

JUNE 2022

\$18.00

MINIMUM WAGE IN CALIFORNIA

Who would be affected by the
proposal to raise California's
minimum wage?

PROPOSED INCREASE

The Living Wage Act (LWA) would increase the state's minimum wage from \$15 an hour in 2022 to \$18 an hour by 2025 for large businesses and 2026 for small businesses, with inflation adjustment (capped at 3.5 percent per year) beginning in 2027.

Schedule of the proposed minimum wage increases			Projected state minimum wage under current state law
Year	Business with more than 25 employees	Business with 25 or fewer employees	
2023	\$16	\$15	\$15.50
2024	\$17	\$16	\$16.03
2025	\$18	\$17	\$16.51
2026	\$18	\$18	\$17.02

Source: [Living Wage Act of 2022](#)

Note: For simplicity, the projected minimum wages under current state and local laws are shown only for the business with more than 25 employees. See the [data and methods appendix](#) for additional information.

EXISTING LOCAL MINIMUM WAGE LAWS

Cities with projected local minimum wage in 2026 lower than \$18	Local jurisdictions with projected local minimum wage in 2026 higher than \$18	
<p><u>Alameda County</u> Oakland; San Leandro</p> <p><u>San Mateo County</u> Daly City; Menlo Park; San Carlos</p> <p><u>San Diego County</u> San Diego</p>	<p><u>Alameda County</u> Alameda; Berkeley; Emeryville; Fremont; Hayward</p> <p><u>Contra Costa County</u> El Cerrito; Richmond</p> <p><u>Los Angeles County</u> Los Angeles; Los Angeles County (unincorporated areas); Malibu; Pasadena; Santa Monica; West Hollywood</p> <p><u>Marin County</u> Novato</p>	<p>San Francisco</p> <p><u>San Mateo County</u> Belmont; Burlingame; East Palo Alto; Half Moon Bay; Redwood City; South San Francisco; San Mateo</p> <p><u>Santa Clara County</u> Cupertino; Los Altos; Milpitas; Mountain View; Palo Alto; San Jose; Santa Clara; Sunnyvale</p> <p><u>Sonoma County</u> Petaluma; Santa Rosa; Sonoma</p>

ESTIMATED IMPACTS

We estimate that 5.1 million workers would receive wage increases under the proposal, which represent 26 percent of the California workforce in 2026. These estimates take into account both workers directly affected by the higher minimum wage, and workers with higher wages that would still receive indirect effects due to the spillover effect. Workers who work in localities that have local minimum wages higher than the proposal are not included.

Number of workers affected: 5,074,048

Average annual earnings increase: \$1,349

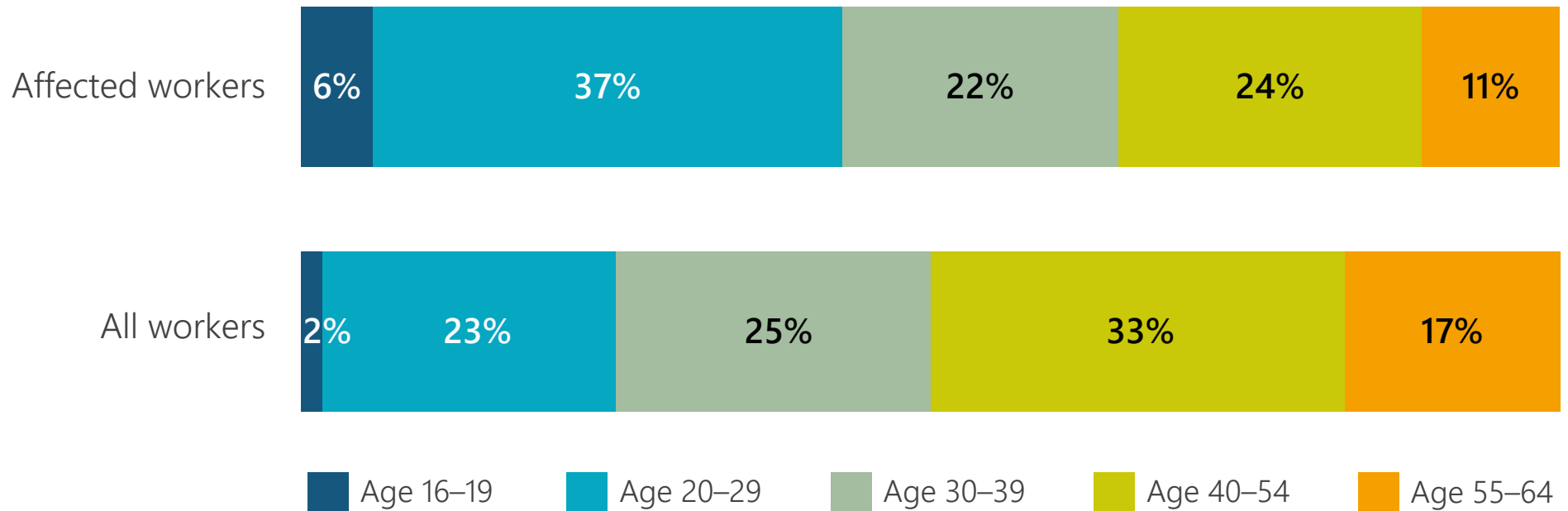
Average percent annual earnings increase: 5%

