

Minimum Wage and Paid Sick Leave Time Increases Throughout California

Currently, under California law, employers must offer employees at least **3 days, or 24 hours, of paid sick leave per year**, and pay employees a **minimum wage of \$10.00 per hour**. These statewide laws apply to all cities and counties within the state of California.

However, some cities within California have chosen to add to the statewide laws with their own more expansive minimum wage and paid sick leave ordinances. In addition, some cities have carved out special requirements for the hotel industry, service charges, and/or healthcare benefits surcharges. Below is a summary of the new state-wide laws, followed by a list of the cities which have expanded upon the law.

CALIFORNIA STATE LAW- ALL COUNTIES

Minimum Wage: As of January 1, 2016 the required minimum wage for the state of California is \$10.00 per hour. On January 1, 2017, the minimum wage for businesses with **26 or more employees** will increase to \$10.50 an hour. Employers with **25 employees or less** will have an extra year to comply with the new law, and the wage increase schedule will not go into effect until January 1, 2018.

Paid Sick Leave: Any employee who works in California for 30 days or more is entitled to receive paid sick leave. An employer is required to provide a minimum of 3 days, or 24 hours, of sick leave per year, and an employee may begin to take sick leave after 90 days of employment. Paid sick leave may accrue at a rate of 1 hour for every 30 hours worked, and must be reflected on each wage statement. Alternatively, an employer may use its own PTO or sick leave policy if it accrues at the same or faster rate than the state-mandated accrual. The state's new sick leave law went into effect on January 1, 2015, but the right to begin accruing and taking sick leave under this law did not go into effect until July 1, 2015.

Unless an employer “front-loads” the amount of sick days by providing 3 days per year to employees for immediate use up-front, accrued sick leave may be carried over to the next year. An employer may choose to cap the amount of paid sick leave an employee may use per year to 3 days, or 24 hours, and the total amount an employee may accrue to 6 days, or 48 hours. Be sure to reflect these changes on the [Notice to Employee](#) (mandated by *Labor Code* section 2810.5), at the time of hire, or within 7 calendar days of any changes to the contents of the notice.

The following cities have enacted more expansive laws. If your business is located in one of these cities, or if your employees work in any of these cities, please continue reading for more city-specific details:

SOUTHERN CALIFORNIA

- Long Beach
- Los Angeles
- Malibu
- Pasadena
- San Diego
- Santa Monica
- West Hollywood

NORTHERN CALIFORNIA

- Berkeley
- El Cerrito
- Emeryville
- Mountain View
- Oakland
- Palo Alto
- Richmond
- Sacramento
- San Francisco
- San Jose
- Santa Clara
- Sunnyvale

SOUTHERN CALIFORNIA EXPANSIONS

LONG BEACH

The current minimum wage for employees in Long Beach is \$10.00 per hour. In January 2016, the Long Beach City Council voted in favor of a proposal to increase the minimum wage. Under the proposal, the minimum wage for businesses with 26 or more employees would increase to \$10.50 on January 1, 2017; \$12.00 on January 1, 2018; and \$13.00 on January 1, 2019.

The Council also voted on a “Pathway to 15”, which would study the economic impacts of the wage increase in 2019. Pending positive results, the proposal would increase the minimum wage to \$14.00 on January 1, 2020; and \$15.00 on January 1, 2020. Subsequent increases would be in accordance with the Consumer Price Index (CPI). Businesses with 25 or fewer employees would have an additional year to comply, and would not be required to make the first increase to \$10.50 until January 1, 2018.

Since the approval of the proposal in January, Governor Brown’s signing of Senate Bill 3, as well as negotiations with the labor unions, have temporarily placed plans to finalize this proposal on hold.

Hotel Wage

Pursuant to [Measure N](#), as of July 1, 2015, all Long Beach hotels with more than 100 guest rooms must pay employees at least \$13.80 per hour. As of July 1, 2016, this amount has [increased again](#) to \$14.07 per hour. This hotel wage will increase annually in accordance with the CPI. Measure N also requires that employers provide at least 40 hours, or 5 days of paid sick leave each year to employees.

