Press Release

Considering California's $20 Minimum Wage at the Federal Level

PAULINA ENCK | SEPTEMBER 29, 2023

On September 28, California Governor Gavin Newsom signed into law an amended version of AB 1228, legislation that will increase wages for workers at "quick serve restaurants" (QSRs) to a minimum of $20 per hour and establish a council to adjust wages annually. In new research, Labor Market and Immigration Policy Analyst Isabella Hindley examines the potential state-level costs if such legislation were implemented on a federal level.

Key points:

- Beginning on April 1, 2024, this legislation will require California QSRs to increase the minimum wage for workers to $20 per hour; it will also establish a Fast Food Council with limited authority to set annual wage increases equal to the lesser of 3.5 percent and consumer price inflation.
- The legislation will drive up operating costs for California QSRs, raise prices for consumers, and reduce the demand for many of the QSR workers' labor.
- This study finds that if such a policy were implemented at the federal level, such significant and rapid wage increases would drive up labor costs, resulting in price increases or employment decreases of up to 23 percent.

Read the analysis