Average hourly wage increase: \$0.79

AGE

The large majority (94 percent) of affected workers are adults, not teens. 38 percent have children, and only 6 percent are under 20 years old. On average affected workers contribute 41 percent of their family earnings.

Estimated age of workers affected by an \$18 minimum wage in California



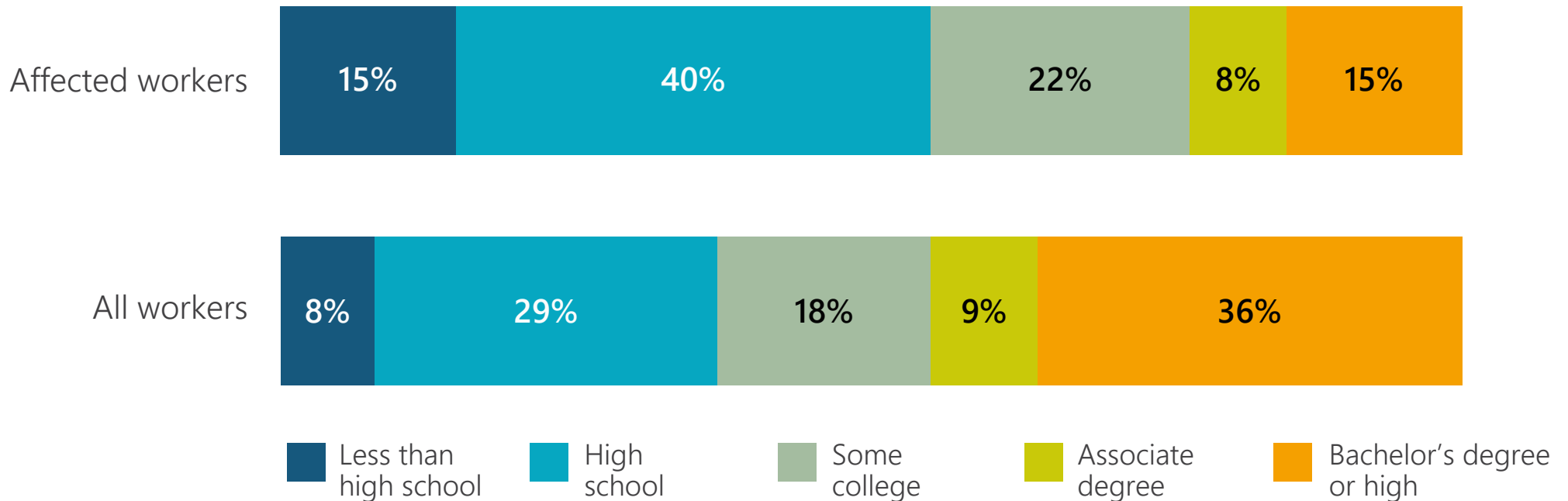
Source: Authors' analysis of ACS, QCEW, and LODES.

