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Labor & Employment Alert

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California minimum wage increase in July 2025

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Effective July 1, 2025, several California cities and counties will implement minimum wage increases, including industry-specific adjustments in certain jurisdictions.



What's the impact?

- The rising minimum wage obligations in certain California cities and counties, as well as in specific industries, can create administrative challenges, such as delays in payroll updates, which can lead to compliance issues and penalties.
- Employers must adjust salary thresholds for exempt employees to account for the higher minimum wage. Failure to do so could lead to misclassification of these employees.

Beginning on July 1, 2025, the minimum wage in several California cities and counties will increase.

¹ Vivian Kwang (Summer Associate—Los Angeles) assisted with the preparation of this alert.

Local minimum wage increases

These local rates exceed the current **California state minimum wage of \$16.50 per hour**. Employers must pay the highest applicable minimum wage, and failure to do so may lead to legal action for unpaid wages and related claims.

As of July 1, 2025, the following cities' and counties' minimum wage rates are as follows:

Municipality	Minimum Wage Rate Per Hour
<u>Alameda</u>	\$17.46
<u>Berkeley</u>	\$19.18
<u>Emeryville</u>	\$19.90
<u>Fremont</u>	\$17.75
<u>City of Los Angeles</u>	\$17.87
<u>County of Los Angeles</u> (unincorporated areas only)	\$17.81
<u>Malibu</u> ²	\$17.27
<u>Milpitas</u>	\$18.20
<u>Pasadena</u>	\$18.04
<u>San Francisco</u>	\$19.18
<u>Santa Monica</u>	\$17.81
<u>West Hollywood</u>	\$19.65

Industry-specific minimum wage increases

Certain industries in California are subject to minimum wage rates that often exceed local minimum wages.

² Malibu will not raise its minimum wage rate for the 2025–2026 fiscal year due to the wildfires that occurred earlier this year.

CALIFORNIA FAST FOOD MINIMUM WAGE

[The minimum wage for fast-food workers is currently set at \\$20.00 per hour in California.](#) In February 2025, the California Fast Food Council approved a motion to raise the minimum wage to \$20.70 per hour, but it has yet to be voted on.

CALIFORNIA HOTEL AND AIRPORT MINIMUM WAGE

The Citywide Hotel Worker Minimum Wage Ordinance in the City of Los Angeles increases the minimum wage for certain hotel and airport employees in the City of Los Angeles. A “hotel” is defined as an establishment with 60 or more guest rooms that provide temporary lodging.

As of July 2025, the minimum wage rates for hotel and airport employees are as follows:

Municipality	Minimum Wage Rate Per Hour
City of Los Angeles	Hotel Employees: \$22.50 Airport Employees: \$22.50
Santa Monica	Hotel Employees: \$22.50
West Hollywood	Hotel Employees: \$20.22

CALIFORNIA HEALTHCARE MINIMUM WAGE

On October 13, 2023, Governor Gavin Newsom signed Senate Bill 525, which increased the [minimum wage requirement for healthcare workers](#), effective June 1, 2024. The new law went into effect on July 1, 2025. Healthcare minimum wage rates vary based on the size and scope of the covered entity.

As of July 2025, the minimum wage rates for covered healthcare workers are as follows:

Type of healthcare facility	Minimum Wage Rate Per Hour
Hospital or integrated health system with 10,000 or more full-time employees	\$24.00
Covered healthcare facilities run by large counties (more than five million people as of 1/1/23)	\$24.00

Covered healthcare facilities run by **medium-sized counties** (250,000 to five million people as of 1/1/23) \$23.00

Covered healthcare facilities run by **small counties** (less than 250,000 people as of 1/1/23) \$18.63

Salary thresholds for exempt employees

Employers also must keep California minimum wage rates in mind when adjusting salaries for exempt employees, typically those in executive, administrative, professional, or certain computer-related roles. California law requires that certain exempt employees be paid, at minimum, a salary equivalent to 1.5 times or 2 times the state minimum wage rate for full-time employees.

As of January 2025, the salary threshold for executive, professional, and administrative employees, all of whom must receive 2 times the California minimum wage, increases to \$68,640, and certain computer software engineers must earn a monthly salary of at least \$9,888.13 to remain exempt from overtime pay and other requirements applicable to non-exempt employees under California law.

California wage and hour compliance

California's wage and hour enforcement regime is notoriously strict. Even relatively minor violations—such as failing to pay minimum wage—can trigger a cascade of significant penalties. In many cases, these penalties can amount to between five and 500 times the value of the unpaid wages. Employers may face liability not only for unpaid wages but also for late payments, inaccurate wage statements, incomplete time and pay records, and various statutory fines. Any one of these issues can open the door to costly wage-and-hour class actions and/or representative actions for penalties under the California Private Attorneys General Act (PAGA).

Misclassifying employees as overtime-exempt can result in penalties ranging from \$5,000 to \$15,000 per violation, on top of other fines tied to noncompliance with laws governing non-exempt employees. Given the high stakes, it's critical that employers ensure workers meet California's strict salary thresholds to qualify as exempt.

Employers should proactively review and adjust wage structures, exempt employee classifications, and payroll systems to ensure full compliance with the July 2025 California minimum wage increases and avoid costly legal penalties. Nixon Peabody attorneys have deep experience helping employers navigate [California's complex wage and hour laws](#), including minimum wage and exemption requirements. If you have questions about employee

classifications or salary thresholds or face a wage and hour claim, please contact your Nixon Peabody attorney or:

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