

California Minimum Wage To Be Raised from \$8 to \$10 Per Hour

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On Sept. 25, 2013, California Governor Edmund G. Brown signed into law a bill that will raise California's minimum wage from \$8 to \$10 per hour over the next two-plus years. Assembly Bill 10, which was signed by Governor Brown at ceremonies in both Los Angeles and Oakland, will raise California's minimum wage from \$8 to \$9 per hour effective July 1, 2014, and from \$9 to \$10 per hour effective Jan. 1, 2016.

This new law will make California the state with the highest minimum wage in the country. By comparison, the federal minimum wage is \$7.25 per hour, and the state that currently has the highest minimum wage, Washington, has a minimum wage of \$9.19 per hour. In his State of the Union address earlier this year, President Obama proposed raising the federal minimum wage to \$9 per hour but has yet to do so.

In a statement made earlier this month, Governor Brown said that "this legislation is overdue and will help families that are struggling in this harsh economy." The California Chamber of Commerce opposed the legislation, stating that it "will continue to increase costs on employers of all sizes" and "will have a negative impact on any economic recovery by either limiting available jobs or, worse, creating further job loss."

The legislation easily passed the Democrat-controlled state Senate and Assembly. The last time California's minimum wage was raised was in 2008.

The new law will impact not only those workers, but also those who are exempt employees and must

be paid on a salary-basis, as most California overtime exemptions require that in order to be treated as exempt the employee must be paid at least twice the minimum wage. Employers should consider issues related to changes in the minimum wage when setting compensation.

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