Note: We rounded the percentages to the nearest whole number so they might not add up to exactly 100%.

EDUCATION

Affected workers are less educated than the overall workforce, but 45 percent of them have schooling beyond high school.

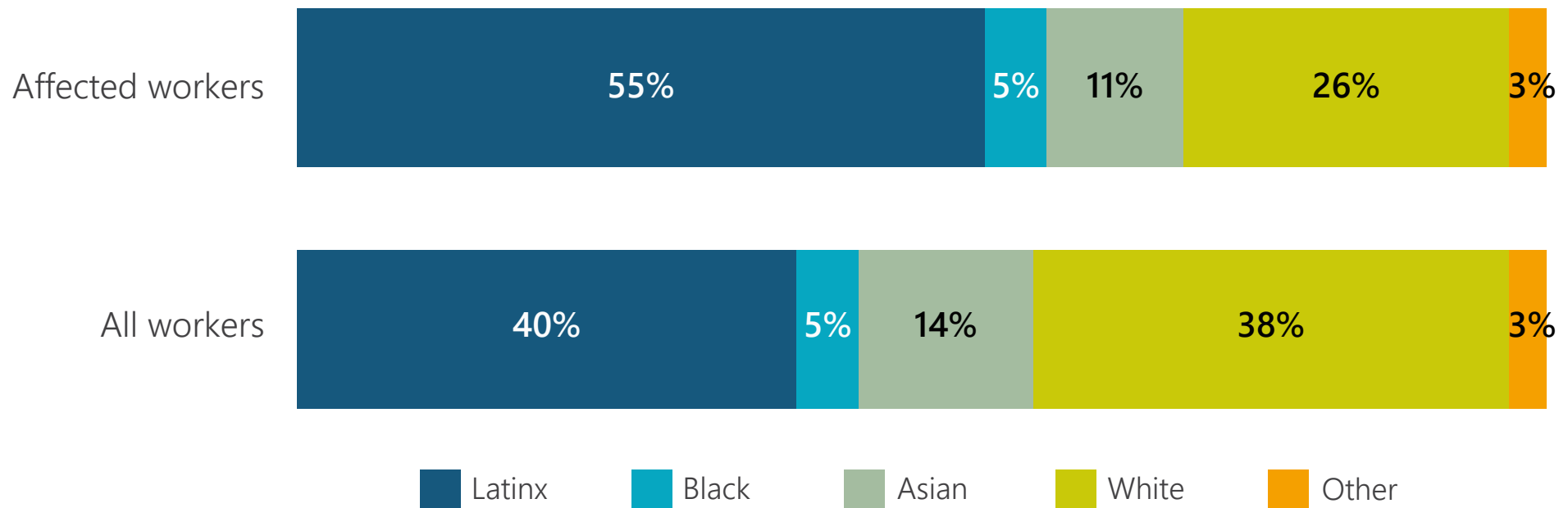
Estimated education attainment of workers affected by an \$18 minimum wage in California



RACE AND ETHNICITY

Latinx workers are more likely to earn low wages and therefore to benefit from the minimum wage increase. Latinx workers constitute about 40 percent of all workers, but they represent more than half of all affected workers.

Estimated race and ethnicity of workers affected by an \$18 minimum wage in California



