initiative 688 approved by voters in 1998. The initiative requires an annual cost-of-living adjustment in the minimum wage based on changes in the federal Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). Each adjusted minimum wage rate calculated under this method takes effect on the following January 1st.

The federal Department of Labor minimum wage is \$5.85 an hour. But in Washington and other states that set rates that differ from federal law, the higher rate applies. Although Washington employers are subject to both federal and state minimum wage and overtime laws, the employer must follow the higher standard, meaning the one most beneficial to the employee, when there are differing requirements in the laws.

Exceptions

Employees ages 14 and 15: Employers are statutorily required to pay any employee who is 18 years old or older the state's minimum wage rate. The director of L&I is authorized to establish the minimum wage rate for employees under the age of 18. Currently, L&I requires that employers pay employees between the ages of 16 and 18 the state's regular minimum wage of \$8.07. Employers must pay employees who are 14 and 15 years old 85 percent of the state's minimum wage rate which is currently \$6.86 an hour. Tips cannot be used as credit toward the minimum wage owed to a worker.

Agricultural Employment: Coverage of agricultural employment varies under federal and state minimum wage laws. Federal law contains a broad exemption for agricultural employment, while Washington law contains only a narrow exemption that applies specifically to agricultural employees who are "commuters." Commuters are hand harvesters who commute daily from their permanent residence, are paid on a piece rate basis, and were employed in agriculture less than 13 weeks in the previous calendar year.

Recent Legislation

2007-08 Legislation: None

2006 Legislation:

- ◆ **SB 5551 - Minimum Wage Study.** This long-overdue bill would have required the Washington State Institute of Public Policy to study certain issues associated with the minimum wage and its impact on Washington's economy. Although this bill passed the Senate 47-2, this bill died in the House Commerce & Labor committee.

2005 Legislation:

- ◆ **HB 1788 – Using the implicit price deflator to adjust the minimum wage rate.**
This proposal would have changed the calculation of the minimum wage from using the consumer price index (CPI), which focuses on expenditures of families in urban areas, to the implicit price deflator (IPD). The IPD is more representative of fluctuations experienced by all Washingtonians, not just those who work and live in urban areas. This bill failed to receive a hearing.

- ◆ **HB 1789 - Modification of inflationary adjustment to the minimum wage.**
This measure links the minimum wage automatic wage increases to the state's unemployment level. When the state's unemployment is above the federal level, the index minimum wage is suspended. However, if Washington drops below the federal level, the index minimum wage starts again. This bill failed to receive a hearing.

- ◆ **HB 1790 – Setting a competitive minimum wage rate.** This bill would have kept Washington's minimum wage rate to within 125 percent of the national average minimum wage. Although Washington's minimum wage is 133 percent of the national average, this bill would not reduce the current rate, it would simply put wage increases on hold. HB 1790 failed to receive a hearing.