



CALIFORNIA

California's Minimum Wage Rate to Increase on Jan. 1, 2024

The California Department of Finance (the Department) has announced that the state hourly minimum wage will increase to \$16 per hour on Jan. 1, 2024. The new rate will apply to all employers, regardless of how many individuals they employ.

California's Minimum Wage Rate

As of Jan. 1, 2023, California's minimum wage rate no longer depends on employer size and will be adjusted annually to account for the cost of inflation. New rates must be published by the Department by July 31 of each year.

Based on the U.S. consumer price index for the 12-month period from July 1, 2022, to June 30, 2023, the Department has determined that California's minimum wage must increase by 3.5% to \$16.00 per hour on Jan. 1, 2024.

Overtime Exemption Thresholds

The state minimum wage rate also determines the salary requirements for exempt executive, administrative and professional (EAP) employees. Under [Labor Code Section 515\(a\)](#), EAP employees qualify for an overtime exemption if, among other things, they "earn a monthly salary equivalent to no less than two times the state minimum wage for full-time employment."

As a result, beginning Jan. 1, 2024, these employees must receive an annual salary of at least \$66,560 (\$5,546.67 monthly or \$1,280 weekly).

Impact on Employers

California employers update their payroll processes and procedures to comply with the new minimum wage rate by Jan. 1, 2024.

Employers should also account for local ordinances that establish higher minimum wage rates for employees. However, higher local ordinance rates do not affect the state salary requirements for the EAP overtime pay exemption.

Important Dates

July 31, 2023

California announced a \$16 minimum wage rate for 2024.

Jan. 1, 2024

Effective date for the new state minimum wage rate.

Based the U.S. consumer price index, California has determined that the state's minimum wage must increase to \$16 per hour on Jan. 1, 2024.

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