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Labor & Employment Alert

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California minimum wage increases to \$16.00 in 2024 for most employers

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Effective January 1, 2024, California employers will be required to comply with the state’s minimum wage increase of \$16.00/hour.



What’s the impact?

- California’s raising minimum wage obligations can come with “transition pains” for implementation (i.e., notifying payroll or an outside payroll vendor), which can be delayed—such delays can lead to violations of law and accrual of penalties.
- Employers must adjust salary thresholds for exempt employees to account for the higher minimum wage—if employers do not adjust salary thresholds to account for the increased minimum wage, employers could find themselves misclassifying employees.

Starting January 1, 2024, California minimum wage will increase for most employers to \$16.00 per hour. Spring and summer of 2024 will also see increases in the minimum wages for employees in two industries—fast food employees at \$20.00 per hour (starting April 1, 2024) and most [healthcare employees](#) between \$18.00–23.00 per hour (starting June 1, 2024).

Labor commissioner claims, lawsuits, and penalties

California has an aggressive (if not draconian) penalty scheme that punishes the non-payment of wages in multiple ways, often leading to penalties 5–500x the actual unpaid minimum wages. Allegations that an employer did not pay minimum wage could result in substantial penalties for late payment, inaccurate itemized paystubs, inaccurate time and pay records, fines, and more—any one of which could potentially expose an employer to a dreaded wage and hour class action or California Private Attorney General Act (PAGA) lawsuit.

City and county minimum wage rates

Employers should keep in mind that several California cities and counties have their own minimum wage rates that are higher than the California minimum. Employers must always pay the higher of the applicable rates, and failure to do so can result in actions for failure to pay minimum wages and corresponding derivative claims. Cities and counties that have higher minimum wage rates include:

Municipality	Minimum Wage Rate Per Hour
Alameda	\$16.52
Berkeley	\$18.07
Emeryville	\$18.67
Fremont	\$16.80
City of Los Angeles	\$16.78
County of Los Angeles (unincorporated areas only)	\$16.90
Malibu	\$16.90
Milpitas	\$17.20
Pasadena	\$16.93
San Francisco	\$18.07
Santa Monica	\$16.90
West Hollywood	\$19.08

Fast food and healthcare minimum wage rates

Fast food and healthcare employers must comply with industry-specific minimum wage rates. The [fast food minimum wage](#) commenced on April 1, 2024, and the [healthcare minimum wage](#) will become effective July 1, 2024. Healthcare minimum wage rates vary slightly based on the size and scope of the covered entity, and mandate annual increases.

Municipality	Minimum Wage Rate Per Hour
Fast Food	\$20.00
Healthcare—Large Providers and Integrated Health Systems	\$23.00
Healthcare—Hospitals	\$18.00
Healthcare—Large	\$21.00
Healthcare—Licensed Skilled Nursing Facility	\$21.00
Healthcare—Other	\$21.00

Exempt employee salary adjustments

Employers must also keep California minimum wage rates in mind when adjusting exempt employee pay. California law requires that certain exempt employees be paid, at minimum, 1.5 or 2x the California minimum. For example, in 2024, the salary threshold for executive, professional, and administrative employees, all of whom are required to receive 2x the California minimum wage, will increase from \$64,480 (in 2023) to \$66,560. While employees must meet several requirements to receive an “exempt” classification, failure to meet the salary threshold is a strong indicator that an employee has been misclassified.

Employee misclassification carries penalties of \$5,000 to \$15,000 per violation—on top of other penalties and fines associated with failing to comply with the laws set for non-exempt employees. Because of the high cost associated with these fines and penalties, it is important that employers ensure that their employees meet the salary threshold to remain properly exempt.

Nixon Peabody attorneys have extensive experience advising employers on how to meet California’s complicated minimum wage and salary requirements, as well as a strong bench of qualified attorneys who defend against such claims. If you have questions about the minimum wages you pay to employees, salary requirements, or other employment policies and practices, or have found yourself in the sights of a “wage and hour” lawsuit alleging failure to pay city or



municipal minimum wages, [please contact your Nixon Peabody attorney](#) or the authors of this alert.

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