Initiative Measure No.

1433

Initiative Measure No. 1433 concerns labor standards.

This measure would increase the state minimum wage to $11.00 in 2017, $11.50 in 2018, $12.00 in 2019, and $13.50 in 2020, require employers to provide paid sick leave, and adopt related laws.

Should this measure be enacted into law?

[ ] Yes

[ ] No

The Secretary of State is not responsible for the content of statements or arguments (WAC 434-381-180).

Explanatory Statement

Written by the Office of the Attorney General

The Law as it Presently Exists

Washington's minimum wage for employees who are at least 18 years old is $9.47 per hour for 2016. For employees under 18 years old, the Washington Department of Labor and Industries sets the minimum wage. The Department has determined that workers who are 16 or 17 years old must receive the adult minimum wage. Workers who are under 16 years old may be paid 85% of the adult minimum wage, which for 2016 is $8.05 per hour. Employers must pay overtime wages of at least one and one-half an employee's regular rate of pay for hours worked in excess of 40 hours in a 7-day work week. Employers cannot use tips as credit toward minimum wages owed to a worker.

Some cities have adopted local laws that require a higher minimum wage within those cities. Where a higher local minimum wage applies, the employer must pay the higher minimum wage. If a federal or local law sets a lower minimum wage than the one required by state law, the higher state minimum wage is the one that applies.

The Department of Labor and Industries calculates a cost of living adjustment to the state minimum wage every fall, and the new rate takes effect the following January 1. The Department calculates the minimum wage increase according to the rate of inflation.

Most workers must be paid at least the minimum wage for all hours worked. But some workers are not currently covered by the state Minimum Wage Act. For example, people who are working as independent contractors, casual laborers, certain "white collar" professionals, and volunteers for qualified organizations are not covered.

There are currently no state laws that require an employer to provide paid sick leave. But some cities have passed local laws that require employers to provide paid sick leave. Absent a local law requiring it, paid sick leave is considered a benefit that an employer may choose to provide under an agreement or policy.

Under Washington's Family Care Act, if an employer offers paid leave, their employees can use earned paid leave to care for a sick family member. Covered family members include children, parents, spouses, registered domestic partners, parents-in-law, and grandparents.

In addition, there are federal and state laws that govern when a worker can take unpaid leave. The federal Family Medical Leave Act and the state Family Leave Act currently permit some workers to take up to 12 weeks of unpaid leave and still keep their jobs. To qualify, the worker must have worked at least 12 months for the employer for a total of at least 1,250 hours, and the employer must have 50 or more employees. The unpaid leave can be used to recover from the worker's own serious illness, to care for a child, spouse, or parent with a serious health condition, or to care for a newborn child, newly adopted child, or foster child.

Under Washington's domestic violence leave law, victims of domestic violence, sexual assault, or stalking and their family members can also take reasonable leave to take care of legal or law enforcement needs, to seek treatment, to obtain services, to relocate, or to take other action to ensure the victim's safety. The law does not require that domestic violence leave be paid leave, but an employee may choose to use paid leave if he or she has it.

The Department of Labor and Industries enforces Washington's Minimum Wage Act and state leave laws and adopts rules related to these laws.

The Effect of the Proposed Measure if Approved

Initiative 1433 would increase the hourly minimum wage incrementally over four years and require employers to provide paid sick leave. The measure would also adopt related laws about earning and using paid sick leave.

Initiative 1433 would increase the hourly minimum wage for employees who are at least 18 years old to $11.00 on January 1, 2017; $11.50 on January 1, 2018; $12.00 on January 1, 2019; and $13.50 on January 1, 2020. The Department of Labor and Industries must still set the minimum wage for employees under 18 years old. Beginning on January 1, 2021, the minimum wage rate would again be adjusted each year according to the rate of inflation. If a local law requires a higher minimum wage within a city, the local minimum wage would apply.

Beginning on January 1, 2018, employers would be required to provide paid sick leave to employees covered by the Minimum Wage Act. Employers would be required to pay sick leave at the employee's pay rate or at the new minimum wage, whichever is higher. An employee would get at least one hour of paid sick leave for every 40 hours worked, but employers could provide more generous paid leave. The measure would require employers to allow use of paid sick leave after 90 days of employment. Sick leave could be used to meet an employee's own medical needs or to care for a family member's medical needs. Family members would include: a spouse or registered domestic partner; a child; a parent, step-parent, or legal guardian; a grandparent; a grandchild; and a brother or sister. Paid sick leave could also be used when the employee's place of business or their child's school or childcare is ordered to be closed for a health related reason. Paid sick leave could be used for domestic violence leave.

An employer could require employees to give reasonable notice when they want to take paid sick leave. Where an absence from work will last longer than three days, employers could also require verification that the employee is taking leave for an authorized purpose. An employer could not require an employee to search for or find a replacement worker in order to be able to take paid sick leave.

Employers would be required to provide their employees with regular notice about the amount of paid sick leave they have earned. Up to 40 hours of sick leave could be carried over to the following year, and employers could allow more carryover if they wish. Employers would not have to pay employees for their unused sick leave when the employee leaves. Where an employee leaves a job and is rehired by the same employer within one year, previously earned sick leave would have to be reinstated.

The measure would make the state Minimum Wage Act, including its minimum wage, overtime, and new paid sick leave requirements, expressly apply to people who contract with the Department of Social and Health Services to provide care to disabled people under certain programs. But the measure does not otherwise expand the state Minimum Wage Act to make it apply to other workers who are not currently covered.

Employers would not be allowed to discriminate or retaliate against an employee or impose discipline against an employee for proper use of paid sick leave. An employee could not agree to receive less than what he or she is entitled to under the initiative. The Department of Labor and Industries would enforce the new law and would have to adopt rules for implementing and enforcing it.

