

e-Alert

10.5.22

California Minimum Wage Updates

Background

California has updated its minimum wage laws, which will impact all employers in the state. West Hollywood's local ordinance also updates minimum wage and leave requirement provisions.

Summary

Inflation Impacts CA Minimum Wage Schedule

Due to recent consumer price index (CPI) adjustments, the state's minimum wage increases will proceed one year in advance from the 2024 to 2023 anticipated schedule. As such, California's minimum wage will increase to \$15.50 per hour, rather than the anticipated \$15.00 per hour, on Jan. 1, 2023, for all businesses regardless of size.

In addition to the minimum wage increase, other impacts may include an employee's eligibility to be classified as exempt from the state minimum wage. In California, to be exempt the employee must perform specified duties in a particular manner and be paid a monthly salary equivalent to no less than two times the state minimum wage for full-time employment.

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West Hollywood Amendments

West Hollywood updated [an ordinance](#) that establishes a local minimum wage and leave requirement. HRK previously published an [e-Alert](#) with the original provisions. Please note the updated minimum wage schedule, which will be updated each July based on changes to the CPI:

Date	“Hotels”	≥50 Employees	≤49 Employees
January 1, 2022	\$17.64	\$15.50	\$15.00
July 1, 2022	TBD	\$16.50	\$16.00
January 1, 2023	No Change	\$17.50	\$17.00
July 1, 2023	TBD - Based on annual CPI Increases		

By July 1, 2023, the “hotel” rate will be the official rate applicable to all employers. In the meantime, the minimum wage rates for non-hotel employers will increase every 6 months. Additionally, in response to public feedback, the following administrative modifications to the ordinance were passed:

- Calculation of the number of employees for purposes of coverage will now be determined by the number of employees employed per quarter during the most recent calendar year. For new employers, the initial determination will be based upon the actual number of employees at the time of opening.
- The original ordinance required employers to provide a cash payment once every 30 days for accrued time off over the maximum accrual. The amendment removes the cash payout requirement.
- One-year waivers for compliance with the paid leave portion will be extended for financial hardship.
- The city published guidance on the administrative regulations [here](#).

Employer Next Steps

- Employers should review employee pay rates in preparation for these 2023 changes.
- Employers must post up-to-date minimum wage notices in their workplace. If you are a poster client with HRK, employers will be sent applicable e-updates and/or physical posters.
- If you are a Full-Service or Virtual HR client and have questions, please [email us](#).

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