

Nothing Escapes Inflation, Including California's Minimum Wage

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California's minimum wage currently is double its federal counterpart. And, it's going to keep climbing. Late last week, Gov. Newsom announced that the Golden State's minimum wage will increase to \$15.50 for *all* employers (regardless of size), effective January 1, 2023. Employers have inflation to thank for this latest hike.

California currently mandates a minimum wage of \$15 per hour for employers with 26 or more employees, and \$14 per hour for smaller employers. The minimum wage was set to increase to \$15 per hour for all employers, regardless of size, beginning January 1, 2023—a \$1 per hour increase for small employers. Now, that number will be \$15.50 per hour regardless of employer size.

How did we get here? The answer is a 2016 statute signed into law by former Gov. Jerry Brown, [Senate Bill 3](#) ("SB 3"). SB 3, which amended sections 245.5, 246, and 1182.12 of the Labor Code, set forth a plan to gradually increase the statewide minimum wage to \$15 per hour over the past six years. SB 3 also included a provision requiring an automatic increase in the minimum wage of up to 3.5% to account for any increase in inflation over 7%, as determined by the Consumer Price Index. This provision is the cause of the latest increase.

Some localities in California, including the City of Los Angeles, are mandating even greater increases. This July, the minimum wage in Los Angeles will rise to \$16.04 per hour for all covered employees. Meanwhile, in Berkeley and San Francisco, the minimum wage will increase to \$16.99, among the highest in the nation, effective July 1, 2022.

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