LOS ANGELES

The City of Los Angeles also recently passed its own citywide minimum wage and paid sick leave ordinance. The ordinance applies to any employee who performs at least 2 hours of work per week within the geographic boundaries of the city of Los Angeles, regardless of immigration status, and whether the individual is a full-time, part-time, or temporary employee.

Employers with 26 or more employees must pay a minimum wage of \$10.50 per hour beginning July 1, 2016. This will increase to \$12.00 per hour on July 1, 2017; to \$13.25 on July 1, 2018; to \$14.25 on July 1, 2019, and to \$15.00 on July 1, 2020. Employers with 25 or fewer employees will be given extra time to comply with the new ordinance and will not need to raise their minimum wage to \$10.50 until July 1, 2017.

Hotel Wage

The City of Los Angeles also has what is known as a hotel wage, which institutes a separate minimum wage requirement for certain hotels. As of July 1, 2016, hotels with 150 rooms or more will be required to pay their workers a minimum wage of \$15.37, which will increase thereafter in accordance with the Consumer Price Index (CPI).

Paid Sick Leave - 6 Days Per Year

The biggest departure from state law for the city of Los Angeles is in regard to its new paid sick leave requirements. As of July 1, 2016, employers with 26 or more employees must now provide employees with a minimum of 6 days, or 48 hours, of paid sick leave per year. Employers with 25 or fewer employees will also need to provide these same sick leave benefits, but not until July 1, 2017. Sick leave will accrue at the rate of 1 hour for every 30 hours worked and can be capped at 72 hours.

In addition to the notice requirements under California law, Los Angeles employers must provide notice of these changes to employees by: (1) Displaying the City's official poster; and (2) Providing employees with written notice of the employer's name, address, and telephone number at the time of hire. Employers must retain records documenting hours worked and paid sick leave accrued for *4 years*.

MALIBU

Malibu's minimum wage law mirrors that of the City of Los Angeles. For businesses with 26 or more employees, the minimum wage rose to \$10.50 per hour on July 1, 2016. This will rise to \$12.00 on July 1, 2017; \$13.25 on July 1, 2018; \$14.25 on July 1, 2019; and \$15.00 on July 1, 2020. And as we have commonly seen, businesses with 25 or fewer employees will have an additional year to comply, with the first increase to \$10.50 scheduled to take effect on July 1, 2017.

Beginning on July 1, 2020 the minimum wage will increase annually based on the CPI and the City Manager will determine what adjusted rates shall take effect.

PASADENA

As of July 1, 2016 the minimum wage for businesses with 26 or more employees is \$10.50 per hour. This will increase to \$12.00 on July 1, 2017; and to \$13.25 on July 1, 2018. The current minimum wage for businesses with 25 or fewer employees is \$10.00 per hour. This will increase to \$10.50 on July 1, 2017; and to \$12.00 on July 1, 2018. In February 2019, the City Council will review a report summarizing the impact of the preceding minimum wage increases and will then determine whether to increase the minimum wage further. Beginning July 1, 2022, the minimum wage will be adjusted in accordance with the regional CPI.

In addition to the notice requirements under California law, Pasadena employers must provide notice of these changes to employees by: (1) Displaying the City's official poster in a clearly visible place at the workplace; (2) Providing employees with written notice of the employer's name, address, and telephone number at the time of hire; and (3) Providing each current employee and new employee at the time of hire with a written notification of the employee's rights under the ordinance. Employers should also retain records documenting hours worked and paid sick leave accrued.

SAN DIEGO

Employees in San Diego who work at least 2 hours per week within the geographical bounds of the city of San Diego will receive a minimum wage of \$10.50 an hour as of July 11, 2016. On January 1, 2017 this will increase to \$11.50 an hour, and beginning on January 1, 2019, and each subsequent year thereafter, it will increase according to the Consumer Price Index (CPI).

Employers will be required to provide a minimum of 5 days, or 40 hours, of paid sick leave per year. After 90 days of employment, employees may accrue sick leave at a rate of 1 hour for every 30 hours worked. Employers may limit the use of paid sick leave to 40 hours per year, and may cap total accrual at 80 hours. An employer that violates any requirement of the law is subject to a civil penalty for each violation of up to, but not to exceed, \$1,000 per violation. An employer failing to comply with the notice and posting requirements is subject to a civil penalty of \$100 for each employee who was not given appropriate notice, up to a maximum of \$2,000.

