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Why Seattle's Minimum Wage Hike is Relevant to All Employers – Not Just Those in Seattle

By Katherine S. Somervell

The city of Seattle's decision this week to raise its minimum wage to \$15 per hour has garnered national attention as the highest minimum wage in the country. Although the increase will be implemented incrementally over the next several years, the City's decision is just the latest in a series of municipal wage hikes on the West Coast and highlights the need for employers to be acutely aware of a growing patchwork of federal, state and city wage requirements they may be subject to.

What does this mean for employers? Be vigilant for minimum wage hikes not only in the state in which you operate, but also the cities in which you have employees. State and federal labor administrators rigorously enforce wage and overtime requirements, and the failure to comply can result in serious penalties. Is there any good news? Well, Oregon employers can rest easy; state law prohibits municipalities from setting their own minimum wage. Businesses with employees in California and Washington, however, should take care to ensure they know exactly what wage rate is mandated for their employees.

It should be noted that Seattle's increase will not take effect immediately. Instead, the hourly wage will increase incrementally to \$15 by 2017 for employers with more than 500 employees that do not provide health insurance. This is extended to 2018 for employers with more than 500 employees that *do* provide health insurance. Smaller employers will have even more time to adjust: the hourly minimum will increase incrementally through 2021.

Seattle's decision is part of a West Coast trend that has always been ahead of the curve with respect to minimum wages. In contrast to the federal minimum wage of \$7.25/hour, California, Oregon and Washington have all required employers to pay their employees at a higher rate. Indeed, Washington's minimum wage is the highest in the country at \$9.32/hour, and as of July 1, 2014, California's minimum hourly wage will increase to \$9.00, close behind Oregon's \$9.10. Seattle's decision to increase the minimum wage to almost 70% above the state minimum (and double the federal minimum) signals a growing trend among municipalities to tailor a minimum wage to their specific demographics.

In California, for example, San Francisco has enacted a minimum wage of \$10.74 and San Jose a minimum of \$10.15. Just last month, the city of Richmond voted to incrementally increase the minimum wage by 2017 to \$12.30, the highest in the state. This, as the California senate just passed a bill to increase the state hourly minimum wage to \$13.00 by 2017. Seattle's bold move may be just the first in a series of increases by Washington municipalities. Stay tuned.