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CALIFORNIA RESTAURANT GROUPS ASK FAST FOOD COUNCIL TO SLOW DOWN PLANS TO HIKE MINIMUM WAGE BEYOND $20 PER HOUR

Insights
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California's newly established Fast Food Council was inundated at its September 12 meeting by competing testimony – organized labor on one side and restaurant groups on the other – about potential plans to raise the industry minimum wage beyond $20 per hour. But despite spending nearly an entire business day listening to the two sides, the council took no substantive action and appeared to lack procedures to efficiently receive and address requests from stakeholders. What do you need to know about this latest development and what can you expect in the future?

Quick Background

The Fast Food Council was established by AB 1228, which was signed into law last fall and raised the minimum wage to $20 per hour for the state's fast food industry. The Council is authorized to (but not required), starting January 1, 2025, further increase the minimum wage for fast food restaurants by up to 3.5% or the annual rate of inflation each year. The law also broadly gives the Council the authority to develop standards on wages, working conditions, and training, although these functions are not yet clearly defined.

Another Wage Hike? Restaurant Groups Say Not So Fast

Restaurant groups primarily objected to the possibility of another wage hike for fast food workers less than a year after April's 25% jump (from $16 per hour to $20 per hour), went which is already placing inordinate stress on the industry and leading to workforce reductions, shortened

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schedules, and restaurant closings. They warned that further increases in January would only exacerbate these issues.

Employee representatives, on the other hand, asked the Council to address alleged non-compliance by fast food employers, and organized labor asked the Council to consider increasing the minimum wage beyond $20 by the maximum amount allowable under AB 1228.

Both union and restaurant representatives pushed the Council to adopt their suggestions for what issues should be considered going forward. Restaurant representatives emphasized that the Council needs to consider objective economic data that takes into account the differences from restaurant to restaurant before taking actions that could devastate businesses, while organized labor pushed for its proposed minimum wage hike to be considered as soon as possible.

Council Hires a Director, Creates Subcommittee

Despite not addressing any specific issues raised by stakeholders, the Council did agree to hire a director to facilitate future meetings and approved the creation of a subcommittee to define the director position's powers and duties. This new subcommittee will meet for the first time on September 30.

What's Next?

The Fast Food Council is the first of its kind and its powers and procedures are not yet defined. The coming meetings will shape what the Council ultimately becomes and will have significant impacts on how fast food employers can do business. The immediate effects will be felt in California, but employers nationwide should stay tuned because organized labor has already made clear that it intends to exert as much influence as possible and create a model that can be applied to other states.

Conclusion

Fisher Phillips will continue to monitor developments and keep you posted regarding anything you need to know as the situation evolves. Make sure you are subscribed to Fisher Phillips' Insight System to get the most up-to-date information directly to your inbox. If you have questions,

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