



**TO:** Elizabeth Pauli, City Manager  
**FROM:** Andy Cherullo, Finance Director  
**COPY:** Government Performance and Finance Committee; Andy Cherullo, Director of Finance and Committee Executive Liaison  
**PRESENTER:** Sergio C. Flores, Employment Standards Office  
**SUBJECT:** 2019 Minimum Wage Increase  
**DATE:** October 16, 2018

**PRESENTATION TYPE:**  
Informational Briefing

**SUMMARY:**

Tacoma Municipal Code 18.20 — Minimum Wage law requires the City to increase the 2019 minimum wage based on a calculation of inflation. This is the first year that Tacoma's minimum wage will not be set by statute but rather is calculated based on an inflation factor. The City's current minimum wage is \$12.00 per hour, the statutory formula calculation sets the 2019 City of Tacoma Minimum Wage at \$12.35.

**BACKGROUND:**

In 2015, the City Council adopted Tacoma Municipal Code (TMC) 18.20—the Minimum Wage Law. This law went into effect on February 1, 2016 and has been enforced and implemented by the Finance Department through the Employment Standards Office. As part of the City's Minimum Wage Law, by September 30, 2018, the Director must calculate and establish a new minimum wage rate for the following year by using the consumer price index for urban wage earners and clerical workers, CPI-W. The language from the statute is below:

**TMC 18.20.060:**

*D. Beginning January 1, 2019, and each following January 1st as set forth under subsection E, every employer shall pay to each employee who has reached the age of 16 years wages at a rate of not less than the applicable amount established under subsection E.*

*E. On September 30, 2018, and on each following September 30th, the Director 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 12 months prior to each September 1st as calculated by the United States Department of Labor and as used by the state of Washington at that time. Each adjusted minimum wage rate calculated under this Subsection E takes effect on the following January 1st.*

**ISSUE:**

At the time the City's Employment Standards laws were proposed and adopted, the state did not have a statewide paid sick leave law and its minimum wage was \$9.47. Given that Tacoma acted before the state to raise the minimum wage, initially, there was a greater difference between Tacoma's minimum wage and the state's. However, that gap has rapidly closed after the passage of Initiative 1433 and its



implementation. By 2020 the State's rate will most likely supersede the City's rate. The table below illustrates the difference between the state and Tacoma's minimum wage rates:

YEAR	CITY'S MW RATE	STATE'S MW RATE	DIFFERENCE
2016	\$10.35	\$9.47	.88
2017	\$11.15	\$11.00	.15
2018	\$12.00	\$11.50	.50
2019	\$12.35	\$12.00	.35
2020	2019 MW + CPI	\$13.50	Unknown

**ALTERNATIVES:**

This is an information briefing only. There are no alternatives presented.

**FISCAL IMPACT:**

This is an information briefing only. There is no fiscal impact.

**RECOMMENDATION:**

This is an information briefing only. There is no recommendation.