Fiscal Impact Statement

Written by the Office of Financial Management
For more information visit **www.ofm.wa.gov/ballot**

Summary

Initiative 1433 would increase state revenues, and state and local government expenditures, during the next six fiscal years. State revenues would increase due to employers making Unemployment Insurance Trust Fund tax payments on higher wages. State General Fund expenditures would decrease in the first four fiscal years, but increase in the fifth and sixth fiscal years. Expenditures from all other funds would increase in each fiscal year. Increases exceed any decreases in State General Fund spending resulting from the initiative. Local school district expenditures would increase. Other local government expenditure impacts cannot be estimated.

General Assumptions

- The initiative's effective date is January 1, 2017. However, the paid sick leave requirement becomes effective on January 1, 2018.
- Unless otherwise noted, estimates use the state's fiscal year of July 1 through June 30. For example, fiscal year (FY) 2018 is July 1, 2017, through June 30, 2018.
- Federal funds reported in this statement are only those that are included in the state budget.
- A calendar year (CY) is January 1 through December 31.
- A school year is September 1 through June 30.
- One full-time equivalent (FTE) employee equates to 2,080 hours of work for one calendar year.
- Three cities have enacted a higher minimum wage ordinance than is reflected in Initiative 1433 (I-1433). This fiscal impact statement does not address impacts of those ordinances.
- The cost of increases in the minimum wage is calculated based on the minimum wage rates set in I-1433, less the projected cost of increases in the current state minimum wage law. The Office of Financial Management projection of the minimum wage under current law is shown below, together with the required and projected amounts under I-1433.

Date	Projected Hourly Rate Under Current Law	Hourly Rate Under I-1433
January 1, 2017	$9.55	$11.00
January 1, 2018	$9.77	$11.50
January 1, 2019	$10.02	$12.00
January 1, 2020	$10.28	$13.50
January 1, 2021	$10.56	$13.86
January 1, 2022	$10.83	$14.23

- The inflation projection for FY 2021 is assumed at 2.7 percent and for FY 2022 is assumed at 2.6 percent.

State Revenue Assumptions
The Employment Security Department (ESD) collects taxes from employers for the Unemployment Insurance (UI) Trust Fund.

State Revenue
Increasing the minimum wage expands the taxable wage base for many employers. This makes more wages subject to the UI Trust Fund tax. Table 1 provides fiscal year estimates of additional UI Trust Fund tax collections.

(See Table 1 on page 13)

State Expenditure Assumptions
- No expenditure impact is assumed for agency employees covered under a current collective bargaining agreement that provides wages and benefits that exceed the initiative requirements.
- State agencies and local governments purchase goods and services through vendor contracts managed by the Department of Enterprise Services. If higher costs resulting from the initiative are passed onto the state, vendors would likely increase the cost of purchasing goods and services, but the amount of the increase cannot be estimated.
- Expenditures from the State General Fund may be used for any government purpose such as education; social, health and environmental services; and other general government activities.

State Expenditures
I-1433 affects multiple state agencies and institutions of higher education. Impacts by agency for the minimum wage increase and paid sick leave requirements are summarized in Table 2. Additional detail and assumptions for each agency's estimated expenditures are explained under each agency heading.

(See Table 2 on page 13)

Department of Labor and Industries
The Department of Labor and Industries (L&I) is required to adopt and implement rules to carry out and enforce I-1433. L&I will need an estimated 17.8 FTEs for such activities as investigating complaints for minimum wage and sick leave violations, as well as for retaliation and discrimination claims; conducting outreach and communication of new requirements to employers; programming information technology; and rule making.

Table 3 provides estimated FTEs and expenditures for L&I implementation costs.

(See Table 3 on page 14)

Department of Social and Health Services
I-1433 impacts multiple programs at the Department of Social and Health Services (DSHS). Impacts are displayed by program. To administer and operate these programs, state expenditures are often matched with federal dollars so both state and federal expenditure impacts are displayed, where applicable. For purposes of the fiscal impact statement, only state expenditure impacts are considered in the totals in Table 2 and in the fiscal impact summary in Table 4.

The department contracts with a number of vendors who provide services to children for child care and behavioral rehabilitation; to individuals in nursing homes requiring care; to individuals who need long-term care; and to adults requiring assistance with personal care at home, among others. These include vendors who provide direct care to clients living in the community in a variety of settings. Many vendor contracts are paid on a performance-based deliverable basis or on an agreed-upon rate for a unit of service.

Table 4 summarizes impacts of I-1433 across all DSHS programs.

(See Table 4 on page 14)

Economic Services Administration (DSHS)
I-1433 would result in fiscal impact to the Basic Food program and the Temporary Assistance for Needy Families (TANF) program. The Basic Food program (formerly known as food stamps) provides low-income individuals and families with food benefits. Approximately 2 percent of the Basic Food program funding is State General Fund, while the remaining 98 percent is federal funds. The TANF program provides temporary cash assistance for low-income families. Approximately 50 percent of the TANF program funding is State General Fund.

When an individual's or family's income increases, the benefit amounts may be reduced, applications for benefits may be denied and/or current recipients may be terminated from the program. Caseload impacts and cost savings are estimated using actual caseload counts and wage income data from December 2015. Tables 5 and 6 summarize the impacts of I-1433 by program.

