

CALIFORNIA'S FAST FOOD COUNCIL PLANS FOR NEXT WAGE HIKE DESPITE PUSHBACK FROM FRANCHISE OWNERS

Insights
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Members of California's Fast Food Council were not deterred by a chorus of franchise owners who gathered at a Jan. 23 meeting to object to plans for another minimum wage increase in the fast-food industry. Here's the latest on the debate.

Quick Background

California [enacted a landmark law](#) in 2023 that:

- raised minimum wage to **\$20 per hour** for the state's fast-food industry, effective April 1, 2024;
- established the [Fast Food Council](#) within the state's Department of Industrial Relations (DIR) to develop industry-specific minimum standards on wages, working conditions, and training; and
- authorized the Council to, starting January 1, 2025, **annually increase** the minimum wage for fast food restaurants by **up to 3.5% or the increase in the applicable consumer price index (CPI-W)**, whichever is smaller.

The Fast Food Council holds public meetings or hearings at least every six months at rotating locations throughout the state, and you can sign up [here](#) for DIR email notices about upcoming meetings. At its September 12 meeting, the Council was [inundated by competing testimony](#) about potential plans to raise the industry minimum wage beyond \$20 per hour.

Related People



Benjamin M. Ebbink

Partner

[916.210.0400](tel:916.210.0400)



Alden J. Parker

Regional Managing Partner

[916.210.0404](tel:916.210.0404)

What's the Latest?

The Fast Food Council held a meeting on Jan. 23 at the California State Library in Sacramento. While more than 40 franchise owners showed up to voice their opposition to further increases in the minimum wage for the fast-food sector, Council members pressed ahead with plans for the next CPI-W increase. Further discussions about the proposed cost-of-living-adjustment (COLA) will likely be on the next meeting's agenda, so stay tuned.

This week, more than 1,000 local restaurant owners wrote an open letter to Gov. Newsom, urging the Fast Food Council to reject any additional wage increases for fast food workers. The Jan. 29 letter claims that an additional wage hike would "cripple thousands of small business owners like us who are already struggling to survive the \$20/hour minimum wage, our customers and our employees." It also cites last year's increase as the reason behind "thousands of fast food layoffs, hundreds of restaurants shut down and food prices at local restaurants up by 13% overall."

What's Next?

While the Fast Food Council has yet to finalize governance procedures and voting protocols, the conversation surrounding a COLA and the potential future increases to the fast food minimum wage is far from over. You should anticipate a robust discussion at the next meeting.

In the meantime, you should consider planning for potential wage hikes that could affect your labor costs and operational budgets. Keep in mind that any fast-food minimum wage increase would be capped at 3.5% under AB 1228 and likely take effect January 1 following a CPI-W determination in the preceding year.

Conclusion

Fisher Phillips will continue to monitor developments related to California's fast-food minimum wage and other workplace standards. 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, contact your Fisher Phillips attorney, the authors of this Insight, or any attorney in any one of our six [California offices](#).



Serineh Terzyan

Associate

818.230.4266

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