



City of Los Angeles Enacts New Paid Sick Time and Minimum Wage Ordinance

Exceeding even the newly expanded requirements of state law, on June 2, 2016, the Los Angeles City Council increased the city-wide minimum wage to \$10.50 per hour and doubled employee paid sick time to 48 hours per year. Los Angeles employers will have to act quickly to comply with the new Ordinance. Despite being enacted only recently, many of the provisions go into effect on July 1, 2016. Failure to comply can lead to potentially confiscatory sanctions. The Ordinance is to be enforced by a new agency, the Office of Wage Standards, created specifically for this purpose. The following are the key takeaways:

Paid Sick Time Overview

- **Amount of Leave.** California requires employers to make at least 24 hours of paid sick time available to employees each year. Under the new Ordinance, Los Angeles employers must now provide qualifying employees 48 hours of paid sick time per year. Employees may use available, paid sick leave on the 90th day of employment or July 1, 2016, whichever is later.
- **Qualifying Employees.** To be covered by the Ordinance, employees must (1) have worked in the City for the same employer for at least 30 days within a year from the start of employment, and (2) have worked in the City for at least 2 hours in a particular week.
- **Accrual.** Employees accrue paid sick leave on either the first day of employment or July 1, 2016, whichever is later. Although accrued and unused paid sick leave carries over from year to year, it may be capped at 72 hours and is not required to be paid out upon separation from employment.
- **Options for Compliance.** Employers can provide the entire 48 hours to an employee at the beginning of each year of employment, calendar year, or 12-month period, or provide the employee with 1 hour of sick leave for every 30 hours worked. Employers with a paid leave policy that already provides 48 hours or more of paid time off are not required to grant employees additional time.
- **Reasons for Leave.** Employees can take paid sick leave for several qualifying conditions, including their own medical condition or the medical condition of a family member. The definition of family member is expansive and includes "any individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship."

Minimum Wage Overview

The new Ordinance increases the minimum wage for large Los Angeles employers (26 or more employees) to \$10.50 per hour effective July 1, 2016. After that, the minimum wage will increase each year to \$12.00 per hour, \$13.25 per hour, \$14.25 per hour, and finally, \$15.00 per hour on July 1, 2020. Smaller employers (fewer than 26 employees) will have an additional year to increase wages, reaching a \$15.00 per hour minimum wage on July 1, 2021. On and after July 1, 2022, the minimum wage will continue to increase based on the Bureau of Labor Statistics' Consumer Price Index for Urban Wage Earners and Clerical Workers for the Los Angeles metropolitan area.

Enforcement

Employers face stiff penalties for failing to comply with the Ordinance, including payment to the employee(s) of the wages or benefits withheld, an additional penalty of \$120 per day per employee until the wages or benefits are paid in full, attorney's fees and costs in any civil action in which the affected employees prevail, administrative penalties to the City of up to \$50 per employee per day until the wages or benefits are paid, administrative fines payable to the City of up to \$500 per day for each infraction, and if the employer is found to have retaliated against the employees for taking paid sick time, aggrieved employees are entitled to reinstatement and a tripling of all wages, benefits and penalties owed. The Ordinance creates a rebuttable presumption of retaliation for adverse action taken within 90 days of protected activity.

The Ordinance also contains several procedural provisions, including notice requirements and procedures for obtaining narrow exemptions. Additionally, the agency created to enforce the Ordinance, the Office of Wage Standards of the Bureau of Contracts Administration, can issue guidelines and rules to implement the Ordinance.

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