



August 1, 2024

Honorable Gavin Newsom
Governor

Honorable Mike McGuire
Senate President pro Tempore

Honorable Brian W. Jones
Senate Republican Leader

Honorable Scott Weiner, Chair
Senate Budget and Fiscal Review
Committee

Honorable Anna Caballero, Chair
Senate Appropriations Committee

Honorable Robert Rivas
Speaker of the Assembly

Honorable James Gallagher
Assembly Republican Leader

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Honorable Buffy Wicks, Chair
Assembly Appropriations Committee

Minimum Wage Increase, Director of Finance Determination and Certification

Labor Code section 1182.12 requires the Director of Finance to annually make a determination and certify to the Governor and the Legislature whether an adjustment for inflation is applied to the minimum wage after the minimum wage reaches \$15.00 per hour. Pursuant to this section, the minimum wage of \$15.00 per hour was implemented on January 1, 2022 for employers who employ 26 or more employees and on January 1, 2023 for employers who employ 25 or fewer employees.

Labor Code section 1182.12(c)(3)(B) requires that when the rate of increase in inflation exceeds 7 percent in the first year in which the minimum wage for employers with 26 or more employees is \$15.00 per hour, the minimum wage for employers with 25 or fewer employees must be set to the same amount as for employers with 26 or more employees, effective the following January 1. Pursuant to this section, the minimum wage of \$15.50 per hour was implemented on January 1, 2023, for all employers.

Following the implementation of the minimum wage to \$15.00 per hour, Labor Code section 1182.12(c) requires that on or before August 1 of each year, the Director of Finance shall calculate the adjusted minimum wage to be the lesser of 3.5 percent or the rate of change, as specified, for the United States Bureau of Labor Statistics non-seasonally adjusted United States Consumer Price Index for Urban Wage Earners and Clerical Workers (U.S. CPI-W). Pursuant to this section, the minimum wage of \$16.00 per hour was implemented on January 1, 2024, for all employers.

This year, the Department of Finance calculates the average U.S. CPI-W for the 12-month period from July 1, 2023 to June 30, 2024 increased by 3.18 percent compared to the 12-month period from July 1, 2022 to June 30, 2023. As a result, pursuant to section 1182.12(c), Finance has determined that the minimum wage shall increase by 3.18 percent to \$16.50 per hour and shall be implemented for all employers on January 1, 2025.

Based on the calculations described above, I hereby certify that the minimum wage increase shall include an inflation adjustment of 3.18 percent for all employers effective January 1, 2025.

Please call Susan Wekanda, Principal Program Budget Analyst, at (916) 445-5332, if you have any questions.

/s/ Joe Stephenshaw

JOE STEPHENSHAW
Director

cc: Honorable Roger W. Niello, Vice-Chair, Senate Budget and Fiscal Review Committee
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