(See Tables 5 and Table 6 on page 14)

Developmental Disabilities Administration and Aging and Long-Term Care Administration (DSHS)
The Home and Community Services division in the Long-Term Care Administration develops and pays for long-term care services for persons with disabilities and the elderly, with priority given to low-income individuals and families. Under the 2015–17 collective bargaining agree-

ment with Service Employees International Union Healthcare 775NW, wages range from $12.00/hour to $15.65/hour for services from a contracted individual provider for children and adults assessed by DSHS and found eligible for Medicaid personal care. With respect to the wage differences provided in the initiative, the current collective bargaining agreement for SEIU Healthcare 775NW already meets or exceeds the amount required through 2019, as well as for Medicaid contracted home care agencies. Thus, there would be no fiscal impact for individual providers from FY 2017 through FY 2019.

Table 7 displays projected impacts after FY 2019 for individual providers.

(See Table 7 on page 14)

Health Care Authority

I-1433 affects multiple Health Care Authority (HCA) programs. Table 8 provides a summary of all expected program impacts. These impacts are due to fewer people being eligible for benefits. Each program is explained in further detail that follows.

(See Table 8 on page 15)

HCA estimated the total impact to the affected Medicaid populations using the budgeted state fiscal year per-capita rate multiplied by the affected population change for each fiscal year. Per-capita rates are calculated twice a year. It is likely this estimate will change with adjustments to the Medicaid forecasted per-capita rates. Additionally, the FY 2017 per-capita rate does not assume any changes in caseload mix, inflation or other factors. Table 9 displays the HCA estimated impacts on all Medicaid programs. These impacts are due to fewer people being eligible for benefits. (Table 9 is a subset of Table 8.)

(See Table 9 on page 15)

Family Medical Adults (HCA)

This program provides health care to adult caretakers with a modified adjusted gross income (MAGI) eligibility threshold of 54 percent of the federal poverty level (FPL). Increasing the state minimum wage may cause some clients now covered by this program to lose eligibility and then become eligible for the Newly Eligible Adult Group. Increasing the state minimum wage may also cause current clients to exceed the income eligibility limits and thus become eligible for non-Apple Health coverage through the Health Benefit Exchange. This would likely result in savings for the HCA. However, the full impacts will not be realized until 2019, when the minimum wage reaches $12.00 per hour. Any changes in the FPL and eligibility requirements could change the impact to HCA and the Medicaid program. Table 10 displays the impacts of the minimum wage on Family Medical expenditures.

(See Table 10 on page 15)

Newly Eligible Adult Group (HCA)

This program provides health care to adults under the Affordable Care Act with income up to 138 percent of the FPL. Services for this population are largely federally funded, and any changes in population size will have a limited effect on state funds due to the small change in the federal match rate. The federal match is anticipated to change incrementally starting in 2017 until it reaches 90 percent in 2020. Any changes in the FPL and eligibility requirements could change the impact to the HCA and the Medicaid program. Table 11 shows the impact of the minimum wage increase on the Newly Eligible Adult population.

(See Table 11 on page 15)

Various children's programs (HCA)

Children become ineligible for Medicaid above 312 percent FPL under MAGI limits. Families at that income range are less likely to be affected by a change in the minimum wage until 2020, when the wage reaches $13.50 per hour. Table 12 shows the impact of the minimum wage increase on children's programs.

(See Table 12 on page 15)

Department of Early Learning

The Department of Early Learning contracts with a number of vendors to provide child care, preschool and early learning services directly to children and families. Many vendor contracts are paid on a performance-based deliverable basis or on an agreed-upon rate for a unit of service. In conjunction with state funds, many vendors receive federal funding and private funding to operate their full scope of business. Therefore, the potential impact for these vendor contracts and rates cannot be estimated.

Institutions of Higher Education

The state higher education system comprises the baccalaureate sector (four-year institutions) and the community and technical college system (two-year schools). The baccalaureate sector is the University of Washington, Washington State University, Central Washington University, Eastern Washington University, The Evergreen State College and Western Washington University. The community and technical college sector is 34 colleges located across the state.

The vast majority of classified and professional employees working for four-year institutions are already earning wage and benefit levels above those required in I-1433.

Employees who would be affected by the initiative are primarily students, and temporary seasonal and hourly employees. At the University of Washington, 12 percent of employees potentially affected work in the University of Washington Medicine system.

Higher Education Assumptions

For employees in institutions of higher education, the following assumptions are built into the expenditure estimates:

- Wage estimates include the increased cost of employee benefits (such as employer contributions for Social Security) that are based on pay.
- Cost estimates were calculated by the baccalaureate institutions and by the State Board for Community and Technical Colleges, each on its own behalf.
- Higher education employees generally earn eight hours of sick leave per month. They do not, however, accrue that leave based on each 40 hours of work.
- Sick leave estimates include only those positions that must be backfilled with a substitute worker when someone is absent from work. Most positions that would be affected by the initiative do not need to be backfilled when those employees are sick.

To implement I-1433, most four-year institutions would have some administrative costs, primarily for staff to track employee leave under the initiative's requirements. Table 13 provides cost estimates and FTEs by fiscal year.

(See Table 13 on page 15)

The costs of the minimum wage and sick leave backfill are displayed in Table 14.

(See Table 14 on page 16)

K-12 education

The state allocates funding to school districts through formula-driven staff units and salaries, as defined in RCW 28A.150.260 and the omnibus appropriations act. I-1433 does not change the prototypical school staff ratios.

The current hourly salary allocation for certificated instructional staff is $24.79, for certificated administrative staff is $29.23 and for classified staff is $16.06. These allocations will continue to exceed the minimum hourly wages identified in I-1433.

Salary allocations for certificated instructional staff are for a full-time school year. Salary allocations for administrative and classified staff are for a full-time calendar year. The funding is for allocation purposes and is not adjusted based on actual days worked or number of days sick. Therefore, no change is expected in allocations to school districts related to the change in minimum wage or sick leave entitlement under the initiative.

