
Labor & Workforce Development Committee

HB 2496

Brief Description: Modifying the inflationary adjustment to the minimum hourly wage.

Sponsors: Representatives Condotta, Warnick, Shea, Taylor, Fagan, Short, Ross and Alexander.

<p>Brief Summary of Bill</p> <ul style="list-style-type: none">• Requires the Department of Labor & Industries to use the Consumer Price Index for All Urban Consumers (CPI-U) to adjust the minimum wage rate.
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Hearing Date: 1/31/12

Staff: Alexa Silver (786-7190).

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 \$9.04; the federal minimum wage rate is currently \$7.25.

Initiative 688 requires that the state minimum wage rate be adjusted for inflation each year. The Department of Labor and Industries (Department) 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 (CPI) for Urban Wage Earners and Clerical Workers (CPI-W), for the 12 months prior to each September 1.

The CPI is the most common index used to measure how the cost of living is changing. The CPI represents changes in the cost of a fixed "market basket" of goods and services purchased for consumption by urban households.

The CPI is available for two population groups:

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.

- The CPI-W includes only those in hourly wage earning or clerical jobs.
- The CPI-U includes, in addition to urban wage earners and clerical workers, groups such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, retirees and others not in the labor force.

Summary of Bill:

In adjusting the minimum wage rate, the Department must use the CPI-U, rather than the CPI-W.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.