

Governor Confirms Minimum Wage Increase for 2021



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The legislation that implemented the current series of minimum wage increases, Senate Bill 3 (Chapter 4/2016), includes language that allows the Governor to suspend the increase in a year when certain conditions exist that indicate the state's economy cannot support a minimum wage increase.

On July 29, 2020, Governor Gavin Newsom announced that, even though he has the authority due to current economic conditions to suspend the next minimum wage increase scheduled for January 1, 2021, the increase will be implemented as scheduled. The Governor stated, "Not allowing this increase to go forward will only make life harder for those Californians who have already borne a disproportionate share of the economic hardship caused by this pandemic. Many of them are on the front lines of the pandemic, providing child care, working in our hospitals and nursing facilities, and making sure there's food on grocery store shelves."

Therefore, starting January 1, 2021, the state minimum wage will increase to \$14 per hour for employers with more than 25 employees and \$13 per hour for employers with 25 employees or fewer. Each increase in the state minimum wage also increases the minimum salary for employees in certain positions that are exempt from the Fair Labor Standards Act—which are generally classified management employees.

Here is the minimum wage implementation schedule, along with the minimum salary for exempt employees:

Minimum Wage	Effective Date: > 25 Employees	Effective Date: ≤ 25 Employees	Exempt Minimum Salary (Weekly)	Exempt Minimum Salary (Monthly)	Exempt Minimum Salary (Annually)
\$13.00/hour	January 1, 2020	January 1, 2021	\$1,040	\$4,507	\$54,080
\$14.00/hour	January 1, 2021	January 1, 2022	\$1,120	\$4,853	\$58,240
\$15.00/hour	January 1, 2022	January 1, 2023	\$1,200	\$5,200	\$62,400