

# CALIFORNIA EMPLOYMENT LAW Minimum Wage Laws



Federal minimum wage law is governed by the Fair Labor Standards Act (FLSA). The current federal minimum wage rate is **\$7.25 per hour** for nonexempt employees. California law complements federal law and, in some cases, prescribes more stringent or additional requirements that employers must follow. Whenever employers are subject to both state and federal laws, the law most favorable to the employee will apply.

The [Division of Labor Standards Enforcement](#) (DLSE), part of the California Department of Industrial Relations, enforces and investigates minimum wage violation claims.

## STATE RESOURCES

[California Department of Industrial Relations \(DIR\) website](#)

### Publications

The DIR has published the following materials regarding wage and hour laws in the state:

- [Wage orders](#)
- [Filing a wage claim](#)
- [Prevailing wage](#)

### Workplace Poster

Employers may use this [poster](#) to satisfy their posting requirements.

## MINIMUM WAGE RATES

**Effective Jan. 1, 2019**, the minimum wage rate in California is **\$12 per hour** for employers with 26 or more employees and **\$11.00 per hour** for employers with 25 or fewer employees. These rates are scheduled to increase each year until they have both reached at least \$15 per hour.

Thereafter, the state will adjust the rates annually to reflect inflation. The table below outlines the scheduled rate changes.

Minimum Wage rate		Effective Date
26 or more employees	25 or fewer employees	
\$11 per hour	\$10.50 per hour	Jan. 1, 2018
\$12 per hour	\$11 per hour	Jan. 1, 2019
\$13 per hour	\$12 per hour	Jan. 1, 2020
\$14 per hour	\$13 per hour	Jan. 1, 2021
\$15 per hour	\$14 per hour	Jan. 1, 2022
Adjustment for inflation	\$15 per hour	Jan. 1, 2023

However, California law allows the governor to temporarily suspend a rate increase if the state’s economic condition does not support it. Under a temporary suspension, the implementation schedule would be delayed by one year.

## EMPLOYEE WAGES

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Under California law, “employee wages” include the entire amount of compensation an employee receives for his or her labor or services. Wages may be fixed or based on time, task, piece, commission or other factors.

### TIPPED EMPLOYEE WAGES

California law does **not** allow employers to deduct any tip credits from their employees’ wages or to pay tipped employees less than the state minimum wage rate. Tip payments include any tip, gratuity, money or other gift a patron gives an employee over and above the actual amount of the goods, food, drink, items or services the patron received from that business.

### MEALS AND LODGING CREDITS

If an employee voluntarily agrees in writing, his or her wages may include part of the employer’s cost to provide the employee with meals and lodging. The adjacent table outlines the maximum amounts employers may credit for these items.

However, special rules apply for shepherders and employees of organized camps. Specifically:

- Shepherder wages **may not be offset** by meal and lodging credits; and
- Organized camps may **deduct the entire value** of meals and lodging from the salary of a student-employee, camp counselor or program counselor.

Refer to the California [wage orders](#) for more information on industry-specific meal and lodging credits.

Lodging	
Room (alone)	\$47.03 per week
Room (shared)	\$38.82 per week
Apartment	Two-thirds of ordinary rental value up to \$564.81 per month
Apartment (couple)*	Two-thirds of ordinary rental value, up to \$835.49 per month
Meals	
Breakfast	\$3.62
Lunch	\$4.97
Dinner	\$6.68

*\*Both individuals must work for the same employer.*

### SUBMINIMUM WAGE RATES

California law allows employers to pay wage rates below the minimum under certain circumstances. Specifically:

- Employers operating an **organized camp** may pay their student-employees, camp counselors and program counselors as low as **85 percent** of the state minimum wage rate. These employers may also deduct the entire value of meals and lodging they provide to these employees.
- Employers may obtain special DLSE licenses that allow them to pay less than the minimum wage to specific **disabled workers**. These licenses are usually valid for up to one year. Nonprofit employers, such as sheltered workshops and rehabilitation facilities, may receive a general license to employ disabled employees at subminimum wage rates. This type of license may be subject to renewal every year or on a more frequent basis.
- Employers may also obtain special DLSE licenses that allow them to pay as low as **85 percent** of the state’s minimum wage rate for each of their employees’ **first 160 hours of employment** in occupations in which they have **no previous similar or related experience**.

### MINIMUM WAGE RATE EXEMPTIONS

California’s minimum wage rate requirements do not apply to employees in certain occupations and industries. Separate specific minimum wage rate and payment requirements, described in a series of minimum [wage orders](#), apply for these

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employees. Other exceptions to California’s minimum wage rate requirements include individuals who are closely related to their employer (parent, spouse or child) and outside sales personnel.

### NOTICE AND POSTINGS

Employers must post and maintain updated information on the state’s minimum wage rate in their employees’ workplaces. Employers may use [this poster](#) to satisfy these requirements. Employers covered under one of California’s industry-specific wage orders must also display a copy of the [applicable wage order](#).

### PENALTIES

Employers that violate California’s minimum wage laws may be charged with a misdemeanor, punishable by **fines of up to \$1,000, imprisonment for up to 60 days** or **both**. The DLSE may also issue citations to any employer that violates the state’s minimum wage laws. Cited employers may be subject to fines as follows:

- **\$100 per underpaid employee** for each pay period in which the employee is underpaid, for a first offense; and
- **\$250 per underpaid employee** for each pay period in which the employee is underpaid, for a second or subsequent violation.

In addition, noncompliant employers may be sued in civil court and ordered to pay:

- The difference between what an employee’s wages should have been and what they actually were (plus interest);
- Liquidated damages (in an amount equal to the wage difference plus interest); and
- Court costs and reasonable attorneys’ fees.

Employee lawsuits may be filed **within two years** of when a violation takes place (or within three years for willful violations).

### MORE INFORMATION

Contact Conrey Insurance Brokers for more information on wage payment and work hour laws in California.