

# **Inflation May Trigger California's Minimum Wage to Increase to \$15.50 for All Employees on January 1, 2023**

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In 2017, California started its stair-step climb to a \$15.00 minimum wage, allowing smaller businesses with 25 employees or less to raise their minimum wage on a delayed schedule from larger businesses. All employers regardless of size were scheduled to be at the same minimum wage of \$15.00 per hour effective January 1, 2023.

However, buried in the minimum wage ordinance was an exception that would trigger an accelerated increase if the U.S. Consumer Price Index (CPI-W) exceeds 7 percent over a specified period of time.

Based on current projections, the CPI-W will have risen by 7.6 percent in the two-year period that ends in July. Accordingly, on May 12, 2022, when the Governor announced [his proposal for a state inflation relief package](#), it was also announced that California's minimum wage is now projected to increase to \$15.50 per hour, rather than \$15.00 per hour, on January 1, 2023, for all businesses regardless of size.

The minimum wage increase not only will affect hourly employees but will impact some exempt employees as well. In California, some exempt employees must receive a salary of at least twice the state minimum wage, in addition to meeting the general duties and other requirements.

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