

Fact Sheet: Boosting California's Minimum Wage to \$15/Hour

Scheduled Wage Increases (If No Increases Are Paused)

| | <u>26 Employees or More</u> | <u>25 Employees or Less</u> |
|--------------|-----------------------------|-----------------------------|
| \$10.50/hour | January 1, 2017 | January 1, 2018 |
| \$11/hour | January 1, 2018 | January 1, 2019 |
| \$12/hour | January 1, 2019 | January 1, 2020 |
| \$13/hour | January 1, 2020 | January 1, 2021 |
| \$14/hour | January 1, 2021 | January 1, 2022 |
| \$15/hour | January 1, 2022 | January 1, 2023 |

Off-Ramp Provisions

Governor can choose to pause any scheduled increase for one year if either economy or budget conditions are met. The increase to \$10.50/hour is not subject to off-ramps. Initial determination of Governor by August 1 of each year prior to a January increase. The Governor makes the final determination by September 1.

1. Economy

Governor has the ability to pause an increase if seasonally adjusted statewide job growth for either the prior 3 or 6 months is negative and retail sales receipts for the prior 12 months is negative.

2. Budget

Governor has the ability to pause an increase if any year from the current budget year to two additional years is forecasted to be in deficit when including the next scheduled increase. Pursuant to Proposition 2, a multiyear forecast is adopted as part of the annual Budget Act. A deficit is if the operating reserve is projected to be negative by more than 1 percent of annual revenues, currently about \$1.2 billion. The budget off-ramp can only be used twice.

Indexing

Index annually for inflation (national CPI) beginning the first January 1 after small businesses are at \$15/hour. Floor of 0 percent (no decreases) and a ceiling of 3.5 percent. Off-ramps do not apply once the state gets to \$15/hour.

IHSS Sick Days

Implementation of one sick day in July 2018. Second day added in the first July following \$13/hour implementation for larger businesses, and third day added following \$15/hour implementation.

Effect on Workers

There are approximately 7 million hourly workers in California. Almost 2.2 million workers are currently paid minimum wage.

Annual income of full-time work at minimum wage:

| | |
|------------------------|----------|
| 2016 at \$10 per hour: | \$20,800 |
| 2022 at \$15 per hour: | \$31,200 |

For comparison, the Federal Poverty Level for 2016 is \$24,300 for a family of 4.