September 23, 2026

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

EXECUTIVE SUMMARY

ALL COUNTY INFORMATION NOTICE NO. I-42-26

The purpose of this letter is to remind and provide guidance to Counties and Public Authorities/Non-Profit Consortium (PA/NPC) regarding the implementation of the new statewide minimum wage effective January 1, 2027, and the requirements to submit for a complete rate change package.

CALIFORNIA HEALTH & HUMAN SERVICES AGENCY
DEPARTMENT OF SOCIAL SERVICES
744 P Street • Sacramento, CA 95814 • *www.cdss.ca.gov*

JENNIFER TROIA
DIRECTOR

GAVIN NEWSOM
GOVERNOR

September 23, 2026

ALL COUNTY INFORMATION NOTICE NO. I-42-26

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY PROGRAM MANAGERS
ALL COUNTY WELFARE FISCAL OFFICERS
ALL PUBLIC AUTHORITY EXECUTIVE DIRECTORS

SUBJECT: **IMPLEMENTATION OF THE NEW STATEWIDE MINIMUM WAGE EFFECTIVE JANUARY 1, 2027**

REFERENCE: SENATE BILL 3 (CHAPTER 4, STATUTE OF 2016);
CALIFORNIA LABOR CODE SECTION 1182.12;
WELFARE AND INSTITUTIONS CODE SECTION 12306.1(a) & (b);
ACIN I-45-25, DATED AUGUST 28, 2025

The purpose of this All County Information Notice (ACIN) is to remind counties of the requirements under California Labor Code section 1182.12. Specifically, California Labor Code section 1182.12(c)(1) requires that on or before August 1 of each year, the Director of Finance shall determine if the minimum wage must be adjusted for inflation and if so, calculate the increase in minimum wage by the lesser of 3.5 percent, or the rate of change per the U.S. Consumer Price Index. Accordingly, the current minimum wage of $16.90 was adjusted by 2.99 percent. Effective January 1, 2027, the statewide minimum wage will increase to $17.40 per hour. This ACIN is to provide the requirements to submit a complete rate change package.

Counties with an In-Home Supportive Services (IHSS) provider base wage less than $17.40 per hour (as of December 31, 2026) are required to notify the California Department of Social Services (CDSS), Public Authority Unit (PAU), via electronic mail (e-mail), no later than October 31, 2026.

For Counties notifying CDSS of the minimum wage increase with no other changes to their provider wage, health benefit rate, non-health benefit rate, or administrative rate, the e-mail must include the following:

- Notification from the County contact to your assigned PAU analyst that acknowledges the minimum wage increase to $17.40 on January 1, 2027, requested payroll tax rate, and two points of contact; a primary and secondary contact, including telephone numbers (office and cell, if applicable) and email addresses. CDSS will use this information for notification purposes if information is missing or incomplete.

For Counties negotiating any changes to the provider wage, health benefit rate, non-health benefit rate, or administrative rate occurring at the same time as the minimum wage increase, the following documentation is required:

- Letter from the County Welfare Director or Chief Fiscal Officer that includes the requested effective date and requested rate on county letterhead. (The rate should be broken down by hourly wage, health benefit rate, non-health benefit rate, payroll taxes, and administrative rate to allow CDSS to validate that the county is aware of all aspects of the rate change submitted by the PA/NPC);
- SOC 449 (updated June 2018);
- IHSS PA rate worksheet;
- Line-item budget;
- County Board of Supervisors (BOS) approval with appropriate signatures. (Any changes to the provider wage, health benefit rate, non-health benefit rate, or administrative rate must be listed);
- Current Memorandum of Understanding (MOU) including a minimum of two signatures, one from the PA/NPC, and one from the recognized labor organization; and
- Two points of contact; a primary and secondary contact, including telephone numbers (office and cell, if applicable) and email addresses. CDSS will use this information for notification purposes and if information is missing or incomplete.

The complete rate change package to change a PA/NPC rate must be submitted no fewer than two (2) calendar months and no more than three (3) calendar months prior to the requested effective date. This timeframe is necessary to ensure proper approvals are obtained and the necessary changes are made in the Case Management, Information and Payrolling System prior to the requested effective date.

In accordance with the Welfare and Institutions Code (WIC) section 12306.1(a) and (b), any changes made to the PA/NPC rate shall take effect commencing the first day of the month following final approval received from CDSS and the Department of Health Care Services. Pursuant to WIC 12306.1(a) When any increase in provider wages or benefits is locally negotiated, mediated, or imposed by a county, public authority, or nonprofit

consortium, or any increase in provider wages or benefits is adopted by ordinance pursuant to Article 1 (commencing with Section 9100) of Chapter 2 of Division 9 of the Elections Code, then the county shall use county-only funds to fund both the county share and the state share, including employment taxes, of any increase in the cost of the program, unless otherwise provided for in the annual Budget Act or appropriated by statute. No increase in wages or benefits locally negotiated, mediated, imposed, or adopted by ordinance pursuant to this section, and no increase in the public authority administrative rate, shall take effect unless and until, prior to its implementation, the increase is reviewed and determined to be in compliance with state law and the department has obtained the approval of the State Department of Health Care Services for the increase pursuant to a determination that it is consistent with federal law and to ensure federal financial participation for the services under Title XIX of the federal Social Security Act, and unless and until all of the following conditions have been met:

(1) Each county has provided the department with documentation of the approval of the county board of supervisors of the proposed public authority or nonprofit consortium rate, including wages and related expenditures. The documentation shall be received by the department before the department and the State Department of Health Care Services may approve the rate increase.

(2) Each county has met department guidelines and regulatory requirements as a condition of receiving state participation in the rate.

(b) Any rate approved pursuant to subdivision (a) shall take effect commencing on the first day of the month subsequent to the month in which final approval is received from the department. The department may grant approval on a conditional basis, subject to the availability of funding.

To initiate the process, the rate change package can be sent via e-mail to the CDSS PAU analyst assigned to your county and to the PAU inbox at APD_PAU@dss.ca.gov. The originals do not need to be mailed to our office. We will accept electronic signatures in lieu of original signatures.

If you have any questions regarding the information in this letter or need to obtain a copy of the SOC 449 rate form, please contact the Adult Programs Division (APD), PAU via e-mail at APD_PAU@dss.ca.gov. The inquiry will be directed to the assigned PAU Analyst for each county.

Sincerely,

Original Document Signed By

DANIELLE MORRIS, Branch Chief
Fiscal, Appeals and Benefit Programs Branch
Adult Programs Division