Employment Security Department

I-1433 will increase the average annual wage calculated by the Employment Security Department, per state law. As a result, minimum and maximum weekly unemployment benefit amounts will increase, meaning unemployment claimants could receive a higher weekly benefit amount.

Table 15 provides fiscal year estimates of increased benefits payments to claimants.

(See Table 15 on page 16)

The combination of additional taxes and benefit payments results in an overall impact to the UI Trust Fund. Note there is a four-year lag between collection of UI taxes from employers and benefit payments. The tax is based on a four-year experience rating factor (e.g., 2020 tax rates for employers are based on benefit charges between 2015 and 2019). However, the benefit payments are paid immediately. Also, when there is a change in the number of employers paying UI taxes into the Trust Fund, the cost of benefit payments is spread among all paying employers (called the social cost factor). The combination of the lag between taxes and benefit payment as well as the social cost factor leads to a net impact to the UI Trust Fund.

Table 16 provides the total fiscal year impact to the UI Trust Fund from the change in minimum wage.

(See Table 16 on page 16)

State employee compensation

The state will incur costs for implementing the change to minimum wage, including increasing pay for those earning less than the minimum wage and the higher cost of employee benefits (such as employer contributions for Social Security) that are based on pay.

State employees, except for higher education employees, generally earn eight hours of sick leave per month. They do not, however, accrue that leave based on each 40 hours of work. It is assumed that changes to the pattern of sick leave accrual to meet the requirements of I-1433 can be made without a measurable increase in the overall cost of sick leave, although there will likely be some administrative work to implement the initiative's requirements.

Table 17 displays the estimated impact for state employee compensation due to the increase in the minimum wage.

(See Table 17 on page 16)

Local Government Revenue

There are no changes to local government revenue from I-1433.

Local Government Expenditures

The expenditure impact of I-1433 on local governments is indeterminate. The jurisdictions that could experience the greatest expenditure impact from I-1433 are small local governments, such as towns, park districts and library districts. This is due to their size and reliance on seasonal or part-time employees whose current wage may be less than the hourly rates specified in the initiative and who may not currently accrue any sick leave.

For most jurisdictions, the impact of I-1433 is likely to be minor (less than $50,000) to moderate (between $100,000 and $250,000). However, each jurisdiction could experience a range of impacts depending upon the number of full- and part-time employees it employs and individual sick leave policies. Many, if not all, jurisdictions would have minor one-time costs to update policies and payroll systems.

Less information is available on sick leave accrual in local government in Washington. Data from the 2015 Association of Washington Cities Salary and Benefits Survey, which surveyed only permanent full-time local government employees, found that six jurisdictions, each a town with a population fewer than 500, did not meet the minimum accrual level of paid sick leave required under the initiative.

No data is available to estimate the expenditure impact of paid sick leave requirements for part-time and seasonal local government employees.

Local School District Expenditure Assumptions

- School districts will continue to employ the same number of individuals for the same number of hours in future years.
- Current collective bargaining agreements offer more sick leave to employees than required under I-1433.

Local School District Expenditures

In the 2015–16 school year, school districts employed 1,656 FTEs at hourly wages less than the minimum wage amounts identified in I-1433. Fringe benefits are included in the estimated costs to school districts. To increase salaries to the minimum wage identified in I-1433, school district expenditures will increase as shown in Table 18.

No additional expenditures are incurred to comply with sick leave requirements under I-1433.

(See Table 18 on page 16)

Table 1 – Tax collections deposited in the Unemployment Insurance Trust Fund					
FY 2017	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**
$500,000	$2,500,000	$6,500,000	$14,000,000	$25,400,000	$35,100,000

Table 2 – Summary of state agency and institutions of higher education estimated expenditures

Account	Agency	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
General Fund-State	Department of Social and Health Services	($394,150)	($524,545)	($640,581)	$1,463,263	$6,003,012	$11,799,679
	Health Care Authority	($5,484,000)	($6,446,000)	($6,812,000)	($9,548,000)	($9,636,000)	($9,730,000)
	Higher education	$745,000	$1,766,000	$2,246,000	$3,827,000	$4,871,000	$5,225,000
	State employee compensation (excluding higher education)	$3,630	$5,536	$13,991	$24,344	$25,001	$25,651
	Total State General Fund	**($5,129,520)**	**($5,199,009)**	**($5,192,590)**	**($4,233,393)**	**$1,263,013**	**$7,320,330**
All Other Funds	Department of Labor and Industries	$0	$2,823,500	$1,598,000	$1,499,000	$1,499,000	$1,499,000
	Health Care Authority	$1,756,000	($1,799,000)	($2,467,000)	($8,487,000)	($8,660,000)	($8,765,000)
	Department of Social and Health Services	$0	$0	$0	$3,271,000	$9,179,000	$16,407,000
	Employment Security Department	$6,600,000	$22,000,000	$41,200,000	$63,700,000	$86,700,000	$111,800,000
	Higher education	$1,111,000	$3,137,000	$4,115,000	$6,785,000	$8,530,000	$9,164,000
	State employee compensation (excluding higher education)	$0	$15	$105,793	$111,510	$114,521	$117,498
	Total other funds	**$9,467,000**	**$26,161,515**	**$44,551,793**	**$66,879,510**	**$97,362,521**	**$130,222,498**
	Total all funds	**$4,337,480**	**$20,962,506**	**$39,359,203**	**$62,646,117**	**$98,625,534**	**$137,542,828**

