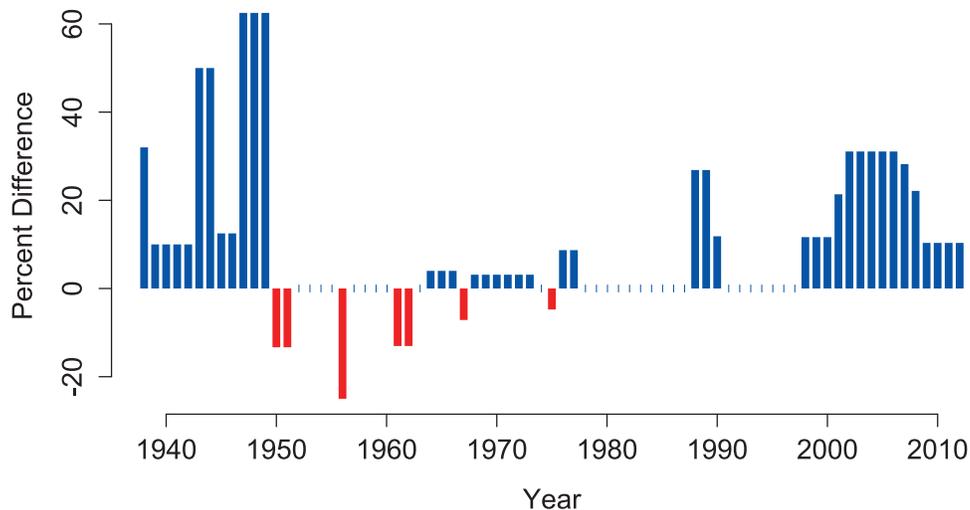


Figure 2: Percent Difference Between CA and Federal Minimum Wage



Years in which California's minimum wage exceeded the national rate are shown above 0 (in blue), years in which California's minimum wage was less than the national rate are shown below 0 (in red).

Source: National data from U.S. Department of Labor, Wage and Hour Division. California data from CA Department of Industrial Relations, Industrial Welfare Commission.

the latest revision to the law in 2004, exemption from the federal minimum wage is not predicated on job title, but on actual job functions and duties.

The FLSA also differentiates between tipped and non-tipped employees. Job functions that “customarily and regularly receive more than \$30 in tips” per day are subject to the rate for tipped workers—currently \$2.13/hour. However, the California minimum wage law does not offer this distinction, instead requiring that both classes of employees receive the state minimum wage over and above any tips received.

MINIMUM WAGE IN CALIFORNIA

California has generally set a higher minimum wage than the U.S. as a whole. When the federal 25¢ minimum wage was implemented in 1938, the rate in California was 33¢ (32 percent above the federal rate). From 1947 to 1949 California’s rate was 62.5 percent above the federal rate (65¢ vs. 40¢ per hour). This was followed by over a decade (1950 to 1963) where California’s rate either lagged behind or was at parity with the federal rate. Today, California’s \$8 rate is 75¢ (or a little over 10 percent) higher than the federal rate.

Washington’s \$9.19/hour is the highest minimum wage among the states; however, San Francisco has the highest overall, with a minimum wage of \$10.55/hour. A few other California cities have followed San Francisco in establishing higher minimum wages. San Jose has a \$10 minimum wage. Long Beach requires

hotels with more than 100 rooms to pay employees a minimum wage of \$13/hour. Emeryville requires hotels to pay their non-management employees a minimum of \$9.00/hour with an average of \$11.00/hour across the same group.

Similar to the minimum wage are living wage laws, which typically require employers doing business with a municipality to pay their workers a wage adequate to meet basic needs for living (usually shelter, food, clothing, medical care, and transportation). Such laws only cover the municipality’s

employees and businesses working directly under contract, not all businesses operating within the city or county’s jurisdiction. Los Angeles recently extended its living wage law to cover hotels near Los Angeles International Airport. According to the UC Berkeley Labor Center, 32 municipalities in California have Living Wage laws.

FURTHER READING

Department of Industrial Relations, History of California Minimum Wage, www.dir.ca.gov/iwc/MinimumWageHistory.htm

UC Berkeley Center for Labor Research and Education, *Reports on Living Wage*, laborcenter.berkeley.edu/livingwage/

Thompson, Jeff, et al., *The Economic Impact of Local Living Wages*, Economic Policy Institute. Feb 15, 2006. www.epi.org/publication/bp170/

United States Department of Labor: Compliance Assistance, *The Fair Labor Standards Act (FLSA)*, www.dol.gov/compliance/laws/comp-flsa.htm

United States Department of Labor: eLaws Advisor, *Wages and Hours Worked: Minimum Wage and Overtime Pay*, www.dol.gov/compliance/guide/minwage.htm

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