

PROPOSITION **RAISES MINIMUM WAGE.**
32 INITIATIVE STATUTE.

OFFICIAL TITLE AND SUMMARY

 PREPARED BY THE ATTORNEY GENERAL

The text of this measure can be found on page 97 and the Secretary of State’s website at voterguide.sos.ca.gov.

- California’s minimum wage is currently \$16 per hour. This measure increases that minimum, as follows:
 - Employers with 26 or more employees would pay \$17 hourly for the remainder of 2024 and \$18 hourly beginning on January 1, 2025.
 - Employers with 25 or fewer employees would pay \$17 hourly beginning January 1, 2025, and \$18 hourly beginning January 1, 2026.
- Thereafter, as existing law provides, the minimum wage annually adjusts for inflation.
- In addition to the generally applicable minimum wage described above, current laws establish a higher minimum wage in specified industries. This measure does not amend those laws.

SUMMARY OF LEGISLATIVE ANALYST’S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT FISCAL IMPACT:

- State and local government costs could increase or decrease. This change likely would not exceed the high hundreds of millions of dollars annually.
- State and local tax revenues likely would decrease. This revenue loss likely would not exceed a few hundred million dollars annually.

32

ANALYSIS BY THE LEGISLATIVE ANALYST
BACKGROUND
State and Local Laws Set Minimum Wages.

Employers must pay their workers at least the minimum wage. California’s minimum wage currently is \$16 per hour. Some local governments have higher minimum wages. Minimum wage laws do not apply to independent contractors and other self-employed people.

Inflation Adjustments Under Current Law. Prices tend to go up over time. These rising prices are called “inflation.” The state adjusts its minimum wage every year based on inflation. Each adjustment matches U.S. inflation, except in two cases:

- If inflation is negative, the adjustment is zero.
- If inflation exceeds 3.5 percent, the adjustment is 3.5 percent.

State Sets Higher Minimum Wages for Some Employers. State laws set higher minimum wages for employers in some industries. For example, most fast food restaurants must pay their workers at least \$20 per hour.

PROPOSAL

Higher Minimum Wage in 2025. In 2025, California would have different minimum wages for employers of different sizes. Employers with 26 or more employees would have a minimum wage of \$18 per hour. Employers with 25 or fewer employees would have a minimum wage of \$17 per hour. Without Proposition 32, the minimum wage for all employees would be about \$16.50 per hour. The proposition would not change any local or industry-specific minimum wages.

Minimum Wage \$18 Per Hour in 2026. In 2026, the minimum wage would be \$18 per hour for all employees. Without Proposition 32, it likely would be about \$17 per hour.

Inflation Adjustments Paused Until 2027. The minimum wage would be adjusted for inflation every year starting in 2027. These adjustments would follow the current rules described earlier.

FISCAL EFFECTS

Fiscal Effects Depend on Economic Effects.

Proposition 32 could have a wide range of economic effects:

- **Higher Wages.** Workers who would have made less than \$18 per hour would instead make \$18 or more per hour by 2026. Higher minimum wages also tend to push up wages for other workers. This means that many workers making a bit more than \$18 per hour also likely would get a raise.
- **Likely Higher Prices.** Higher wages would increase costs for many businesses. Some businesses likely would charge customers higher prices. The overall price increase from Proposition 32 likely would be smaller than one-half of 1 percent.
- **Likely Lower Profits.** The costs of higher wages likely would reduce some businesses' profits.
- **Effect on Jobs.** The number of jobs in the state could go up or down. This change likely would be smaller than one-quarter of 1 percent.

Government Costs Could Go Up or Down.

Proposition 32 would increase state and local government costs in some ways but would decrease them in other ways:

- **Higher Government Costs to Pay for Workers.** The state and many local governments would have higher costs to pay their employees. They also would have higher costs to pay for work done by workers who are not their employees.
- **Savings From Lower Enrollment in Health and Human Services Programs.** Proposition 32 would change the number of people enrolled in health and human

services programs (such as California's Medicaid program, Medi-Cal) because it would change people's incomes. These enrollment changes likely would reduce state and local government costs.

Combining these two pieces, total state and local government costs could go up or down. This change likely would not exceed the high hundreds of millions of dollars each year (annually). (Total state and local government spending in California exceeds \$500 billion annually.)

