

EMPLOYER ALERT - MINIMUM WAGE

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Employment Law Reporter, Ervin Cohen & Jessup LLP

On January 1, 2018, the state minimum wage increased to \$11.00 per hour for employers with at least 26 employees, and \$10.50 per hour for smaller employers. The state minimum wage governs the exempt employee threshold salary, which has increased accordingly. The new minimum salary for employees exempt from overtime is \$45,760 annually for employers with at least 26 employees, and \$43,680 annually for employers with fewer than 26 employees.

Further, a number of California municipalities will raise their minimum wage rates on July 1, 2018. Employers should take care to note these changes because the pace of minimum wage increases in these locations will outstrip increases in the California state minimum wage in the race to reach \$15.00 per hour.

In determining whether a given increase applies, employers should know that it is not where an employee lives, or where an employer is based, that determines the minimum wage that must be paid. Rather, it is where the employee works that matters. In most of these locations, if an employee works as few as two hours in the city in a week, that municipality's minimum wage applies to the time worked there.

Southern California municipalities that will raise their minimum wage rate on July 1, 2018, unless another date is noted, are as follows: **Location:**

Employers with at least 26 employees: Employers with fewer than 26 employees: City of Los Angeles \$13.25 (currently \$12.00) \$12.00 (currently \$10.50) County of Los Angeles (unincorporated areas) \$13.25 (currently \$12.00) \$12.00 (currently \$10.50) Santa Monica \$13.25 (currently \$12.00) \$12.00 (currently \$10.50) Malibu \$13.25 (currently \$12.00) \$12.00 (currently \$10.50) Pasadena \$13.25 (currently \$12.00) \$12.00 (currently \$10.50) San Diego (increased on January 1, 2017-no additional increase until January 1, 2019) \$11.50 \$11.50

Northern California locations with recent or impending increases in their minimum wage are below. Note that these locations do not distinguish between smaller and larger employers for minimum wage purposes: San Francisco (July 1, 2018) \$15.00 (currently \$14.00) Berkeley (October 1, 2018)

PROFESSIONALS

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\$15.00 (currently \$13.75) Oakland (January 1, 2018) \$13.23 Palo Alto (January 1, 2018) \$13.50 Richmond (January 1, 2018) \$13.41 El Cerrito (January 1, 2018) \$13.60 Mountain View (January 1, 2018) \$15.00 San Jose (January 1, 2018) \$13.50 Santa Clara (January 1, 2018) \$13.00 Sunnyvale (January 1, 2018) \$15.00 Milpitas (January 1, 2018) \$12.00 (increasing to \$13.50 on July 1, 2018) San Leandro (July 1, 2018) \$13.00 (currently \$12.00)

Employers should also keep an eye open for changes at the federal level. Effective December of 2016, the U.S. Department of Labor had planned to increase the federal exempt salary threshold from \$23,660 to \$47,476, but this move was blocked by an injunction. The Department of Labor under the Obama administration appealed the injunction, but the Department of Labor under the Trump administration requested comments in the Federal Register regarding how the salary threshold should be updated and may be close to proposing a new overtime threshold, which is expected to be considerably lower than the \$47,476 level previously planned. We will keep you posted on this issue as developments occur.

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