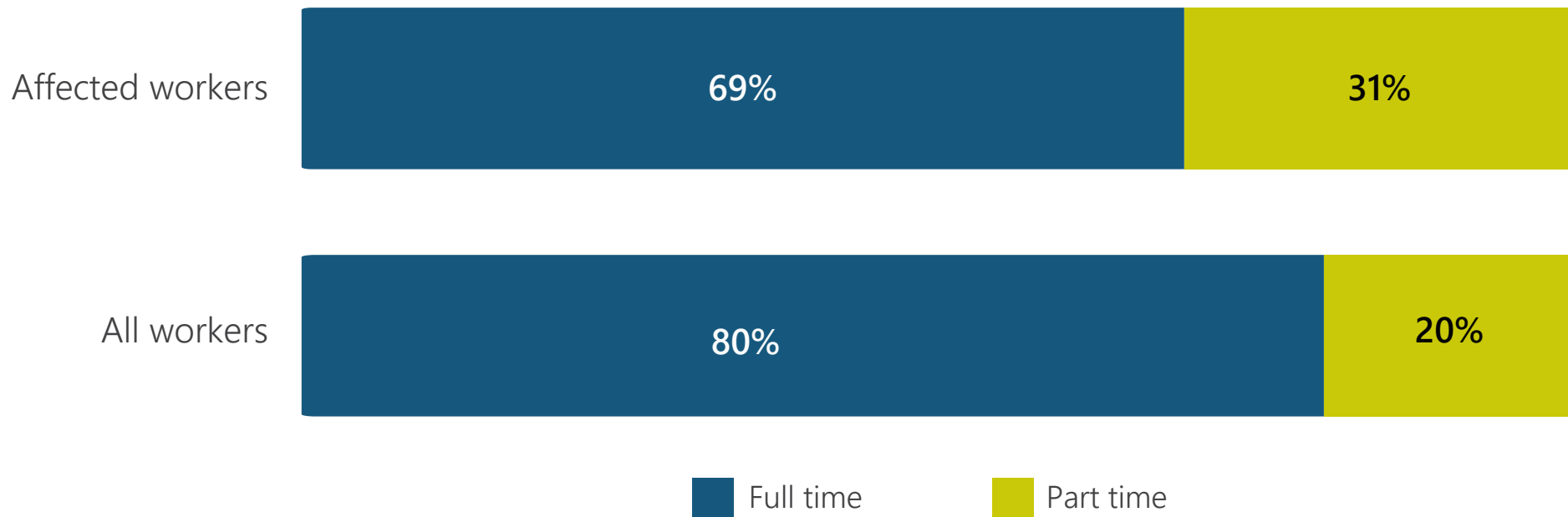
Source: Authors' analysis of ACS, QCEW, and LODS.

Notes: All race/ethnicity categories other than Latinx are non-Hispanic only. We rounded the percentages to the nearest whole number so they might not add up to exactly 100%.

EMPLOYMENT STATUS

More than 70 percent of affected workers work full time, and 80 percent work full year.

Estimated part-time/full-time status of workers affected by an \$18 minimum wage in California



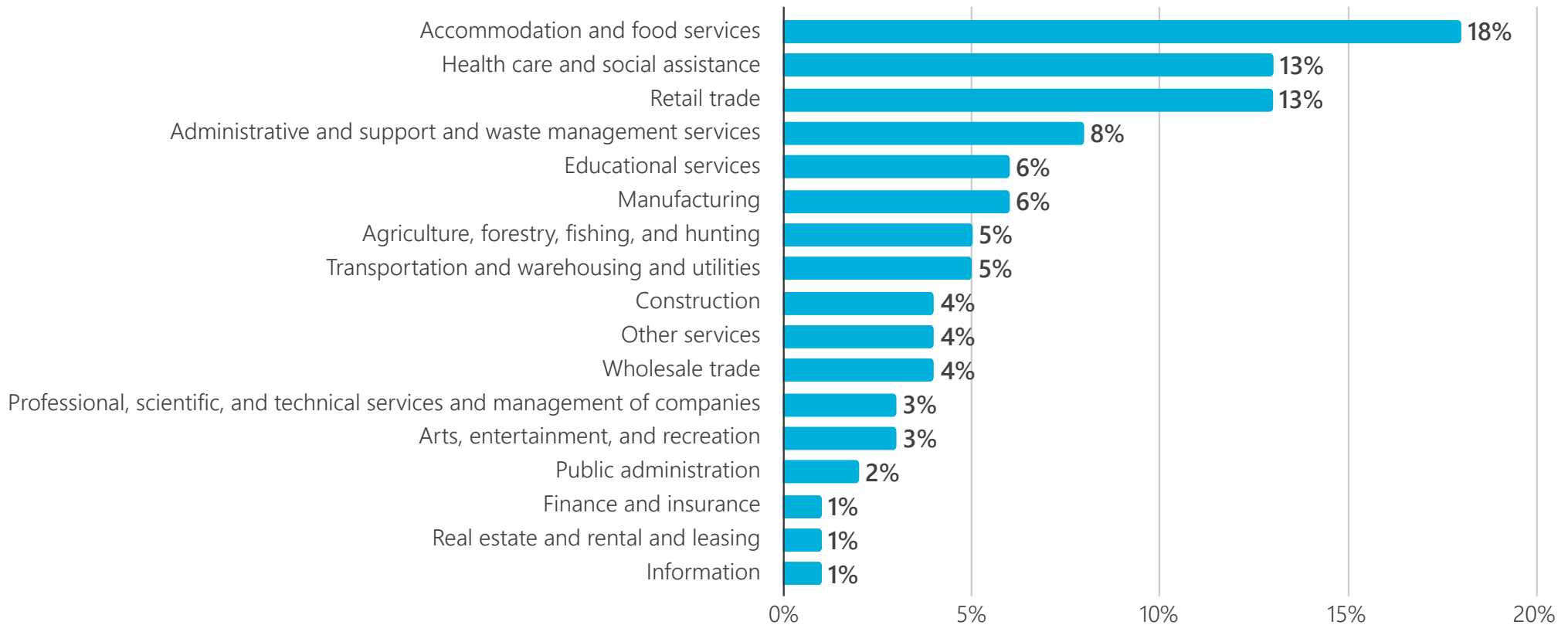
Source: Authors' analysis of ACS, QCEW, and LODES.