The change in costs to the state's General Fund likely would be less than one-half of 1 percent of the state's total General Fund budget. (The General Fund is the account the state uses to pay for most public services, including education, health care, and prisons.)

Lower Revenues. Proposition 32 would affect income tax and sales tax revenues because it would change incomes and prices. Overall, the proposition likely would reduce state and local government revenues. Revenues would be lower mainly due to lower incomes for business owners. The net revenue loss likely would not exceed a few hundred million dollars annually. Last year, total state and local revenue from these taxes was about \$200 billion.

Visit sos.ca.gov/campaign-lobbying/cal-access-resources/measure-contributions/2024-ballot-measure-contribution-totals for a list of committees primarily formed to support or oppose this measure.

Visit fppc.ca.gov/transparency/top-contributors.html to access the committee's top 10 contributors.

★ ARGUMENT IN FAVOR OF PROPOSITION 32 ★

Every Californian who works at least a full-time, 40-hour work week should be able to afford life's basic needs. However, there are about 2 million Californians who are working full time, and more, but earn less than \$18 per hour. Most of these Californians who earn less than \$18 per hour are heads of their households. Most of these Californians who earn less than \$18 per hour have kids. We can all agree that Californians who work hard, working full time or more, should not live in poverty. But that's exactly how millions of Californians are living because their wages are too low to afford how expensive life has become in California.

In addition, when people who work hard are paid wages that aren't enough to cover life's basic needs, a bigger burden is put on taxpayers to make up the difference that some corporations aren't honoring. It is wrong for all the businesses that do right by their workers that some corporations are allowed to pay Californians such low wages that those workers are left needing taxpayer funded aid. Taxpayers should not be subsidizing some corporations that choose to pay extremely low wages and enabling them to keep the rest as excess profit for their owners.

By raising the minimum wage to \$18 per hour, Proposition 32 will bring a much-needed raise to 2 million California workers and create a more prosperous system where big corporations aren't allowed to exploit smaller businesses, our communities, and our hardest working neighbors.

Finally, when more Californians earn a fair wage for their work, our entire economy does better. Working people are better able to afford their rent, provide three meals per day for their kids, and all of that spending boosts the economies of our local communities. That boosted spending creates more jobs in our communities, which makes everyone better off.

It's time that we make California a place that working families can afford. By raising the minimum wage to \$18, Proposition 32 will directly better the lives of 2 million Californians who will get a raise and we will stimulate more spending in our communities that most need that boost. That boost will create more jobs and more prosperity for everyone.

VOTE YES ON PROP. 32!

Joe Sanberg, Anti-Poverty Advocate

32

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 32 ★

VOTE NO on PROPOSITION 32!

Ballot measures shouldn't be toys for multimillionaires.

ONE PERSON ALONE—A MULTIMILLIONAIRE—IS BEHIND PROP. 32.

One person alone wrote Prop. 32, spent millions getting it on the ballot, and wrote the argument for Prop. 32.

SMALL BUSINESS AND WORKING FAMILY ADVOCATES DON'T WANT PROP. 32

Many of California's leading voices for working families and small businesses didn't even want Prop. 32 on the ballot, but this one author had to have it his way.

Even leading advocates for higher minimum wages urged him to pull Prop. 32 from the ballot. He refused.

One person shouldn't try to dictate labor policy for 39 million Californians, with the only qualification that he's rich. No wonder Prop. 32 is so flawed.

Prop. 32 forces small businesses to **INCREASE PRICES**, adding to inflation and raising the cost of living in California even more. That hurts working families!

Prop. 32 raises costs for state and local governments by **BILLIONS**, meaning they'll cut vital services and raise taxes.

Prop. 32 **COSTS JOBS**, with the greatest impact on teens and people of color who are trying to get a career started with entry level jobs. That's why leaders across California who previously supported minimum wage increases have changed course and asked for them to be slowed down.

And Prop. 32 worsens California's increasingly complex patchwork of minimum wage laws, confusing both workers and small business owners.

Prop. 32 seems to be an ego project, not a real solution for working Californians.

Get the facts at StopProp32.com.

VOTE NO ON PROPOSITION 32!

