



Client Alerts

California Compliant: Countdown to California Minimum Wage Increases

July 20, 2023 | (Time to read: 2 minutes)

It's that time of year again. Each year, California employers brace for a potential increase in the statewide minimum wage. Making matters worse, many local ordinances require a higher minimum wage than the state's required rate. Employers therefore must ensure that their pay rates comply with all applicable minimums based on the specific location(s) of their workforce.

On January 1, 2023, California's statewide minimum wage increased to \$15.50/hour *for all employers*. But starting July 1, 2023, employers in every city and municipality listed below will be required to pay *more* than the state's required minimum (\$15.50/hour) due to local laws requiring higher hourly rates. Employees in the city of West Hollywood, for example, must be paid at least \$19.08/hour.

The following localities will raise their minimum wage on July 1, 2023:

Locality	Current Min. Wage/Hour	New Min. Wage/Hour
Alameda	\$15.75	\$16.52
Berkeley	\$16.99	\$18.07
Emeryville	\$17.68	\$18.67
Fremont	\$16.00	\$16.80
City of Los Angeles	\$16.04	\$16.78
County of Los Angeles (unincorporated areas only)	\$15.96	\$16.90
Malibu	\$15.96	\$16.90
Milpitas	\$16.40	\$17.20
Pasadena	\$16.11	\$16.93
San Francisco	\$16.99	\$18.07
Santa Monica	\$15.96	\$16.90
West Hollywood	\$17.00 (< 50 employees)	\$19.08 (all employees)
	\$17.50 (50+ employees)	
	\$18.35 (hotel employees)	

The above changes to local minimum wage requirements do not affect the minimum salary requirement for certain employees to be classified as exempt in California; that salary requirement is based on the state minimum wage and does not increase based on changes in local law. In 2023, the minimum salary for exempt employees is \$64,480 per year. (The minimum salary requirement is just **one** of the requirements that must be met – whether a specific exemption applies depends also on the employee's qualifications and job responsibilities.)



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California employers should prepare for these changes to the minimum wage now, if they have not done so already; failure to pay the minimum wage can lead to stiff penalties. Employers could also face liability for inaccurate paystubs, failure to maintain accurate time and pay records, and waiting time penalties for late payment of wages—claims that could be asserted on behalf of a class or a group of “aggrieved employees,” under the California Private Attorneys General Act (“PAGA”). California employers should also ensure that minimum wage postings in the workplace are updated appropriately to reflect state and local increases. Some required workplace postings are available from the California Department of Industrial Relations, at <https://www.dir.ca.gov/wpnodeb.html>.

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