

**Reminder: California’s Minimum Wage and
Minimum Exempt Salary to Increase January 1, 2021**

California’s minimum wage is set to increase for employers of all sizes on January 1, 2021. Currently, the state’s minimum wage for employers with 25 employees or less is \$12.00 per hour and \$13.00 for employers with 26 employees or more. The minimum wage will increase for all employers by \$1.00. Importantly, certain counties and cities in California have higher minimum wage rates which employers must comply with.

Employers and employees should also remember that the salary threshold for the executive, administrative, and professional exemptions is double the state minimum wage. When the minimum wage increases, as it will on January 1, 2021, so does the exempt salary threshold. California’s threshold is currently \$49,920.00 (annualized) for employers with 25 employees or less and \$54,080.00 for employers with 26 employees or more. On January 1, 2021, these rates will increase to \$54,080.00 and \$58,240.00, respectively. A chart is provided below outlining the new rates.

Date	Minimum Wage (25 or less employees)	Minimum Wage (26 or more employees)	Exempt Threshold (25 or less employees)	Exempt Threshold (26 or more employees)
January 1, 2020	\$12.00/hour	\$13.00/hour	\$49,920.00	\$54,080.00
January 1, 2021	\$13.00/hour	\$14.00/hour	\$54,080.00	\$58,240.00

To avoid significant liability and exposure under California labor laws and the Private Attorneys General Act of 2004 (“PAGA”), employers should prepare for the new year by conforming their pay structures with the new rates. We recommend contacting an experienced employment attorney at Kring & Chung, LLP with any questions or concerns.

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