In addition to the notice requirements under California law, employers in San Diego must provide notice of these changes to employees by: (1) Displaying the City's official poster; and (2) Providing employees with written notice of the employer's name, address, and telephone number at the time of hire, as well as the employer's duties under the ordinance. Employers must retain records documenting hours worked and paid sick leave accrued for 3 years.

SANTA MONICA

The City of Santa Monica has also chosen to institute a scale to reach a \$15.00 minimum wage by 2020. As of July 1, 2016, businesses with 26 or more employees will be required to pay a minimum wage of \$10.50 an hour. This will increase to \$12.00 on July 1, 2017; to \$13.25 on July 1, 2018; to \$14.25 on July 1, 2019; and to \$15.00 on July 1, 2020. Businesses with 25 employees or less, and certain qualifying non-profits, will have an additional year to comply with the new law.

Hotel Wage

Similar to Los Angeles, Santa Monica has also instituted a hotel wage. On July 1, 2016 the minimum wage for hotels and businesses on hotel properties will be \$13.25. Beginning on July 1, 2017, the Santa Monica hotel wage will match the Los Angeles hotel wage of \$15.37, and will be adjusted according to the CPI thereafter.

Paid Sick Leave - 5 Days Per Year

Santa Monica instituted new paid sick leave laws for employees that work at least 2 hours within the city. Employers with 26 or more employees will be required to provide at least 40 hours, or 5 days, of paid sick leave beginning on July 1, 2017, and on July 1, 2018 this will increase to 72 hours or 9 days. Employers with 25 or fewer employees will be required to provide at least 32 hours, or 4 days, of paid sick leave to employees on July 1, 2017, and this will increase to 40 hours or 5 days on July 1, 2018. Similar to other paid sick leave laws throughout the state, employees may use sick leave after 90 days of employment, and it will accrue at the rate of 1 hour for every 30 hours worked.

In regard to service charges, Santa Monica also mandated that employers who collect service charges from customers must pay the entirety of those charges to the employees who performed those services. If an employer institutes any healthcare surcharges, those must also be spent entirely on employees and follow specific guidelines.

In addition to the notice requirements under California law, employers in Santa Monica must provide notice of these changes to employees by: (1) Displaying the City's official poster; and (2) Providing employees with written notice of the employer's name, address, and telephone number at the time of hire. Employers must retain records documenting hours worked and paid sick leave accrued for 3 years.

WEST HOLLYWOOD

In March 2016, the City of West Hollywood also voted to increase the minimum wage, although to a lesser extent than the Cities of Los Angeles and Santa Monica. The current minimum wage in West Hollywood is \$10.00 per hour. For businesses with 26 or more employees, this will increase to \$12.00 on July 1, 2017, and businesses with 25 or fewer employees will have until July 1, 2018 to increase their minimum wage to \$12.00. After 2018 further increases will be tied to CPI and in accordance with state law.

NORTHERN CALIFORNIA EXPANSIONS

BERKELEY

Berkeley's current minimum wage is \$11.00 per hour, but on October 1, 2016, it will again increase to \$12.53 per hour. This applies to all employees who work at least 2 hours within the geographic bounds of the City of Berkeley. However, it is important to note that there might be further changes to the minimum wage laws in Berkeley very soon, as the city council just recently voted to put a measure on the November 2016 ballot that would raise the minimum wage to \$15.00 per hour by 2019.

EL CERRITO

As of July 1, 2016 the minimum wage for employees who perform at least 2 hours of work per week in El Cerrito is \$11.60 per hour. This will increase to \$12.25 per hour on January 1, 2017; \$13.60 per hour on January 1, 2018; and \$15.00 per hour on January 1, 2019. Furthermore, gratuities received by an employee may not be counted toward the minimum wage.

In addition to the notice requirements under California state law, employers must provide notice of these laws to employees by posting the official city bulletin in a conspicuous area of the workplace. Employers must also provide employees with written notice of the employer's name, address, and telephone number at the time of hire, and retain records documenting hours worked and paid sick leave accrued for 3 years.