Table 3 – Department of Labor and Industries implementation costs						
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
FTEs	none	17.8	15.3	14.2	14.2	14.2
Other Funds Costs	$0	$2,823,500	$1,598,000	$1,499,000	$1,499,000	$1,499,000

Table 4 – Aggregate expenditure impacts on the Department of Social and Health Services						
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
State costs	($394,150)	($524,545)	($640,581)	$1,463,263	$6,003,012	$11,799,679
Other costs	$0	$0	$0	3,271,000	9,179,000	16,407,000
Total	**($394,150)**	**($524,545)**	**($640,581)**	**$4,734,263**	**$15,182,012**	**$28,206,679**

Table 5 – Basic Food program state fund expenditure impacts by caseload						
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Denials/ terminations (number of cases)	558	835	1,847	3,870	3,870	3,870
Benefit reductions (number of cases)	32,029	37,728	40,248	46,894	46,894	46,894
Total costs	($170,585)	($232,143)	($292,688)	($525,638)	($577,435)	($585,286)

Table 6 – TANF program expenditure impacts by caseload						
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Denials/ terminations (number of cases)	23	37	48	97	97	96
Benefit reductions (number of cases)	498	545	575	628	625	622
Total costs	($233,565)	($292,402)	($347,893)	($574,099)	($761,553)	($738,035)

Table 7 – Individual provider expenditure impacts						
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
State costs	$0	$0	$0	$2,563,000	$7,342,000	$13,123,000
Federal costs	$0	$0	$0	$3,271,000	$9,179,000	$16,407,000
Total	**$0**	**$0**	**$0**	**$5,834,000**	**$16,521,000**	**$29,530,000**

Table 8 – HCA estimated impacts to all Health Care Authority programs						
	FY 2017	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**
State costs	($5,484,000)	($6,446,000)	($6,812,000)	($9,548,000)	($9,636,000)	($9,730,000)
Federal costs	$1,756,000	($1,799,000)	($2,467,000)	($8,487,000)	($8,660,000)	($8,765,000)
Total	**($3,728,000)**	**($8,245,000)**	**($9,279,000)**	**($18,035,000)**	**($18,296,000)**	**($18,495,000)**

Table 9 – Total estimated impacts to Medicaid programs						
	FY 2017	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**
State costs	($2,742,000)	($3,223,000)	($3,406,000)	($4,774,000)	($4,818,000)	($4,865,000)
Federal costs	$1,756,000	($1,799,000)	($2,467,000)	($8,487,000)	($8,660,000)	($8,765,000)
Total	**($986,000)**	**($5,022,000)**	**($5,873,000)**	**($13,261,000)**	**($13,478,000)**	**($13,630,000)**

Table 10 – Categorically needy Family Medical caseload and state cost impacts						
	FY 2017	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**
Caseload impact (number of cases)	(15,205)	(16,916)	(17,673)	(18,699)	(18,794)	(18,890)
State costs	($2,522,000)	($2,806,000)	($2,932,000)	($3,102,000)	($3,118,000)	($3,134,000)

Table 11 – Newly Eligible Adult caseload and state cost impacts						
	FY 2017	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**
Caseload impact (number of cases)	12,862	3,698	2,180	(15,013)	(15,255)	(15,500)
State costs	$235,000	$81,000	$56,000	($549,000)	($557,000)	($566,000)

Table 12 – Children's programs caseload and state cost impacts						
	FY 2017	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**
Caseload impact (number of cases)	(3,485)	(3,800)	(4,027)	(8,842)	(9,010)	(9,182)
State costs	($455,000)	($498,000)	($530,000)	($1,123,000)	($1,143,000)	($1,165,000)

Table 13 – Higher education administrative implementation costs						
	FY 2017	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**
FTEs	0.0	2.9	5.3	5.3	5.3	5.3
Costs	$0	$268,000	$315,000	$315,000	$315,000	$315,000

Table 14 – Higher education minimum wage and sick leave backfill costs						
	FY 2017	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**
4-year institution wage and benefit costs	$1,539,000	$3,880,000	$5,059,000	$8,994,000	$11,547,000	$12,498,000
4-year sick leave backfill	$0	$127,000	$256,000	$258,000	$263,000	$267,000
Community and technical college minimum wage cost	$317,000	$628,000	$731,000	$1,045,000	$1,276,000	$1,309,000

Table 15 – Benefit payments from the Unemployment Insurance Trust Fund					
FY 2017	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**
$7,100,000	$17,500,000	$24,800,000	$35,000,000	$46,200,000	$57,400,000

Table 16 – Unemployment Insurance Trust Fund impact					
FY 2017	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**
$6,600,000	$22,000,000	$41,200,000	$63,700,000	$86,700,000	$111,800,000

Table 17 - State employees (nonhigher education) implementation costs					
FY 2017	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**
$3,630	$5,551	$119,784	$135,854	$139,522	$143,149

Table 18 – School district impacts of minimum wage						
	CY 2017	**CY 2018**	**CY 2019**	**CY 2020**	**CY 2021**	**CY 2022**
Estimated Consumer Price Index	N/A	N/A	N/A	N/A	1.9%	1.9%
Salary increase	$447,670	$679,744	$976,906	$3,316,619	$4,084,651	$4,867,277
Classified staff fringe benefits at 22.72%	$101,711	$154,438	$221,953	$753,536	$928,033	$1,105,845
Total CY cost	**$549,381**	**$834,182**	**$1,198,859**	**$4,070,155**	**$5,012,684**	**$5,973,122**
State FY cost	**$274,690**	**$691,781**	**$1,016,520**	**$2,634,507**	**$4,541,419**	**$5,492,903**

Argument for

Initiative 1433 is good for our workers, our families, and our economy

Initiative 1433 ensures every Washington worker can earn paid sick and safe leave and phases in a $13.50 minimum wage by 2020.

