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Client Alert

California 2025 Minimum Wage Increase

WHAT'S NEW: Beginning January 1, 2025, the California minimum wage will increase to $16.50 per hour, and the minimum salary for full-time exempt employees will increase to $68,640 per year.

WHAT IT MEANS: Beginning January 1, 2025, the minimum wage in California will increase by 50 cents to **$16.50** per hour. This increase applies to all employers, regardless of size. Additionally, the minimum salary for full-time exempt employees will increase from $66,560 per year to **$68,640** per year.

As many major news outlets have reported, voters rejected Proposition 32 which would have raised the state minimum wage even higher. But with that change no longer a concern, employers should proceed with implementing the minimum wage increase to $16.50.

Employers should also be aware that several local jurisdictions and industries across California have separate minimum wages that may be higher than the state minimum wage. Local minimum wages may apply to remote employees, including those working from home or on a hybrid schedule.

Please also note different minimum wage laws may apply to certain employers in the healthcare and fast-food sectors

WHAT EMPLOYERS SHOULD DO: California employers should review the wages and salaries of their employees to ensure that by January 1, 2025, they are paying the applicable rate. Employers should also review local ordinances for additional increases in the minimum wage.

Please reach out to your Engage Human Resources Partner if you have any questions concerning this alert or other HR-related matters.