

Department of Industrial Relations

[Labor Commissioner's Office](#) :: New Minimum Wage Phase in Requirement 2017-2023 SB 3 Frequently Asked Questions

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The following Frequently Asked Questions guidance is meant to address specific questions relating to [SB 3 \(Leno, Chapter 4, Statutes of 2016\)](#) and how the phase-in of minimum wage rates will apply. For additional information about general questions regarding the Minimum Wage please see the Labor Commissioner's [Minimum Wage Frequently Asked Questions](#) page.

What is the schedule for the new state minimum wage increases created by [SB 3 \(Leno, Chapter 4, Statutes of 2016\)](#)? How will I know what minimum wage rate applies to my workplace?

Date	Minimum Wage for Employers with 25 Employees or Less	Minimum Wage for Employers with 26 Employees or More
January 1, 2017	\$10.00/hour	\$10.50/hour
January 1, 2018	\$10.50/hour	\$11.00/hour
January 1, 2019	\$11.00/hour	\$12.00/hour
January 1, 2020	\$12.00/hour	\$13.00/hour
January 1, 2021	\$13.00/hour	\$14.00/hour
January 1, 2022	\$14.00/hour	\$15.00/hour
January 1, 2023	\$15.00/hour	

Can any of these increases be delayed?

After the first increase on January 1, 2017, the Governor can pause a later scheduled increase for one year if certain economic or budget conditions are met. (These pauses are referred to as “off-ramps”.) The conditions for pausing a scheduled increase are as follows:

- ♦ The Governor can pause an increase if the seasonally adjusted statewide job growth for either the prior three or six months is negative and retail sales receipts for the prior 12 months is negative.
- ♦ Alternatively, the Governor can pause an increase if it is projected to cause a deficit (defined as a negative operating reserve of more than one percent of annual revenues [currently about \$1.2 billion]) in the current state budget or in the budget forecast for either of the next two fiscal years.*
- ♦ On August 1 of each year the Governor will make a preliminary determination on whether the conditions are met for pausing the following year’s increase. A final determination must be made by September 1.

* The budget off-ramp can only be used twice.

How will future increases to the state minimum wage be determined once the minimum wage is \$15 an hour?

After the state minimum wage reaches \$15 an hour for all employees, the rate will be adjusted annually for inflation based on the national consumer price index for urban wage earners and clerical workers (CPI-W). However, the minimum wage cannot be lowered, even if there is a negative CPI, and the highest raise allowed in any one year is 3.5 percent. Also, the Governor will no longer be able to pause a scheduled increase, and the first adjusted increases may be accelerated if the adjusted CPI-W exceeds seven percent in that first year.