

August 1, 2025

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 Calculation of Adjustment

Labor Code section 1182.12 (c) requires the Director of Finance to annually calculate an adjusted minimum wage on or before August 1 of each year following the implementation of the minimum wage to \$15.00 per hour for all employers, which occurred on January 1, 2023. The Director's calculation of the adjusted minimum wage must 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). The adjusted minimum wage increase takes effect on January 1 following the calculation. Pursuant to section 1182.12, the minimum wage was increased to \$16.50 per hour on January 1, 2025, for all employers.

This year, the Department of Finance calculates the average U.S. CPI-W for the 12-month period from July 1, 2024 to June 30, 2025 increased by 2.49 percent compared to the 12-month period from July 1, 2023 to June 30, 2024. As a result, pursuant to section 1182.12(c), the minimum wage shall increase by 2.49 percent to \$16.90 per hour and shall be implemented for all employers on January 1, 2026.

If you have any questions or need additional information regarding this matter, please call Susan Wekanda, Principal Program Budget Analyst, at (916) 445-5332.

/s/ Joe Stephenshaw

JOE STEPHENSHAW
Director

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