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LEGAL UPDATES

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California Minimum Wage Hikes Coming July 1, 2021

Businesses with workers in California should prepare for the state's twice annual tidal wave of minimum wage increases. Employers should take note that many local jurisdictions in the state require minimum wage rates that are higher than the statewide minimum wage.^[1] Additionally, many local jurisdictions raise the minimum wages on January 1 and July 1 of each year. California businesses must remain up to date and prepare to adjust pay practices accordingly.

Starting July 1, 2021, minimum wages will increase in the following cities:

	Current Hourly Rate	New Hourly Rate
Berkeley	\$16.07	\$16.32 + Consumer Price Index (CPI)
Emeryville	\$16.84	\$17.13
Fremont	\$15.00 (26 or more employees) \$13.50 (1-25 employees)	\$15.25 (26 or more employees) \$15 (1-25 employees)
Los Angeles (city of) [as of July 1, 2021 different size employers in Los Angeles are subject to the same rates]	\$15.00 (26 or more employees) \$14.25 (1-25 employees)	\$15.00
Malibu	\$15.00 (26 or more employees) \$14.25 (1-25 employees)	\$15.00
Milpitas	\$15.40	\$15.65
Pasadena	\$15.00 (26 or more employees) \$14.25 (1-25 employees)	\$15.00
San Francisco	\$16.07	\$16.32
Santa Monica	\$15.00 (26 or more employees) \$14.25 (1-25 employees)	\$15.00

	Current Hourly Rate	New Hourly Rate
employees)		

A host of other California cities also have minimum wage rates that differ from the statewide rate including: Alameda, Belmont, Burlingame, Cupertino, Daly City, El Cerrito, Emeryville, Fremont, Half Moon Bay, Hayward, Los Altos, Malibu, Menlo Park, Milpitas, Mountain View, Novato, Oakland, Palo Alto, Pasadena, Petaluma, Redwood City, Richmond, San Carlos, San Diego, San Jose, San Leandro, San Mateo, Santa Clara, Santa Cruz, Santa Rosa, Sonoma, South San Francisco and Sunnyvale. Employers with workers in these locations should prepare for increased minimum wages on January 1, 2022.

Employers must note that the annual increases to minimum wages mandated by state law also impacts pay practices applicable to exempt employees.

The minimum annual salary threshold for exempt executive, administrative and professional employees is based on the current state minimum wage, calculated as follows: (minimum wage \times 2) \times 2,080 hours. Based on the current statewide minimum wage, effective January 1, 2021, the minimum salary threshold for these exemptions is as follows:

\$58,240 per year (or \$1,120 per week) for employers of 26 or more employees.

\$54,080 per year (or \$1,040 per week) for employers of 1-25 employees.

The minimum salary threshold for exempt commissioned inside salespeople is currently \$21.01 per hour (26 or more employees) and \$19.51 per hour (1-25 employees). The current minimum hourly rate for employees who provide their own tools is \$28.00 for employers of 26 or more employees and \$26.00 for employers of 1-25 employees. Finally, the current salary threshold for the “computer professionals” overtime exemption to apply is \$47.48 per hour, or a salary of at least \$8,242.32 per month or \$98,907.70 per year.

California employers should conduct a compliance review to confirm the correct compensation rates are applied for all California employees.

Contact us

For more information on compliance regarding California state and city minimum wage, please contact Amberly Morgan or your Husch Blackwell attorney.

Husch Blackwell Summer Associate Quinn Stigers contributed to this article.

[1] As of January 1, 2021, the minimum wage in California increased by \$1 per hour to \$14 per hour for employers with 26 or more employees and \$13 per hour for employers with 1-25 employees.