

SENATE BILL REPORT

SB 5275

As of February 4, 2013

Title: An act relating to preventing the curtailment of employment opportunities by allowing employers to pay a training wage for a specified period of time.

Brief Description: Allowing employers to pay a training wage for a specified period of time.

Sponsors: Senators Holmquist Newbry, Braun, Becker, Sheldon, Carrell, Schoesler, Smith and Honeyford.

Brief History:

Committee Activity: Commerce & Labor: 1/30/13.

SENATE COMMITTEE ON COMMERCE & LABOR

Staff: Mac Nicholson (786-7445)

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, and it takes effect the following January. L&I has authority to establish the minimum wage for minors in rule. Workers 16 or 17 years of age 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.

L&I also has the statutory authority to issue special certificates to employers allowing them to pay wages lower than the minimum wage for a fixed period of time. Employers with special certificates can pay sub-minimum wages to learners, student workers, apprentices, and individuals impaired by age or physical or mental deficiency or injury.

The state minimum wage is \$9.19 per hour. The federal minimum wage is \$7.25 per hour.

Summary of Bill: L&I must establish a training certificate, which allows employers with 50 or fewer employees to pay training wages to new employees. The training wage is 75 percent of the state minimum wage, or the federal minimum wage, whichever is greater. The use of training certificates is subject to the following conditions:

- the maximum training period is 680 hours;
- employers may only use the training certificate once per employee;

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.

- training wage employees may not be more than 10 percent of an employer's workforce;
- if an employer discharges a training wage employee who has worked fewer than 680 hours, the employer must notify L&I, provide an explanation for the discharge, and cannot replace the discharged employee with another training wage employee for one year.

Appropriation: None.

Fiscal Note: Requested on January 23, 2013.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: When you work, you gain confidence, and kids need the ability to work. There has been a dramatic reduction in youth employment. We hurt youth of today by not giving them jobs. Young people need to be taught early in their employment, and it's a cost to employers to pay them a full wage for reduced work. This is a good part of the solution to get more teens employed. The bill will help employers hire teens and train them. This bill will help teens get their first job and provide them with skills to use during their work life.

CON: Some industries have recovered from the recession but workers are still falling behind. Full time workers are working hard and they barely stay above the poverty line. The minimum wage is essential to helping families thrive and be successful and this bill is an attack on the minimum wage. The bill provides an incentive to replace experienced workers with training wage employees, and applies to all workers, not just young workers. The bill fails to address the serious issue of workforce development and doesn't require the employer to provide any training.

OTHER: Research concludes that a high minimum wage results in high unemployment levels for those entering the workforce. The state unemployment rate for youth is too high. Employers need an economic incentive to take a gamble on a teenage worker with no skills and no work history.

Persons Testifying: PRO: Jerry Murphy, Greenshields Industrial Supply; Hal Palmer, Copies Today Speedy Litho; Steve Salins, Patrick Connor, National Federation of Independent Business; Mark Johnson, WA Retail Assn.; Julia Clark, WA Restaurant Assn.

CON: Stefan Moritz, Unite Here; Julia Nottingham, Shalma Wellington, Stephen Bird, citizens.

OTHER: Erin Shannon, WA Policy Center.

Signed in, Unable to Testify & Submitted Written Testimony: CON: Steve Breaux, SEIU Healthcare 775.