EMERYVILLE

As of July 1, 2016, the minimum wage for small businesses with 55 or fewer employees is \$13.00. This will increase to \$14.00 on July 1, 2017; \$15.00 on July 1, 2018; and in accordance with the Consumer Price Index (CPI) each subsequent year. The current minimum wage for large businesses with 56 or more employees is \$14.82 per hour. This will increase annually in accordance with increases in CPI.

Emeryville also requires that employers provide paid sick leave to part-time, full-time, and temporary employees. Employees will accrue sick leave at the rate of 1 hour for every 30 hours worked and may begin using paid sick leave after 90 days of

employment. Businesses with 55 or fewer employees may cap accrual at 48 hours or 6 days, and businesses with 56 or more employees may cap accrual at 72 hours or 9 days per year. Any accrued, unused paid sick leave carries over into the following year.

Hospitality employers in Emeryville who collect service charges from customers must pay the entirety of those charges to the workers who performed those services.

In addition to the notice requirements under California law, employers must provide notice of these changes to employees by: (1) Displaying the City's official poster; (2) Providing to both current and new employees at the time of hire the City's official notice of rights; and (3) Providing employees with written notice of the employer's name, address, and telephone number at the time of hire. Employers must retain records documenting hours worked and paid sick leave accrued for 3 years.

MOUNTAIN VIEW

Since January 1, 2016 the minimum wage for employees work at least 2 hours in Mountain View has been \$11.00 per hour. This will increase to \$13.00 per hour on January 1, 2017; and \$15.00 per hour on January 1, 2018. After January 1, 2019 further increases will be based on the regional CPI.

In addition to the notice requirements under California state law, employers must provide notice of these laws to employees by posting the official city bulletin in a conspicuous area of the workplace. Employers must also provide employees with written notice of the employer's name, address, and telephone number at the time of hire, and retain records documenting hours worked and paid sick leave accrued for 4 years.

OAKLAND

As of January 1, 2016, the minimum wage for employees who perform at least 2 hours of work per week within the geographic bounds of the City of Oakland is \$12.55 per hour. On January 1 of each subsequent year, the minimum wage will increase in accordance with the Consumer Price Index (CPI).

As for paid sick leave, employees will accrue paid sick leave at the rate of 1 hour for every 30 hours worked, and may begin to use such leave after 90 days of employment. Employers with 10 or more employees may cap accrual at 72 hours or 9 days per year, and Employers with fewer than 10 employees may cap accrual at 40 hours or 5 days. Any accrued, unused paid sick leave carries over into the next year.

The City of Oakland also requires that hospitality employers who collect service charges from customers must pay the entirety of those charges to the workers who performed those services.

In addition to the notice requirements under California law, employers must provide notice of these changes to employees by: (1) Displaying the City's official poster; and (2) Providing employees with written notice of the employer's name, address, and telephone number at the time of hire. Employers must retain records documenting hours worked and paid sick leave accrued for 3 years.

PALO ALTO

As of January 1, 2016 the minimum wage for employees work at least 2 hours in Mountain View is \$11.00 per hour. Beginning January 1, 2017, the minimum wage will be adjusted annually based on the CPI.

In addition to the notice requirements under California state law, employers must provide notice of these laws to employees by posting the official city bulletin in a conspicuous area of the workplace. Employers must also provide employees with written notice of the employer's name, address, and telephone number at the time of hire, and retain records documenting hours worked and paid sick leave accrued for 4 years.

RICHMOND

The current minimum wage for employees who perform at least 2 hours of work in Richmond is \$11.52 per hour. This will increase to \$12.30 per hour on January 1, 2017; \$13.00 on January 1, 2018; and beginning January 1, 2019 will be adjusted according to the CPI.

In addition to the notice requirements under California state law, employers must provide notice of these laws to employees by posting the official city bulletin in a conspicuous area of the workplace. Employers must also provide employees with written notice of the employer's name, address, and telephone number at the time of hire, and retain records documenting hours worked and paid sick leave accrued for 4 years.

SACRAMENTO

The current minimum wage for all businesses and employees in Sacramento is \$10.00 per hour. For businesses with more than 100 employees, this will increase to \$10.50 on January 1, 2017; to \$11.00 on January 1, 2018; \$11.75 on January 1, 2019; and \$12.50 on January 1, 2020. Businesses with fewer than 100 employees will be given an additional year to comply, and will not be required to make their first increase to \$10.50 until January 1, 2018.