Putting our health and safety first

Washingtonians should be able to take care of themselves or a sick child without having to choose between their family and a paycheck. *It's vitally important to pass a common sense law like paid sick leave to help prevent the spread of disease and keep customers, employees, children, the elderly, and our families safe*.

When restaurant, grocery, and childcare workers are forced to go to work sick they expose our communities to disease. In fact, 70% of food-related norovirus outbreaks are the result of sick food workers showing up to work.

Creating more economic opportunity

Initiative 1433 would boost the income of more than 730,000 low-wage workers, lifting families out of poverty and growing the economy. When workers have more money to spend, they spend it at local businesses. Initiative 1433 will inject nearly $2.5 billion into local economies. This demand, in turn, creates more good-paying jobs. That's why every state that raised the minimum wage in 2014 saw faster job growth than those that left wages stagnant. Put simply, *this initiative helps businesses, workers, and families across Washington thrive*.

By voting *"Yes"* on Initiative 1433, we can make Washington a better place to live, work, and raise a family.

Rebuttal of argument against

Initiative 1433 puts our health and safety first by providing access to paid sick leave and creates economic opportunity. Study after study – from *independent economists* including the University of Washington – prove that prices do not rise when minimum wages increase. Initiative 1433 saves the state money and *does not create new taxes for anyone*. Instead, it grows our economy and creates jobs as working families have more money to spend in communities across the state.

Written by

Ariana Davis, citizen sponsor and grocery worker, Renton; **Ron Cole,** registered nurse, Seattle; **Molly Moon,** business owner, Molly Moon's Homemade Ice Cream, Seattle; **Mary Bell,** emergency medical technician (EMT), Davenport; **Shahrokh Nikfar,** business owner, Café Affogato, Mediterrano restaurant, Spokane; **Don Orange,** business owner, Hoesly EcoAutomotive, Vancouver

Contact: (206) 709-1313; info@raiseupwa.com; www.RaiseUpWA.com

Argument against

We do need a minimum wage that benefits everyone – workers, consumers and small businesses – a wage that considers different costs of living across the state, the unique pay structures of certain jobs, and the need for a training wage for new workers. *Unfortunately, I-1433 is a poorly crafted proposal that will do more harm than good for workers and the Washington economy*.

Makes State Budget Problems Worse

The initiative raises $85 million in new taxes, but will increase state spending by $363 million. The state is in contempt for failing to fund education and must find billions of dollars to fund our schools. This will make the problem worse.

Seattle Hasn't Delivered

Seattle passed a $15 per hour minimum wage. The City of Seattle's economists acknowledge the initial increase to $11 per hour has not benefitted workers. While average pay per hour rose, workers are getting fewer hours and there are fewer jobs available. Meanwhile, consumers are paying more for less. Small businesses are hurting.

A University of Washington study warned most communities around our state can't absorb a 30% wage increase. This means fewer jobs and small businesses, steeper prices in stores, and less opportunity for young people to obtain work experience.

We Can't Afford The Risk

Washington State already has the 8th highest minimum wage. This will make it more difficult for young people to find jobs. Adding new mandates and jumping the minimum wage by 30% is a risk that workers, consumers and small businesses can't afford.

Rebuttal of argument for

I-1433 takes the wrong approach – harming workers and Washington's economy. This proposal would cost jobs in some communities while decreasing hours and take-home pay for other workers. It would increase prices and reduce opportunities for young people. Voters should be offended by the backers' use of scare tactics to distract from their hastily designed plan — Washington's food handlers already operate under strict laws requiring sick workers to stay home. Vote *no* on I-1433.

Written by

John Stuhlmiller, CEO, Washington Farm Bureau; **Tammy Bailey,** Independent Grocery Store Owner, Bailey's IGA, Rochester; **Mike LaPlant,** Family Farmer, Farm Bureau President, Grant County; **Madelin White,** Merle Norman Cosmetics, Lacey; **Phil Costello,** Owner, Zip's Drive-In, Spokane; **Kristopher Johnson,** President & CEO, Association of Washington Business

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How do I read measure text?

Language in double parentheses with a line through it is existing state law; it will be taken out of the law if this measure is approved by voters.

((~~sample of text to be deleted~~))

Underlined language does not appear in current state law but will be added to the law if this measure is approved by voters.

sample of text to be added

Complete Text

Initiative Measure No. 1433

AN ACT Relating to fair labor standards; amending RCW 49.46.005, 49.46.020, 49.46.090, 49.46.100, and 49.46.120; adding new sections to chapter 49.46 RCW; prescribing penalties; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec. 1.** It is the intent of the people to establish fair labor standards and protect the rights of workers by increasing the hourly minimum wage to $11.00 (2017), $11.50 (2018), $12.00 (2019) and $13.50 (2020), and requiring employers to provide employees with paid sick leave to care for the health of themselves and their families.

Sec. 2. RCW 49.46.005 and 1961 ex.s. c 18 s 1 are each amended to read as follows:

(1) Whereas the establishment of a minimum wage for employees is a subject of vital and imminent concern to the people of this state and requires appropriate action by the legislature to establish minimum standards of employment within the state of Washington, therefore the legislature declares that in its considered judgment the health, safety and the general welfare of the citizens of this state require the enactment of this measure, and exercising its police power, the legislature endeavors by this chapter to establish a minimum wage for employees of this state to encourage employment opportunities within the state. The provisions of this chapter are enacted in the exercise of the police power of the state for the purpose of protecting the immediate and future health, safety and welfare of the people of this state.

