



A New Year, A Higher California Minimum Wage

Insights

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It has become somewhat of an annual tradition in California: with every new year comes a further increase in the state's minimum wage. And this year is no different. In 2020, the new state minimum wage for employers of 26 or more employees is now \$13.00 per hour, and the state minimum wage for employers of 25 or fewer employees just increased to \$12.00 per hour.

Numerous cities in California have enacted their own minimum wage legislation. Larger cities where the minimum wage increased on January 1 and the new minimum wage in that city are as follows:

Oakland	\$14.14
San Diego	\$13.00
San Jose	\$15.25
Santa Clara	\$15.40

Other California jurisdictions will increase their minimum wage effective July 1, 2020. In the City of Los Angeles and unincorporated Los Angeles County, the minimum wage will increase to \$15.00 for employers of 26 or more employees and \$14.25 for employers of 25 or fewer employees. Other July 1 increases include:

Berkeley	\$15.59
Pasadena	\$14.25
San Francisco	\$15.59
Santa Monica	\$14.25

The increase in the state minimum wage causes other wage thresholds to increase as well. First and foremost, the salary threshold level to determine whether an employee is eligible for a "white collar" overtime exemption has been raised. Even though an employee may fully satisfy the "duties" test to satisfy the overtime exemption, the exemption will not apply unless the employee is paid the

minimum salary required for the exemption. The minimum salary for the white collar overtime exemptions in California increased on January 1 to \$54,080 annually, or \$1,040 per week, for employers of 26 or more employees, and \$49,920 annually, or \$960 per week, for employers of 25 or fewer employees.

The state minimum wage increase also increases the hourly amount which employees must be paid to qualify for the “inside sales” exemption from overtime. In 2020, the minimums became \$19.51 for employers of 26 or more employees and \$18.01 for employers of 25 or fewer employees.

The “tool wage” in California, which is the minimum hourly rate employees must be paid who provide their own tools, just increased to \$26.00 for employers of 26 or more employees and \$24.00 for employers of 25 or fewer employees.

Employers in California should begin the new year with a compliance review to ensure that your pay rates are consistent with these new minimum thresholds.

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