

EMPLOYMENT LAW SUMMARY

California Minimum Wage Laws



Federal minimum wage law is governed by the Fair Labor Standards Act (FLSA). The current federal minimum wage rate is \$7.25 per hour for nonexempt employees. California law complements federal law and, in some cases, prescribes more stringent or additional requirements that employers must follow. Whenever both state and federal laws apply employers should comply with the law most favorable to their employees.

The [Division of Labor Standards Enforcement](#) (DLSE), part of the California Department of Industrial Relations, enforces and investigates minimum wage violation claims.

State Minimum Wage Rates

Under California law, "employee wages" include the entire amount of compensation employees receive for their labor or services. Wages may be fixed or based on time, task, piece, commission or other factors.

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.

The table below outlines recent minimum wage rates and their respective effective dates. Employers should note that California law allows the governor to temporarily suspend a rate increase if the state's economic condition does not support it.

Effective date	Jan. 1, 2023	Jan. 1, 2024
Minimum Wage Rate (per hour)	\$15.50	\$16

Local Minimum Wage Rates

The tables below provide an overview of the minimum wage in several California localities. Click on the links provided for posters and additional wage information, including certain details on coverage, exemptions, tips, deductions, and immigration status.

January Updates

Locality	Jan. 1, 2022	Jan. 1, 2023	Jan. 1, 2024
Belmont	\$16.20	\$16.75	\$17.35
Cupertino	\$16.40	\$17.20	\$17.75
El Cerrito	\$16.37	\$17.35	\$17.92
Los Altos	\$16.40	\$17.20	\$17.75
Mountain View	\$17.10	\$18.15	\$18.75
Oakland	\$15.06	\$15.97	\$16.50

Locality	Jan. 1, 2022	Jan. 1, 2023	Jan. 1, 2024
Palo Alto	\$16.45	\$17.25	\$17.80
Redwood City	\$16.20	\$17	\$17.80
Richmond	\$15.54	\$16.17	\$17.20
San Diego	\$15	\$16.30	\$16.85
San Jose	\$16.20	\$17	\$17.55
San Mateo	\$16.20	\$16.75	\$17.35
Santa Clara	\$16.40	\$17.20	\$17.75
Sunnyvale	\$17.10	\$17.95	\$18.55

July Updates

Locality	July 1, 2022	July 1, 2023	July 1, 2024
Alameda (city)	\$15.75	\$16.52	\$17.00
Berkeley	\$16.99	\$18.07	\$18.07
Emeryville	\$17.68	\$18.67	\$19.36
Los Angeles (city)	\$16.04	\$16.78	\$17.28
Los Angeles (county)	\$15.96	\$16.90	\$17.27
Malibu	\$15.96	\$16.90	\$17.27
Milpitas	\$16.40	\$17.20	\$17.70
Pasadena	\$16.11	\$16.93	\$17.50
San Francisco	\$16.99	18.07	\$18.67
Santa Monica	\$15.96	\$16.90	\$17.27

Fast Food Minimum Wage

Starting April 1, 2024, all "fast food restaurant employees" who are covered by AB 1228 must be paid at least **\$20.00 per hour**. The law applies only employees of "fast food restaurants." To be considered a fast food restaurant, the restaurant must meet **ALL** of the following criteria:

- The restaurant must be a "limited-service restaurant" in California. A limited service restaurant is one that offers limited or no table service, where the customers order food or beverage items and pay for those items before the items are consumed.
- The restaurant is part of a restaurant chain of at least 60 establishments nationwide. An establishment is a single restaurant location offering food or beverages to customers. Business locations performing only administrative, warehouse, or food preparation work are not counted as "establishments" toward the 60 establishment minimum.
- The restaurant is primarily engaged in selling food and beverages for immediate consumption.

Please refer to the Department of Industrial Relations' Fast Food Minimum Wage Frequently Asked Question [page](#) for more information.

Tipped Employee Wages

California law does not allow employers to deduct any tip credits from their employees' wages or to pay tipped employees less than the state minimum wage rate. Tip payments include any tip, gratuity, money or other gift a patron gives an employee over and above the actual amount of the goods, food, drink, items or services the patron received from that business.

Meals and Lodging Credits

Employee wages may include a portion of the cost of employer-provided meals and lodging credits. Employers should verify the maximum amount of meal and lodging credits they may use before applying them to employee wages.

In addition, special rules apply for shepherders and employees of organized camps. Specifically:

- Shepherder wages **may not be offset** by meal and lodging credits; and
- Organized camps may **deduct the entire value** of meals and lodging from the salary of a student-employee, camp counselor or program counselor.

Please refer to the California [wage orders](#) for more information on industry-specific meal and lodging credits.

Employees with Disabilities

California law [no longer allows](#) employers to pay wages below the state's minimum wage rate to employees with mental or physical disabilities. In addition, the state's Department of Industrial Relations stopped issuing new subminimum wage licenses on Jan. 1, 2022.

However, employers with current licenses may be allowed to renew existing licenses under limited conditions.

Nevertheless, California will continue to allow nonprofit organizations, such as sheltered workshops and rehabilitation facilities, to pay subminimum wage rates to employees with disabilities without requiring individual licenses of these employees until Jan. 1, 2025.

The bill that repealed subminimum wages also requires the State Council on Developmental Disabilities, in consultation with stakeholders and relevant state agencies, to develop a multiyear phaseout plan so that subminimum wages for workers with disabilities cease by Jan. 1, 2025.

Students and Learners

California law allows employers operating an organized camp to pay their student-employees, camp counselors and program counselors as low as 85% of the state minimum wage rate. These employers may also deduct the entire value of meals and lodging they provide to these employees.

In addition, employers may obtain special DLSE licenses that allow them to pay their employees a wage as low as 85% of the state's minimum wage rate for each of their first 160 hours of employment in occupations in which they have no previous similar or related experience.

Minimum Wage Rate Exemptions

California's minimum wage rate requirements do not apply to employees in certain occupations and industries. When claiming an exemption, employers should carefully review and apply all qualifications and requirements for that exemption. Notable exemptions apply to:

- Individuals who are closely related to their employer (parent, spouse or child);
- Outside sales personnel; and
- Individuals who qualify for an exemption under a California [wage order](#).

Notice and Postings

Employers must post and maintain updated information on the state's minimum wage rate in their employees' workplaces. Employers may use the most current minimum wage poster to satisfy these requirements. Employers covered under one of California's industry-specific wage orders must also display a copy of the applicable [wage order](#).

Penalties

Employers that violate California's minimum wage laws may be charged with a misdemeanor, punishable by fines of up to \$1,000, imprisonment for up to 60 days or both. The DLSE may also issue citations to any employer that violates the state's minimum wage laws. Cited employers may be subject to a fine of:

- \$100 per underpaid employee for each pay period in which the employee is underpaid, for a first offense; and
- \$250 per underpaid employee for each pay period in which the employee is underpaid, for a second or subsequent violation.

In addition, noncompliant employers may be sued in civil court and ordered to pay:

- Unpaid wages (plus interest);
- Liquidated damages (in an amount equal to unpaid wages, plus interest);
- Court cost; and
- Reasonable attorneys' fees.

Employee lawsuits may be filed within two years of when a violation takes place (or within three years for willful violations).

Additional fines and penalties may apply in certain circumstances.

More Information

Contact Heffernan Insurance Brokers for more information on wage payment and work hour laws in California.

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