

# California's Minimum Wage Rate Jumping to \$15.50 Per Hour in 2023

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California's minimum wage rate will rise to \$15.50 per hour, beginning on January 1, 2023, due to a cost-of-living increase provision found in the state's minimum wage law.

California Labor Code section 1182.12 requires the state to determine annually if the minimum wage rate should be adjusted for inflation, beginning in 2023. The California Department of Finance is responsible for reviewing U.S. Bureau of Labor Statistics data. This year, although the relevant consumer price index (CPI) increased 7.9 percent, the provisions of section 1182.12 limited the minimum wage increase to 3.5 percent. The Department of Finance [announced its determination](#) on July 27, 2022, and Governor Gavin Newsom is likely to adopt this determination.

In future years, this 3.5 percent limitation might not apply, and greater increases may be seen if inflation continues on its current path.

The annual cost-of-living increase to the state's minimum wage is part of a law enacted in 2016, [Senate Bill No. 3](#). That law phased in a \$15-per-hour minimum wage over a six-year period, with a one-year delay for businesses with twenty-five or fewer employees. Larger businesses hit the \$15-per-hour threshold in 2022, and smaller businesses were scheduled to reach \$15 per hour on January 1, 2023.

California employers may want to remain mindful of the many [local minimum wage ordinances](#) in California. Several local minimum wage rates are also likely to increase in 2023.

California employers may also want to note that the minimum salary to qualify for the executive, administrative, and professional employee exemption from the state's minimum wage and overtime requirements will also increase on January 1, 2023, because that figure is tied to the state's minimum wage. The new minimum salary will increase to \$64,480, an increase of \$2,080.