



governor jerry brown signs bill increasing california's minimum wage

MSK Client Alert

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On September 25, 2013, Governor Jerry Brown signed into law a bill (AB 10) that will raise California's minimum wage to \$10 per hour by January 1, 2016. The legislation will gradually **raise the current minimum wage rate of \$8 per hour to \$9 per hour on July 1, 2014, and to \$10 per hour on January 1, 2016**. The increase is the first to California's minimum hourly wage in six years.

The minimum wage increase also affects exempt "administrative," "executive," and "professional" employees because their minimum salary requirements are tied to the state minimum wage. To maintain their exemptions, these employees must be paid a monthly salary that is at least equivalent to two times the state minimum wage (i.e., at least \$37,440 per year starting on July 1, 2014, and at least \$41,600 per year starting on January 1, 2016).

California employers should ensure that their employees, especially their exempt employees, are being compensated appropriately in accordance with the new minimum wage rates when they become effective. Employers should also post new minimum wage posters reflecting the raises in minimum wage at the time these increases go into effect. Finally, California employers should be aware that some cities may have higher minimum wage rates than the state minimum wage.

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