

California Minimum Wage Will Still Increase Even Though Voters Rejected a Minimum-Wage Hike

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Over the past three decades, California voters have reliably approved proposals to increase the statewide minimum wage.

Until now.

In November, by a slim margin of 50.7% to 49.3%, voters surprised many by [rejecting Proposition 32](#), which would have increased minimum wages for most non-exempt employees in the state.

Under Proposition 32, the hourly minimum wage for non-exempt employees working for employers with 26 or more employees would have immediately increased from \$16 to \$17 for the remainder of 2024, with an additional increase to \$18 per hour on January 1, 2025. Those working for employers with 25 or fewer employees would have seen an increase the hourly minimum wage from \$16 to \$17 on January 1, 2025.

The rejection of Proposition 32 in a state that has historically supported minimum wage increases could signal a shift in the labor landscape. It may reflect concerns about rising costs and fears that families and businesses are being priced out of the Golden State. And the vote could be a bellwether for the nation as California is well known as a trendsetting state, especially on wage-and-hour issues.

But notwithstanding Proposition 32's failure, California's minimum wage will still increase in the new year. The statewide minimum hourly wage will be set at \$16.50 for all employers, regardless of size, on January 1, 2025.

Of course, many city and county ordinances have implemented an even higher minimum wage, not to mention the special wage rates for workers in California's [health care](#) (currently ranging from \$18 – 23 per hour, depending on the role) and [fast food](#) sectors (\$20 per hour).

Employers should confirm their payroll systems are adjusted to reflect applicable new minimum wage rates beginning in the new year and that annual budgets are modified to meet the needs for the increased labor costs.

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