

# Newsom announces plan to delay highly touted healthcare minimum wage bill

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California Governor Gavin Newsom announced last week that his office plans to delay implementation of SB 525, a bill he signed last October, which would raise the minimum wage of healthcare workers in California to between \$18 and \$23 an hour the next year.

The bill has been highly touted by both the Democratic Party and the healthcare unions in California, particularly the Service Employees International Union-United Healthcare Workers West (SEIU-UHW), as being capable of solving the ongoing staffing crisis among healthcare workers by lifting workers out of poverty wages.

The bill was used as a counterweight to the healthcare strikes, particularly the largest healthcare strike in US history by 75,000 Kaiser Permanente workers last October, and was signed by California Governor Gavin Newsom on October 13, the very same day that a tentative agreement was announced between Kaiser and the Coalition of Kaiser Permanente Unions (CKPU).

However as the WSWWS has noted, the disingenuous bill is riddled with qualifications and loopholes as to when workers will actually get the touted \$25 an hour, which is already a poverty wage for most families, with some workers not expected to reach that threshold until 2033.

The bill puts workers into four different categories depending on the type and size of their employer. Healthcare employers with more than 10,000 workers and all dialysis clinics will need to start paying all workers at least \$23 an hour starting June 2024, and will not reach \$25 an hour until June 2026. A second category refers to health facilities with less than 10,000 employees. Workers in this group are to be raised to \$21 an hour by July 2024 and will not reach \$25 an hour until July 2028.

A third category is for hospitals with high levels of Medi-Cal and Medicare payor patient populations (over 90 percent) as well as smaller rural independent hospitals. In these working class and poor rural areas, wages are only to be raised to \$18 an hour by July 2024 and then a 3.5 percent annual increase until \$25 an hour is reached. This means that these employers will be able to delay the \$25 an hour rate until as late as 2033.

Lastly, a fourth grouping refers to community clinics, primary care clinics, rural and free clinics. This encompasses an

estimated 100,000 workers, who will be paid \$21 an hour starting July 2024, and will not reach \$25 until July 2027.

For all employers except for the behemoth healthcare corporations, it will take between four and nine years to reach the \$25 an hour wage. Once passed, the bill also helps to ensure that there are not any significant concessions to workers in the coming years.

Despite the fact that the wage increases are still highly insufficient for some of the most expensive areas in the country, Newsom, who is beholden to the healthcare companies, is now claiming his administration was unaware of the projected costs of the raises for the state budget.

In his announcement on Wednesday, Newsom revealed his administration would like to implement a new loophole on the wage increases, claiming that the bill's agreement supposedly had a "commitment" on a trigger depending on the state's fiscal outlook. What this means is that the implementation of the raises would depend on state revenues, effectively allowing Newsom and the Democrats to postpone the wage increases indefinitely.

In responding to reporters' questions on January 10, Newsom stated that despite the fact the trigger was not in the bill, "We're confident all parties that committed to that agreement are going to meet it and do so very shortly." Newsom's statement reveals that the SEIU, the bill's sponsor, had privately agreed to this trigger upon acceptance of the bill.

Instead of coming out against the delay, CalMatters reported that the union declined an interview on the governor's statement that he would renege on the minimum wage bill. The SEIU released a statement on the same day, January 10, that failed to mention the delay and instead insisted they "applaud" the governor's budget proposal and would continue working with the administration and the California legislature.

According to CalMatters, "Newsom wants the wage increases to take place when the state's fiscal outlook is healthy." When exactly this will be is unclear with an estimated budget deficit between \$38 billion and \$68 billion. This "trigger" will likely postpone the minimum wage hike for the foreseeable future as the state grapples with its financial crisis.

Furthermore, the bill included a "compromise" between the United Healthcare Workers West and the health industry that

banned health worker minimum wage increases in California cities for 10 years, meaning that major healthcare providers, like the California Hospital Association, will be spared of future and additional wage demands, according to the *Orange County Register*.

