



PHILIP ANGELIDES
Treasurer
State of California

June 1, 2006

Mr. Bill Dombrowski
Chairman
Industrial Welfare Commission
801 K Street, Suite 2100
Sacramento, CA 95814

Dear Chairman Dombrowski:

As California State Treasurer I strongly support both an increase in California's minimum wage and action to ensure that that wage is not eroded in the future by the rising cost of living. I call on the Industrial Welfare Commission (IWC) to raise the minimum wage and to index it to the cost of living. The IWC and the Minimum Wage Board, once it is created, should consider both minimum wage petitions that have been submitted.

The California Labor Code requires the state's minimum wage to be adequate to "supply the cost of proper living." The state's current minimum wage of \$6.75 an hour, set in 2001, is woefully inadequate, far below the \$12.44 the California Budget Project finds a family needs for a basic budget in California.

The one-time increase in this minimum wage proposed by Gov. Schwarzenegger fails to take into account the high and rising cost-of-living in California. The governor's veto of legislation that would index the state's minimum wage and his strong opposition to any more than a single modest increase mean that any true solution to wage erosion must lie with the IWC. A permanent fix requires the wage to be increased annually, as called for by the petition submitted by the California Labor Federation, AFL-CIO.

The record shows just how severely California's minimum wage workers have been affected by the rising cost of living. In 1968, California's minimum wage stood at \$1.65 an hour. For the minimum wage to match the purchasing power it had in 1968, today's minimum wage would have to be well over \$9.00 per hour. If it had kept up with productivity gains, the minimum wage would be over \$25.00 today.

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Without indexing of the minimum wage, workers face steadily sinking purchasing power, undercutting their ability to pay for their basic needs and purchase goods in their communities. For example, from March 2001 to May 2006, the hours a minimum wage worker needed to work to fill a typical car's gas tank in California rose from 5.5 hours to 10 hours.

The fact is that indexing is good for business and workers, providing for predictable labor cost increases instead of periodic large bumps.

Therefore, I call on the IWC to review the minimum wage, with the goal of both increasing it to the level that permits California's hard-working men and women to live and raise their families with dignity and ensuring that though indexing the minimum wage retains its purchasing power.

Sincerely,

A handwritten signature in blue ink, appearing to be 'Phil Angelides', written over a light blue rectangular background.

Phil Angelides
State Treasurer

cc: IWC Members