

Washington

Tier III: Poor



Washington ranks in Tier III with a difficult labor and employment-law climate for new job creation. The state has a diverse economy that is based on fishing, agriculture and food production, as well as lumber, information technology, aircraft production and shipbuilding. The state's unemployment rate was 9.2 percent in late 2010.

Factors contributing to the state's ranking:

- Numerous labor and employment mandates that exceed federal standards
- Daily overtime rate on public construction contracts
- Very high wage ceiling for income subject to unemployment insurance tax
- Very high workers' compensation benefits
- State minimum wage in excess of federal minimum wage
- Relatively high number of restrictions on employer inquiries into applicant and employee history
- No right-to-work protections

Many of Washington's labor and employment laws differ from federal requirements and impose additional burdens on employers. In addition, the direct costs associated with being an employer are much higher in Washington than in most other states.

Although the state does not have overtime requirements that differ from federal law for most employers, there are special requirements for some state contractors. Washington state law specifies that all work done by contract or subcontract for any building or improvements on roads, bridges, streets, alleys or buildings for the state, any county or municipality, employers must pay employees at one-and-a-half times their regular rate of pay for any time worked in excess of eight hours per day.

Washington subjects a higher amount of an employee's wages to unemployment insurance tax than any other state in the nation. Although the federal government requires states to impose an unemployment insurance tax on employers for the first \$7,000 of an employee's wages, Washington taxes employers on an employee's wages up to \$35,700.

Washington provides some of the highest workers' compensation benefit levels in the nation. With benefits valued at \$1.56 per \$100 of covered wages, the state's benefits are exceeded by only Montana and West Virginia.

Washington imposes several restrictions on an employer's ability to inquire into the history of applicants and employees, including limits on the use of arrest and conviction records, workers' compensation claims and credit reports.

Washington is not a right to work state and at 12.6 percent, has one of the nation's highest rates of unionization in the private sector. Only Hawaii, New York and Nevada have a higher percentage of private-sector union members. The public-sector unionization rate is 56.8 percent.

The state also has an extensive anti-discrimination statute that exceeds federal standards. The state law is enforced by the Washington Human Rights Commission. ■



Washington Minimum Wage

Washington has the highest minimum wage in the nation. In 2010 it was \$8.55 per hour for both agricultural and non-agricultural employment. The state also does not provide a tip credit to employers to offset part of the wage. As a result of a ballot initiative approved in 1998, the state recalculates the minimum wage each fall based on the change in the Consumer Price Index (CPI) for Urban Earners and Clerical Workers over the previous 12 months.

In 2009, the CPI decreased due to the recession, but the 2010 minimum wage was not lowered and instead remained at its prior 2009 level. For 2011, the Washington Department of Labor & Industries increased the wage to \$8.67 (effective January 1, 2011) to reflect a 1.4 percent increase in the CPI in 2010. This was a controversial decision that conflicted with the legal opinion of the Attorney General who concluded the state was required to maintain the current minimum wage rate until the CPI regained its lost value and exceed its previous 2008 level that produced the \$8.55 minimum wage.

A coalition of business groups filed suit in November 2010 seeking to block the wage increase as being inconsistent with state law, but in December, a state judge refused to enjoin the increase and it went into effect on January 1, 2011.



Seattle

Seattle is the largest city in the Pacific Northwest with a population of just over 600,000. The metropolitan area around the city, including Tacoma and Bellevue has a population of nearly three and a half million. Metropolitan Seattle is known for its coffee, computers and information technology. Aircraft manufacturing, forest products, biotechnology, as well as transportation and shipping connected to the port of Seattle are also major industries. In late 2010, the Seattle metropolitan area had an unemployment rate of 8.8 percent.

There are nearly 100 unions in Seattle with a major presence by the United Food & Commercial Workers, the SEIU and painters and machinists affiliated with the AFL-CIO. Union membership among manufacturing firms is 27.5 percent in metropolitan Seattle. Overall private-sector union membership in the Seattle area is 12.7 percent, which is virtually the same as the statewide rate.

Seattle has long been known as one of the more socially liberal cities in the country and it prohibits employment discrimination on a number of grounds beyond the state's already broad prohibitions. The Seattle Office for Civil Rights enforces the city's prohibitions against employment discrimination based on race, color, sex, marital status, sexual orientation, gender identity, political ideology, age, creed, religion, ancestry, national origin, honorably discharged veteran or military status, or the presence of any sensory, mental or physical handicap.

The Seattle Office for Civil Rights began working on a legislative proposal in 2010 that would also prohibit employment discrimination in the city based on arrest and conviction records. The Seattle City Council is expected to consider the measure in early 2011.