While the state looks to once again attack workers by postponing the bill and slashing social programs, one selling point for advocates of the bill is that it will reduce reliance on state social services, exposing another deceptive aspect of the agreement. According to Laura Lucia, director of the Health Care Program at the University of California, Berkeley Labor Center, nearly half of health workers who would see wage increases currently rely on either Medi-Cal, CalFresh (formerly known as food stamps) or CalWorks. By increasing their wages, the state is looking to save money by decreasing their commitment to providing low-wage workers with essential services, like healthcare.

Though still insufficient, the slight wage increases of SB 525 will put nearly all the low-paid healthcare workers out of qualification for Medi-Cal. When working full-time, the \$20 an hour threshold will also put many workers just out of CalFresh eligibility too, as households of two cannot earn more than \$40,880 (\$19.65 an hour at full-time employment) to qualify. This is an effect that required the collusion of state officials and the union bureaucracies.

These wage gains are often not high enough to offset the loss of something like healthcare, leaving workers with a worse quality of life. The same thing happened to workers in the pitiful sellout deal pushed through to the University of California academic workers last year, as any concessions actually given to workers come with a caveat as the state looks to close off access to social spending. The paltry \$8,000 raise in base pay for most academic workers was just enough to disqualify them from social assistance such as food stamps.

To reward the union bureaucracies for their work in suppressing worker demands and the class struggle, Kaiser gifted \$100 million to a company called “Futuro Health” whose board includes the SEIU-UHW president. They also pledged \$8 million to the Ben Hudnall Memorial Trust and the SEIU Healthcare Multi-Employer Training Fund. These types of funds have been historically used as slush funds for the union bureaucracies for carrying forward their tasks to suppress strikes and rush through sellout deals.

The cuts to social services, alongside repeated sellout deals by the trade unions behind the backs of the workers, amount to a direct assault on the social services and livelihood of workers by both capitalist parties. In California this is spearheaded by the Democrats and the union bureaucracies.

Learning from the betrayals, workers everywhere must take up their own fight to ensure their demands are met and to prevent rotten deals from being forced through. The last week alone has witnessed more mass layoffs nationwide at Google, Amazon, UPS, Blackrock, Citigroup and more.

These struggles cannot take place in isolation, or by relying on the union bureaucracies, which today are hostile to the interests of the working class, or bills such as SB 525. In order to win transformative raises, prevent mass layoffs or retaliation from employers for supporting an end to the onslaught against Gaza by the US-backed Netanyahu regime, workers must build their own forms of organization, independent of both the Democratic Party and the trade unions: rank-and-file committees that represent the interests of the working class.

This strategy must be anticipated in the upcoming California Faculty Association (CFA) struggle as 29,000 academic workers across California are preparing to strike between January 22–26 for significant pay increases, improved parental leave and full benefits for all workers.

Ahead of the strike, one member of the Rank-and-File Committee of Academic Workers at SDSU said, “We call on the CFA rank and file to create their own rank-and-file committees. We seek to build the International Workers Alliance of Rank-and-File Committees (IWA-RFC) to demand radical changes and transformative demands that stretch solidarity across boundaries manufactured by the CSU in efforts to minimize the capabilities of the solidarity and collaborative action amongst all CSU workers.”

The only way forward to ensure a real living wage and avoid mass layoffs is through genuine class struggle taken up by the international working class. The union bureaucracies and the capitalist politicians, beholden to the employers and the profit-healthcare giants, cannot be relied upon by workers to meet their most basic needs. These layers are in fact openly hostile to workers.

A socialist reorganization of society must be fought for as the only means to ensure the needs of the working class are met. In order to take up this fight, we call on workers in every industry around the globe to join and help build the International Workers Alliance of Rank and File Committees (IRA-RFC). Build rank-and-file committees at your workplaces, the only organization that represents the political interest of workers.



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