

December 27, 2024

D-2024-Rates-001

TO: REGIONAL CENTER EXECUTIVE DIRECTORS

SUBJECT: MINIMUM WAGE INCREASE EFFECTIVE JANUARY 1, 2025

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.

**Providers with Rates Included in Rate Reform**

For providers 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 [here](#). If a provider's existing rate is above the new benchmark, the provider will not receive an increase for minimum wage. Their existing rate will be held harmless through June 30, 2026.

**Department-Set Rate (Service Code 525- Social Recreation)**

Social Recreation (service code 525) providers 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).

Providers 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.

Providers may begin submitting requests to the Department, with a copy to the vendoring 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: [Minimum Wage - 2025 : CA Department of Developmental Services](#)

**Providers with Rates Set through Negotiation by the Regional Centers**

For providers with negotiated rates who are not included in rate reform, WIC Section 4681.6(b) allows regional centers to negotiate rate adjustments with providers in order to pay employees no less than the minimum wage effective January 1, 2025. The rate adjustment must be specific to the unit of service that is affected by the new minimum wage and shall include only those costs necessary to increase an employee's actual hourly wage to the new minimum wage rate and associated mandated employer costs (e.g., Social Security, Medicare, and Workers' Compensation). Regional centers may use a worksheet similar to the worksheet mentioned above for Service Code 525-Social Recreation, to assist in processing negotiated rate adjustment requests. Regional centers must maintain documentation of rate adjustments made for each provider. Providers must submit rate adjustment requests to the vendoring regional center by March 1, 2025.

By April 30, 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 any questions, please direct them to [ratesquestions@dds.ca.gov](mailto:ratesquestions@dds.ca.gov).

Sincerely,

*Original Signed by:*

DANA SIMON  
Deputy Director  
Waiver and Rates Division

cc: Regional Center Administrators  
Regional Center Directors of Consumer Services  
Regional Center Community Services Directors  
Association of Regional Center Agencies  
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