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California Gov. Jerry Brown Signs Nation's First \$10 State Minimum Wage Into Law

Wage increase estimated to benefit 3.4 million workers in California and generate \$3.3 billion in new economic growth

Washington, DC—California Gov. Jerry Brown Wednesday signed into law a measure raising the state's minimum wage to \$10 per hour in two steps by 2016. The increase will make California the first state to raise its minimum wage to the \$10 level. Governor Brown said the increase will provide much-needed assistance to working families in the state, while also boosting economic growth.

The governor was joined by state legislative leaders and business owners who supported the increase in the state's minimum wage, citing higher wages as a valuable investment for businesses and an important source of economic growth for the state's economy. Both houses of the state legislature approved the proposal earlier this month, following a campaign led by the California Labor Federation.

"A higher minimum wage will mean much needed money in the pockets of millions of workers in the state, and that's good news for businesses throughout California that will benefit from increased consumer spending," said Gary Gerber, founder and CEO of Sun Light & Power in Berkeley, with 75 employees. "It's encouraging to see the state legislature and the Governor pursue smart policy that will boost economic growth."

In the coming months, several states are proposing to follow California by raising the minimum wage to rates above or near \$10 per hour, including [Maryland](#), [Massachusetts](#), [Illinois](#), and [Minnesota](#). Ballot initiatives to raise state minimum wages and adjust them based on the cost of living are underway in Alaska, South Dakota and Idaho for 2014, and such a measure will go before New Jersey voters this coming November.

"California is setting the bar for the rest of the states by being the first to raise its minimum wage to double-digits," said **Paul Sonn, a Program Director at the National Employment Law Project**. "With new job growth tilted towards low-paying fields, California is leading the way in tackling this problem by boosting pay for millions of its lowest paid workers."

The increase in California's minimum wage is expected to benefit 2.4 million workers in the state who currently earn between \$8.00 and \$10 per hour, plus another one million workers who earn slightly above \$10 per hour and who are likely to receive a raise as employers adjust their pay scales upward. According to Census data, more than 90 percent of the workers in California who will receive a raise are adults over the age of 20; 87 percent work more than 20 hours per week; and 81 percent have at least some college education. [Note: estimates based on Economic Policy Institute [analysis](#) of impact of minimum wage increase to \$10.10 per hour in California.]

California's minimum wage increase is estimated to generate more than \$3.3 billion in new economic growth, as low-paid workers spend their increased earnings on basic expenses. Due to the economic benefits of higher

wages, a record number of small business today express support for raising the minimum wage: an April 2013 [poll](#) found that 67 percent of small business owners support raising and indexing the minimum wage and indicated that the majority believe it will help the economy.

California is also leading the way in tackling poverty wages among tipped workers – a fast-growing, high-poverty segment of the workforce. In California, as in six other states, tipped workers such as restaurant servers, car wash workers, parking lot attendants, and nail salon workers, must be paid the full minimum wage in the state – with any tips received on top of that. By contrast federal law and that of many other states allows tipped workers to be paid a meager \$2.13 per hour – a rate that has not increased since 1991. States that follow California’s example of ensuring that tipped workers are paid the full minimum wage have [significantly reduced](#) the high poverty rates common among tipped workers.

The most [rigorous economic research](#) over the past 20 years shows that raising the minimum wage boosts worker pay without causing job losses – even in regions where the economy is weak or unemployment is high. A recent [study](#) by the Center for Economic and Policy Research reviews the past two decades of research on the impact of minimum wage increases on employment and concludes that “the weight of the evidence points to little or no effect of minimum wage increases on job growth.” In February, leading mainstream economists [polled](#) by the University of Chicago’s Booth School of Business backed raising and indexing the minimum wage by nearly a 4 to 1 margin, saying that the benefits outweigh any costs.

The National Employment Law Project is a non-partisan, not-for-profit organization that conducts research and advocates on issues affecting low-wage and unemployed workers. For more about NELP, visit www.nelp.org or www.raisetheminimumwage.org.

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