



VENDOR ADVISORY
TIME SENSITIVE INFORMATION

Date: Friday, 5 January 2024
To: ALL Vendors/Service Providers
From: Enrique Roman, Director, Community Services
RE: California Minimum Wage Increase

This is to inform you that effective January 1, 2024, due to the implementation of Senate Bill (SB) 3, the minimum wage in California will increase to 16.00 per hour for all employers. As authorized by the current State budget and Welfare and Institutions (W&I) Code sections 4681.6(b), 4691.6(f) and (g), and 4691.9(b), many vendors will either receive, 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 used to make these necessary rate adjustments.

Please note that the rate adjustment effective January 1, 2024 (reflecting 50% of the difference between March 31, 2023, rates, and benchmark rate models) and the statewide minimum wage adjustment will be calculated separately. The adjustments are independent of each other and will be additive if a vendor qualifies for both.

The Department of Developmental Services (DDS) is reviewing rates for providers with Rates set by DDS (Community-Based Day Programs, In-Home Respite Agencies, and Work Activity Programs) and you will need to go to their website.

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 2023, or an applicable period of up to three (3) months from January through December 2023. 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 vendoring regional center. However, all rate adjustment requests must be received by the Department no later than **March 1, 2024**. General information about the increase in 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: www.dds.ca.gov/rc/vendor-provider/minimum-wage/.

All Vendors / Service Providers
January 5, 2024
Page two (2)

For those services where rates are established between the regional center and the provider (i.e. median and or negotiated rates), the Regional Center may consider making a rate adjustment.

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 2023, or an applicable period of up to 3 months from January through December 2023 by **March 1, 2024**.* You will find the excel Worksheet on the Service Provider page of the KRC web site (www.kernrc.org). 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, 2024**.

Please note by April 30, 2024, regional centers must provide the Department information on all rate adjustments negotiated with vendors. 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**