Note: The full-time status is defined as usually working more than 35 hours per week, and the full-year status is defined as usually working more than 50 weeks.

INDUSTRIES

While affected workers are employed across all industries, retailers and restaurants alone account for one out of three workers affected by an \$18 minimum wage in California.

Distribution across industries of California's low-wage workers affected by an \$18 minimum wage in California



Source: Authors' analysis of ACS, QCEW, and LODES.

Note: We rounded the percentages to the nearest whole number so they might not add up to exactly 100%.

WORKERS BY COUNTY

Estimates of the number of workers by county who will receive wage increases by 2026 under the Living Wage Act. These estimates take into account both workers directly affected by the higher minimum wage, and workers with higher wages but who would still receive indirect effects due to the spillover effect.

County	# workers getting raises	Share of all affected workers
Alameda	219,814	4.33%
Alpine, Amador, Calaveras, Inyo, Mariposa, Mono & Tuolumne	25,010	0.49%
Butte	42,206	0.83%
Colusa, Glenn, Tehama & Trinity	20,397	0.40%
Contra Costa	111,240	2.19%
Del Norte, Lassen, Modoc, Plumas & Siskiyou	17,494	0.34%
El Dorado	20,680	0.41%
Fresno	192,747	3.79%
Humboldt	24,118	0.47%
Imperial	30,120	0.59%
Kern	171,109	3.37%

County	# workers getting raises	Share of all affected workers
Kings	23,877	0.47%
Lake & Mendocino	23,628	0.46%
Los Angeles	802,686	15.79%
Madera	23,135	0.46%
Marin	26,912	0.53%
Merced	47,959	0.94%
Monterey	93,201	1.83%
Napa	25,190	0.50%
Nevada & Sierra	8,674	0.17%
Orange	585,577	11.52%
Placer	61,114	1.20%
Riverside	377,097	7.42%
Sacramento	234,353	4.61%
San Bernardino	384,303	7.56%
San Diego	613,271	12.07%

County	# workers getting raises	Share of all affected workers
San Joaquin	123,098	2.42%
San Luis Obispo	49,426	0.97%
San Mateo	58,044	1.14%
Santa Barbara	90,675	1.78%
Santa Clara	19,361	0.38%
Santa Cruz	40,687	0.80%
Shasta	28,758	0.57%
Solano	50,655	1.00%
Sonoma	39,919	0.79%
Stanislaus	81,671	1.61%
Sutter & Yuba	23,671	0.47%
Tulare	84,027	1.65%
Ventura	143,586	2.83%
Yolo	42,480	0.84%

Source: Authors' analysis of ACS, QCEW, and LODES.

Note: Some localities have their own minimum wage laws that would raise wages higher than the proposed Living Wage Act (LWA). Our estimates do not include workers working in those localities.