



## OFFICE OF THE GOVERNOR

May 18, 2006

*Via Facsimile (415) 703-5059 & U.S. Mail*

Bill Dombrowski, Chairman  
Industrial Welfare Commission  
c/o John Rea, Acting Director  
Department of Industrial Relations  
455 Golden Gate Avenue  
San Francisco, CA 94102

RE: Petition to Raise the Minimum Wage

Dear Chairman Dombrowski:

Under Labor Code section 1173, “[i]t is the continuing duty of the Industrial Welfare Commission . . . to ascertain the wages paid to all employees in this state.” That section further provides that “[t]he commission shall conduct a full review of the adequacy of the minimum wage at least once every two years.”

I hereby petition the Industrial Welfare Commission (IWC) pursuant to Labor Code section 1176.1 to amend Minimum Wage Order 2001 (Cal. Code Reg. Chapter 5, § 11000), and minimum wage provisions of other orders as necessary, to establish, if necessary, a new minimum wage for California workers to supply them “the cost of a proper living” within the meaning of Labor Code sections 1178 and 1178.5.

My reason for making the request is my belief that the current minimum wage is inadequate. The wage has not been increased since 2001. It has been substantially outpaced by rising cost of living for minimum wage earners.

The standard, “the cost of a proper living,” connotes that a variety of factors may be considered in determining what is a minimum wage. Raising the wage should be based on careful consideration of both past economic activity and future economic indicators. That is how California’s minimum wage has been increased in the past and why California’s economy has been able to grow and expand at the same time the minimum wage has risen. There have been calls for automatic adjustment of the minimum wage on the basis a cost-of-living formula. Such an auto-pilot system relying on one set of dated economic facts is inconsistent with the comprehensive, analytic, “cost of a proper living” standard.

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The minimum wage should set a reasonable floor for entry-level wages in a manner that does not affect the availability of entry-level jobs or inhibit job growth. The minimum wage ensures that all entry-level workers in the state obtain a fair base wage while they develop the knowledge and skills needed to effectively bargain for higher wages as they compete in the free market.

My Administration, having considered the issue carefully, has concluded that a one-dollar increase in the California minimum wage, implemented in two phases of fifty cents over a nine-month period is a reasonable proposal fully consistent with the statutory standard. I believe the IWC's rulingmaking process, including an investigation and report by a wage board, and a public hearing, is the most sensible approach for determining the statutorily appropriate amount of the minimum wage for California workers. I, therefore, invoke the petition process under Labor Code section 1176.1.

If you have any questions, or need further information, please contact my Legal Affairs Secretary, Andrea Lynn Hoch, at (916) 445-0873.

Sincerely,



Arnold Schwarzenegger  
Governor

cc: Victoria Bradshaw, Secretary  
Labor and Workforce Development Agency  
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*(Via Facsimile (916) 327-9159 & U.S. Mail)*

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