(2) Since the enactment of Washington's original minimum wage act, the legislature and the people have repeatedly amended this chapter to establish and enforce modern fair labor standards, including periodically updating the minimum wage and establishing the forty-hour workweek and the right to overtime pay.

(3) The people hereby amend this chapter to conform to modern fair labor standards by establishing a fair minimum wage and the right to paid sick leave to protect public health and allow workers to care for the health of themselves and their families.

PART I
ESTABLISHING FAIR LABOR STANDARDS BY INCREASING THE MINIMUM HOURLY WAGE TO $11.00 (2017), $11.50 (2018), $12.00 (2019) AND $13.50 (2020)

Sec. 3. RCW 49.46.020 and 1999 c 1 s 1 are each amended to read as follows:

(1) ((~~Until January 1, 1999, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than four dollars and ninety cents per hour.~~

~~(2) Beginning January 1, 1999, and until January 1, 2000, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than five dollars and seventy cents per hour.~~

~~(3) Beginning January 1, 2000, and until January 1, 2001, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than six dollars and fifty cents per hour.~~

~~(4)~~)) (a) Beginning January 1, 2017, and until January 1, 2018, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than eleven dollars per hour.

(b) Beginning January 1, 2018, and until January 1, 2019, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than eleven dollars and fifty cents per hour.

(c) Beginning January 1, 2019, and until January 1, 2020, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than twelve dollars per hour.

(d) Beginning January 1, 2020, and until January 1, 2021, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than thirteen dollars and fifty cents per hour.

(2)(a) Beginning on January 1, ((~~2001~~)) 2021, and each following January 1st as set forth under (b) of this subsection, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than the amount established under (b) of this subsection.

(b) On September 30, ((~~2000~~)) 2020, and on each following September 30th, the department of labor and industries shall calculate an adjusted minimum wage rate to maintain employee purchasing power by increasing the current year's minimum wage rate by the rate of inflation. The adjusted minimum wage rate shall be calculated to the nearest cent using the consumer price index for urban wage earners and clerical workers, CPI-W, or a successor index, for the twelve months prior to each September 1st as calculated by the United States department of labor. Each adjusted minimum wage rate calculated under this subsection ((~~(4)~~)) (2)(b) takes effect on the following January 1st.

((~~(5)~~)) (3) An employer must pay to its employees: (a) All tips and gratuities; and (b) all service charges as defined under RCW 49.46.160 except those that, pursuant to RCW 49.46.160, are itemized as not being payable to the employee or employees servicing the customer. Tips and service charges paid to an employee are in addition to, and may not count towards, the employee's hourly minimum wage.

(4) Beginning January 1, 2018, every employer must provide to each of its employees paid sick leave as provided in Part II of this act.

(5) The director shall by regulation establish the minimum wage for employees under the age of eighteen years.

PART II
ESTABLISHING FAIR LABOR STANDARDS BY REQUIRING EMPLOYERS TO PROVIDE PAID SICK LEAVE TO EMPLOYEES

NEW SECTION. **Sec. 4.** The demands of the workplace and of families need to be balanced to promote public health, family stability, and economic security. It is in the public interest to provide reasonable paid sick leave for employees to care for the health of themselves and their families. Such paid sick leave shall be provided at the greater of the newly increased minimum wage or the employee's regular and normal wage.

NEW SECTION. **Sec. 5.** (1) Beginning January 1, 2018, every employer shall provide each of its employees paid sick leave as follows:

(a) An employee shall accrue at least one hour of paid sick leave for every forty hours worked as an employee. An employer may provide paid sick leave in advance of accrual provided that such front-loading meets or exceeds the requirements of this section for accrual, use, and carryover of paid sick leave.

(b) An employee is authorized to use paid sick leave for the following reasons:

(i) An absence resulting from an employee's mental or physical illness, injury, or health condition; to accommodate the employee's need for medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; or an employee's need for preventive medical care;

(ii) To allow the employee to provide care for a family member with a mental or physical illness, injury, or health condition; care of a family member who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; or care for a family member who needs preventive medical care; and

(iii) When the employee's place of business has been closed by order of a public official for any health-related reason, or when an employee's child's school or place of care has been closed for such a reason.

(c) An employee is authorized to use paid sick leave for absences that qualify for leave under the domestic violence leave act, chapter 49.76 RCW.

(d) An employee is entitled to use accrued paid sick leave beginning on the ninetieth calendar day after the commencement of his or her employment.

(e) Employers are not prevented from providing more generous paid sick leave policies or permitting use of paid sick leave for additional purposes.

(f) An employer may require employees to give reasonable notice of an absence from work, so long as such notice does not interfere with an employee's lawful use of paid sick leave.

(g) For absences exceeding three days, an employer may require verification that an employee's use of paid sick leave is for an authorized purpose. If an employer requires verification, verification must be provided to the employer within a reasonable time period during or after the leave. An employer's requirements for verification may not result in an unreasonable burden or expense on the employee and may not exceed privacy or verification requirements otherwise established by law.

(h) An employer may not require, as a condition of an employee taking paid sick leave, that the employee search for or find a replacement worker to cover the hours during which the employee is on paid sick leave.

(i) For each hour of paid sick leave used, an employee shall be paid the greater of the minimum hourly wage rate established in this chapter or his or her normal hourly compensation. The employer is responsible for providing regular notification to employees about the amount of paid sick leave available to the employee.

(j) Unused paid sick leave carries over to the following year, except that an employer is not required to allow an employee to carry over paid sick leave in excess of forty hours.

