

NEW LAWS AFFECTING MINIMUM WAGE REQUIREMENTS AND EARNED SICK LEAVE

California Employers Now Exposed To Three Years Of Liquidated Damages For Violation Of Minimum Wage Laws: In a development that applies to all California employers, newly amended Labor Code section 1194.2 potentially triples the penalty for employers who have not paid the required minimum wages. This amended law entitles employees to recover double the amount of the unpaid minimum wages (plus interest) for up to three years, rather than the one-year limit which courts previously imposed for these liquidated damages.

City of San Diego Earned Sick Leave and Minimum Wage Ordinance: The San Diego City Council recently approved an ordinance which raises the minimum wage and mandates paid sick leave for employees working within the city limits.

Increase in Minimum Wage – The San Diego Ordinance raises the minimum wage within the city to above the state minimum wage. Currently, the minimum wage in California is \$9.00 per hour (after the recent increase from \$8 to \$9 on July 1, 2014). It is scheduled to rise again to \$10.00 per hour beginning January 1, 2016. San Diego employers are presently subject to the state minimum wage, but when the Ordinance goes into effect on January 1, 2015, San Diego employers will be required to compensate employees who work at least two or more hours per calendar week within the city limits at the minimum hourly rate of \$9.75. This minimum hourly rate will increase to \$10.50 on January 1, 2016 and to \$11.50 on January 1, 2017. Thereafter, beginning in January 2019, the minimum wage in San Diego will increase annually based on the prior year's increase in Consumer Price Index.

Paid Sick Leave – Following the lead of San Francisco, which passed its Paid Sick Leave Ordinance in 2006, San Diego's Ordinance requires employers to provide employees at least five days of paid sick leave per year. This new requirement will affect San Diego employers that do not already provide this benefit, such as in the form of vacation or paid sick leave. Under the San Diego Ordinance, employees will begin accruing sick leave at the commencement of employment or April 1, 2015, whichever is later. Some of the provisions of the Ordinance that employers are expected to follow are as below:

- San Diego employees will accrue one (1) hour of sick leave for every thirty (30) hours worked.
- Employers may limit an employee's use of accrued sick leave to forty (40) hours per year.
- San Diego employees may begin using the accrued sick leave on the ninetieth (90th) day following the commencement of employment or on July 1, 2015, whichever is later.

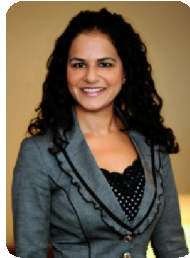
- Unused, accrued sick leave of up to forty (40) hours must be carried over to the next year.
- Employers are not required to pay out unused, accrued sick leave upon the employee's separation from employment.
- Sick leave may be used for the employee's own illness, medical appointments, to care for an ill family member, or to take time off for reasons related to domestic violence, sexual assault or stalking.
- Employers may require sick leave to be taken in minimum increments of two (2) hours.

Required Notices & Posting: Employers with San Diego employees are required to post notices of the new Ordinance and to provide each employee at the time of hire, or by April 1, 2015, whichever is later, written notice of the requirements of minimum wage and paid sick leave.

Enforcement: The Ordinance creates an Enforcement Office to enforce the minimum wage and paid sick leave requirements. It also establishes a civil penalty for each violation of up to, but not to exceed, \$1,000 per violation. An employer who fails 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 \$2,000.



Mark Payne



Radhika Sood

If you have any questions about this Alert, please contact Mark Payne, mpayne@rutan.com (714.338.1862), Radhika Sood, rsood@rutan.com (714.338.1802), or the attorney at Rutan & Tucker, LLP with whom you are regularly in contact.

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