

# SENATE BILL REPORT

## SB 5421

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As of February 5, 2015

**Title:** An act relating to creating a teen summer employment wage.

**Brief Description:** Creating a teen summer employment wage.

**Sponsors:** Senators Baumgartner and Braun.

**Brief History:**

**Committee Activity:** Commerce & Labor: 2/04/15.

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### SENATE COMMITTEE ON COMMERCE & LABOR

**Staff:** Susan Jones (786-7404)

**Background:** Initiative 688, approved by voters in 1998, requires the Department of Labor and Industries (L&I) to make annual increases to the state minimum wage for adult workers by the rate of inflation. L&I recalculates the minimum wage in September, which takes effect the following January. L&I has authority to establish the minimum wage for minors in rule. Teen workers age 16 or older must be paid at least the same minimum wage rate as adults, and workers under the age of 16 must be paid at least 85 percent of the minimum wage. The state minimum wage is \$9.47 per hour. The federal minimum wage is \$7.25 per hour.

**Summary of Bill:** Employers may pay teen wages to new employees ages 14 to 19 years at the minimum wage rate established in section 206(a)(1) of the federal Fair Labor Standards Act – federal minimum wage.

Teen wages can only be paid to new employees hired on a temporary or seasonal basis, and for work performed during the summer months from June 1 to August 31.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

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*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.*

**Staff Summary of Public Testimony:** PRO: There is high unemployment among teens. Teens are no longer able to find summer work. Employers used to hire teens for summer but because of the high minimum wage and the cost to train for summer employment, many employers are not hiring teens for summer work. Some teens have lost their work ethic and the opportunity to gain essential work skills. Teens need to learn the skills of arriving at work on time, dressing appropriately, communicating with customers, and using basic math skills; this sets them up for success in life. Summer work also allows teens to earn money for college or trade school. In 2004 teen employment was about 44 percent and 2014 was about 34 percent. In a restaurant survey, 40 percent said they would like to hire teens if it was at a lower wage. This may help some businesses be more competitive if they are close to states with lower minimum wages. Businesses invest a lot in training and will not get rid of teens after a temporary training wage. Small businesses are having trouble finding qualified employees because younger workers are not getting skills as teens. Grocery stores are great for teen workers because there are flexible schedules and the employers will often work around teens' school activities. There are some tasks minors are legally prohibited from doing and that affects productivity and this justifies a lower minimum wage.

CON: Lowering the minimum wage for teens is the wrong approach. Declining teen employment is a national trend unrelated to the minimum wage. Summer employment has declined since the 1990s. Teen unemployment does not inevitably lead to unemployment later on. Washington ranks seventh in teen unemployment but ranks thirtieth for young adult unemployment. Teens are more likely to be working or in school during the summer in 2010 than in 1990. Teen workers need to receive a fair compensation for their labor. Many teens are helping to support themselves and their families, and are paying for school.

**Persons Testifying:** PRO: Senator Baumgartner, prime sponsor; Bob Battles, Assn. of WA Business; Mark Johnson, WA Retail Assn.; Trent House, WA Restaurant Assn.; Patrick Connor, National Federation of Independent Business WA; Carolyn Logue, WA Food Industry Assn., South Sound Chamber of Commerce Legislative Coalition.

CON: Elissa Goss, WA State Labor Council; Marilyn Watkins, Economic Opportunity Institute.