Jot Condie, President
California Restaurant Association

Jennifer Barrera, President
California Chamber of Commerce

Ron Fong, President
California Grocers Association

★ ARGUMENT AGAINST PROPOSITION 32 ★

VOTE NO on PROPOSITION 32.

PROPOSITION 32 INCREASES YOUR PERSONAL COSTS; MAKES CALIFORNIA'S HUGE BUDGET DEFICIT WORSE; PUNISHES SMALL BUSINESSES; COSTS JOBS; AND HURTS THE VERY WORKERS IT'S SUPPOSED TO HELP.

PROPOSITION 32 MAKES OUR BUDGET DEFICIT WORSE BY BILLIONS EACH YEAR AND JEOPARDIZES FUNDING FOR PUBLIC SAFETY AND EDUCATION

California just experienced a \$50 billion budget deficit. Many cities and counties face huge deficits as well. The independent fiscal analysis of Prop. 32 in this same ballot pamphlet says a minimum wage increase will likely cost state and local governments billions of dollars EACH YEAR.

That means two things. You paying higher taxes to make up the difference and cuts to important programs like K-12 education, public safety, healthcare, and getting homeless people off the streets.

PROPOSITION 32 INCREASES PRICES FOR CALIFORNIANS WHEN WE CAN LEAST AFFORD IT

The cost of living in California is too high. Prices are up more than 20% in the last three years for food, gas, utilities, healthcare, and clothing. Proposition 32 makes it even worse as it will increase costs on family-owned businesses who can least afford it and force small employers to increase prices for consumers to absorb the higher minimum wage. Looking at the new California fast-food minimum wage law, fast-food prices in California have gone up 7% in six months, the fastest in the nation. Some well-known "value meals" now cost over 40% more in California than the rest of the country.

Prop. 32 brings these record-setting price increases to small restaurants, grocery stores, convenience stores,

small retail shops, farmers, and more, so we're going to see the same sticker shock everywhere.

PROPOSITION 32 WILL HURT SMALL, FAMILY-OWNED BUSINESSES

Proposition 32 imposes the same high minimum wage on small businesses as it does for large corporations. Small businesses are more vulnerable to the impact of this higher cost and could force these family-owned businesses in our neighborhoods and communities to shut down.

PROPOSITION 32 COSTS JOBS

Raising the minimum wage again sounds like something that would help workers struggling to make ends meet. Who doesn't want workers to get paid more? It makes us feel good if we think we're helping our fellow Californians out.

But the reality has now been confirmed, raising the minimum wage, especially when we raise it TOO FAST, costs thousands of jobs, and when a worker loses a job, or the company goes out of business, the wage is ZERO DOLLARS PER HOUR. And this job loss especially impacts our vulnerable populations the most, with young African-American, Latino, and non-college educated workers trying to find their first jobs facing the biggest burdens. Get the facts at StopProp32.com, and vote NO ON PROPOSITION 32!

Jot Condie, President
California Restaurant Association

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★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 32 ★

YES on PROPOSITION 32 means a RAISE for SERVICE, ESSENTIAL, AND OTHER WORKERS to help them afford life's basic needs.

YES ON PROPOSITION 32 means a RAISE for SINGLE MOMS to help them afford life's basic needs.

YES ON PROPOSITION 32 means CLOSING THE GENDER PAY GAP for over a million working women.

The goods and services you buy have become more expensive because CORPORATIONS ARE MAKING RECORD PROFITS! CORPORATE PROFIT MARGINS HAVE INCREASED 100% since the year 2000. The STOCK MARKET has repeatedly made ALL-TIME HIGHS this year. CORPORATE LOBBYISTS who will MAKE MORE MONEY BY KEEPING WAGES LOW are trying to convince you that raising the minimum wage will increase the cost of living,

but that's false. Record corporate profit margins are what has increased the cost of living. Now, we have to RAISE THE MINIMUM WAGE TO HELP SERVICE WORKERS, ESSENTIAL WORKERS, SINGLE MOMS, and other WORKING CALIFORNIANS to be able to AFFORD LIFE'S BASIC NEEDS.

YES on PROP. 32!

Learn more at: livingwageact.com

Ada F. Briceño, Co-President
UNITE HERE Local 11

Nanette Barragán, Congresswoman
U.S. House of Representatives, California 44th District

Saru Jayaraman, President
One Fair Wage