



KERN REGIONAL CENTER

Striving to Achieve Equality,
Independence and Empowerment

Date: May 2, 2025

To: ALL Vendors/ Service Providers

From: Lynn Clark, Director of Community Services

RE: California Minimum Wage Increase

This is to inform you that effective January 1, 2025, due to the implementation of Senate Bill (SB) 3, the state minimum wage in California will increase to \$16.50 per hour for all employers. As authorized by the current State budget and Welfare and Institutions Code (WIC) Sections 4519.10(c)(1)(C)(ii), 4691.6(g), and 4681.6(b), vendors either will have the increase in minimum wage included in their rate at full implementation of rate reform on January 1, 2025, or be eligible to request a rate increase if necessary to adjust employees' pay to comply with the new minimum wage. This letter contains information on the types of vendors that are affected and what process will be used to make necessary adjustments.

Please note that for vendors with rates included in rate reform, the increase in minimum wage is included in their rate at full implementation effective January 1, 2025. These providers do not need to submit a request for a rate adjustment.

Pursuant to WIC Section 4519.10(c)(1)(C)(ii), the benchmark rates effective January 1, 2025, were increased by updating the wages used in the rate models for direct care staff and supervisors to accommodate for wage growth due to the new minimum wage. The benchmark rates effective January 1, 2025, can be found <https://www.dds.ca.gov/rc/vendor-provider/rate-reform/rate-models/>.

If a vendor's existing rate is above the new benchmark, the vendor will not receive an increase for minimum wage. Their existing rate will be held harmless through June 30, 2026.

Social Recreation (service code 525) vendors may submit a rate adjustment request to the Department pursuant to WIC Section 4691.6(g), which allows rate adjustments in order to pay employees no less than the minimum wage effective January 1, 2025. To request a rate adjustment, Social Recreation providers must submit to the Department information on only those costs necessary to increase an employee's actual hourly wage to the new state minimum wage rate and associated mandated employer costs (e.g., Social Security, Medicare, and Workers' Compensation). Vendors must submit actual wage and mandated employer cost information for affected employees only, and total program units of service provided for the period of July, August, and September 2024, or an applicable period of up to three (3) months from January through December 2024. The Department will provide regional centers a copy of all letters sent to service providers in response to rate adjustment requests.

Vendors may begin submitting requests to the Department, with a copy to the vendor regional center. However, all rate adjustment requests must be received by the Department no later than March 1, 2025. General information about the increase in state minimum wage, as well as detailed instructions and a workbook for submitting rate adjustment requests to the Department, can be found at the following website:

<https://www.dds.ca.gov/rc/vendor-provider/minimum-wage-2025/>

You are receiving this letter because you have a negotiated or median rate for your service, and you may be eligible for a rate adjustment if you had staff earning less than \$16.00 per hour. To request a rate adjustment, providers of these services must submit to Kern Regional Center (KRC) information on only those costs necessary to increase mandated employer costs (e.g., Social Security, Medicare, and Workers' Compensation).

To document the process and rationale for granting a rate adjustment, *Vendors must complete a rate calculation page for each applicable vendor number and provide copies of your payroll registry from July, August, and September 2024, or an applicable period of up to 3 months from January through December 2024 NO LATER than May 9, 2025.* For the excel Worksheet please contact Nanci Kassas. Calculation forms and/or payroll registries received after the deadline will not be processed.

Once the adjusted rate is confirmed, we will send a Payment Agreement Form (PAF) with the new rate, which will be effective **January 1, 2025.**

Please note by May 15, 2025, regional centers must provide the Department with information on all rate adjustments for providers with negotiated rates. The Department will follow up with regional centers on the process for reporting the needed information.

**If you have questions, please contact
KRC Fiscal Monitor, Nanci Kassas
(661) 873-4513 or email her at nanci.kassas@kernrc.org**