(k) This section does not require an employer to provide financial or other reimbursement for accrued and unused paid sick leave to any employee upon the employee's termination, resignation, retirement, or other separation from employment. When there is a separation from employment and the employee is rehired within twelve months of separation by the same employer, whether at the same or a different business location of the employer, previously accrued unused paid sick leave shall be reinstated and the previous period of employment shall be counted for purposes of determining the employee's eligibility to use paid sick leave under subsection (1)(d) of this section.

(2) For purposes of this section, "family member" means any of the following:

(a) A child, including a biological, adopted, or foster child, stepchild, or a child to whom the employee stands in loco parentis, is a legal guardian, or is a de facto parent, regardless of age or dependency status;

(b) A biological, adoptive, de facto, or foster parent, stepparent, or legal guardian of an employee or the employee's spouse or registered domestic partner, or a person who stood in loco parentis when the employee was a minor child;

(c) A spouse;

(d) A registered domestic partner;

(e) A grandparent;

(f) A grandchild; or

(g) A sibling.

(3) An employer may not adopt or enforce any policy that counts the use of paid sick leave time as an absence that may lead to or result in discipline against the employee.

(4) An employer may not discriminate or retaliate against an employee for his or her exercise of any rights under this chapter including the use of paid sick leave.

PART III
MISCELLANEOUS

NEW SECTION. **Sec. 6.** (1) Beginning January 1, 2017, all existing rights and remedies available under state or local law for enforcement of the minimum wage shall be applicable to enforce all of the rights established under this act.

(2) The state shall pay individual providers, as defined in RCW 74.39A.240, in accordance with the minimum wage, overtime, and paid sick leave requirements of this chapter.

Sec. 7. RCW 49.46.090 and 2010 c 8 s 12043 are each amended to read as follows:

(1) Any employer who pays any employee less than ((~~wages~~)) the amounts to which such employee is entitled under or by virtue of this chapter, shall be liable to such employee affected for the full amount ((~~of such wage rate~~)) due to such employee under this chapter, less any amount actually paid to such employee by the employer, and for costs and such reasonable attorney's fees as may be allowed by the court. Any agreement between such employee and the employer ((~~to work for~~)) allowing the employee to receive less than ((~~such wage rate~~)) what is due under this chapter shall be no defense to such action.

(2) At the written request of any employee paid less than the ((~~wages~~)) amounts to which he or she is entitled under or by virtue of this chapter, the director may take an assignment under this chapter or as provided in RCW 49.48.040 of such ((~~wage~~)) claim in trust for the assigning employee and may bring any legal action necessary to collect such claim, and the employer shall be required to pay the costs and such reasonable attorney's fees as may be allowed by the court.

Sec. 8. RCW 49.46.100 and 2010 c 8 s 12044 are each amended to read as follows:

(1) Any employer who hinders or delays the director or his or her authorized representatives in the performance of his or her duties in the enforcement of this chapter, or refuses to admit the director or his or her authorized representatives to any place of employment, or fails to make, keep, and preserve any records as required under the provisions of this chapter, or falsifies any such record, or refuses to make any record accessible to the director or his or her authorized representatives upon demand, or refuses to furnish a sworn statement of such record or any other information required for the proper enforcement of this chapter to the director or his or her authorized representatives upon demand, or pays or agrees to pay ((~~wages at a rate less than the rate applicable~~)) an employee less than the employee is entitled to under this chapter, or otherwise violates any provision of this chapter or of any regulation issued under this chapter shall be deemed in violation of this chapter and shall, upon conviction therefor, be guilty of a gross misdemeanor.

(2) Any employer who discharges or in any other manner discriminates against any employee because such employee has made any complaint to his or her employer, to the director, or his or her authorized representatives that he or she has not been paid wages in accordance with the provisions of this chapter, or that the employer has violated any provision of this chapter, or because such employee has caused to be instituted or is about to cause to be instituted any proceeding under or related to this chapter, or because such employee has testified or is about to testify in any such proceeding shall be deemed in violation of this chapter and shall, upon conviction therefor, be guilty of a gross misdemeanor.

Sec. 9. RCW 49.46.120 and 1961 ex.s. c 18 s 4 are each amended to read as follows:

This chapter establishes ((~~a~~)) minimum standards for wages, paid sick leave, and working conditions of all employees in this state, unless exempted herefrom, and is in addition to and supplementary to any other federal, state, or local law or ordinance, or any rule or regulation issued thereunder. Any standards relating to wages, hours, paid sick leave, or other working conditions established by any applicable federal, state, or local law or ordinance, or any rule or regulation issued thereunder, which are more favorable to employees than the minimum standards applicable under this chapter, or any rule or regulation issued hereunder, shall not be affected by this chapter and such other laws, or rules or regulations, shall be in full force and effect and may be enforced as provided by law.

NEW SECTION. **Sec. 10.** The state department of labor and industries must adopt and implement rules to carry out and enforce this act, including but not limited to procedures for notification to employees and reporting regarding sick leave, and protecting employees from retaliation for the lawful use of sick leave and exercising other rights under this chapter. The department's rules for enforcement of rights under this act shall be at least equal to enforcement of the minimum wage.

NEW SECTION. **Sec. 11.** The provisions of this act are to be liberally construed to effectuate the intent, policies, and purposes of this act. Nothing in the act precludes local jurisdictions from enacting additional local fair labor standards that are more favorable to employees, including but not limited to more generous minimum wage or paid sick leave requirements.

NEW SECTION. **Sec. 12.** This act shall be codified in chapter 49.46 RCW and is subject to RCW 49.46.040 (Investigation, etc.) and RCW 49.46.070 (Recordkeeping).

NEW SECTION. **Sec. 13.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec. 14.** This act takes effect on January 1, 2017.

--- END ---