It is important to note that this schedule may be adjusted or superseded by California state law beginning in 2019, as the current Sacramento schedule will not meet the state law requirements starting in 2019.

SAN FRANCISCO

San Francisco has its own ordinance that applies to all employees, both adults and minors, who work at least 2 or more hours per week within the geographical bounds of the city of San Francisco. It includes full-time, part-time, and temporary employees.

As of July 1, 2016 the minimum wage in San Francisco is \$13.00. This will increase to \$14.00 on July 1, 2017; \$15.00 per hour on July 1, 2018, and will increase on July 1 each subsequent year according to the Consumer Price Index (CPI).

Paid Sick Leave

As for sick leave, San Francisco applies the state requirement of a minimum of 3 days, or 24 hours, of paid sick leave per year. Employees can begin to accrue paid sick leave after 90 days of employment and sick leave will accrue at the rate of 1 hour per 30 hours of work. While accrued sick leave does carry over from year to year, San Francisco does cap the amount an employee can accrue per year.

Employers with less than 10 employees (“small businesses”) can cap accrual at 40 hours per year, and employers with 10 or more employees can cap accrual at 72 hours per year. However, employers can choose to provide greater sick leave benefits. Employees may use their paid sick leave for their own medical care or for the medical care of a family member or designated person.

Health Care Contribution

Furthermore, San Francisco is unique among California cities in that it also requires a health care contribution from its employers for certain employees. Under San Francisco’s Health Care Security Ordinance (HCSO), employers are required to make certain health care expenditures on behalf of employees who meet certain requirements. Covered employees include employees who regularly work at least 8 hours per week and have been employed for more than 90 days in San Francisco.

Currently, employers with 100 or more employees must contribute at least \$2.53 per hour to employee health care expenditures, and business with 20 to 99 employees, as well as nonprofits with 50 to 99 employees, must contribute at least \$1.68 per hour to such expenditures. Small businesses with fewer than 20 employees and nonprofits with less than 50 employees are exempt from such contributions.

On January 1, 2017, employers with 100 or more employees must contribute at least \$2.64 per hour to employee health care expenditures, and business with 20 to 99 employees, as well as nonprofits with 50 to 99 employees, must contribute at least \$1.76 per hour to such expenditures. Small businesses with less than 20 employees and nonprofits with less than 50 employees will continue to be exempt.

In addition to the notice requirements under California law, San Francisco employers must provide notice of these changes to employees by: (1) Displaying the City's official poster; and (2) Including the amount of available paid sick leave in employees' wage statements. Employers must retain records documenting hours worked and paid sick leave accrued for 4 years.

SAN JOSE

The current minimum wage for employees that perform at least 2 hours of work per week in San Jose is \$10.30 per hour. The minimum wage will be adjusted annually in accordance with the CPI.

In addition to the notice requirements under California state law, employers must provide notice of these laws to employees by posting the official city bulletin in a conspicuous area of the workplace. Employers must also provide employees with written notice of the employer's name, address, and telephone number at the time of hire, and retain records documenting hours worked and paid sick leave accrued for 4 years.

SANTA CLARA

The current minimum wage for employees that perform at least 2 hours of work per week in Santa Clara is \$11.00 per hour. Beginning on January 1, 2017, the minimum wage will increase annually corresponding to the CPI.

In addition to the notice requirements under California state law, employers must provide notice of these laws to employees by posting the official city bulletin in a conspicuous area of the workplace. Employers must also provide employees with written notice of the employer's name, address, and telephone number at the time of hire, and retain records documenting hours worked and paid sick leave accrued for 4 years.

SUNNYVALE

The current minimum wage for employees who perform at least two hours of work in Sunnyvale is \$11.00 per hour. This will increase to \$13.00 on January 1, 2017; and \$15.00 on January 1, 2018. Beginning January 1, 2019 the city's minimum wage will increase by an amount corresponding to the regional CPI.

In addition to the notice requirements under California state law, employers must provide notice of these laws to employees by posting the official city bulletin in a conspicuous area of the workplace retain records documenting hours worked and paid sick leave accrued for 4 years.

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ARE YOU COMPLIANT?

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