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## Local and State Wage Increases in California

### *Increase to Statewide Minimum Hourly Wage*

Effective January 1, 2019, the minimum hourly wage in the State of California will increase from \$11.00 to \$12.00 per hour for employers with 26 or more employees, and from \$10.50 to \$11.00 per hour for employers with 25 or fewer employees. California does not have a tip credit, so employers may not count tips towards an employee's minimum hourly wage.

### *Changes to Local Minimum Hourly Wage Rates*

In addition to the statewide minimum hourly wage requirement, many employers are subject to local minimum hourly wage ordinances in the cities where their employees perform work. Employers must always pay the highest rate applicable in the area where employees are performing work. The following cities will see increases to the minimum hourly wage effective January 1, 2019:

<u>Location</u>	<u>2018 Rate</u>	<u>2019 Rate</u>
Cupertino	\$13.50	\$15.00
El Cerrito	\$13.60	\$15.00
Los Altos	\$13.50	\$15.00
Milpitas	\$13.50	\$15.00
Palo Alto	\$13.50	\$15.00
Sacramento	\$11.00	\$11.75 (101 or more employees)
San Jose	\$13.50	\$15.00
San Mateo	\$13.50	\$15.00
Santa Clara	\$13.00	\$15.00
San Diego	\$11.50	\$12.00

### *Changes to State Minimum Exempt Salary Requirement*

Exempt employees in California are not subject to the overtime and meal and rest break obligations available to non-exempt employees. Exempt employees must also not only perform certain tasks at least half of their work time, they must also earn a minimum monthly salary of no less than double the minimum hourly wage for full time employment. Because the minimum salary requirement tracks the state minimum hourly wage, annual increases will take place on January 1 each year until 2023, depending on the size of the business. Thereafter, the rate may continue to increase based on increases to the Consumer Price Index (CPI):

<u>Year</u>	<u>Small Business Rate (25 or fewer)</u>	<u>Large Business Rate (26 or more)</u>
2018	\$43,680	\$45,760
2019	\$45,760	\$49,920
2020	\$49,920	\$54,480
2021	\$54,480	\$58,240
2022	\$58,240	\$62,400
2023	\$62,400	Based on CPI

Employers seeking guidance on complying with these laws, including how to notify employees, how to count employees to determine the applicable rates, and whether exemptions to the minimum wage could apply, should contact counsel prior to January 1.

## California Legislature Passes New Laws That May Impact Your Business

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### ***New Law Expands Sexual Harassment Training Requirement***

Current law requires employers with 50 or more employees to provide supervisors with two hours of sexual harassment training every two years. A new law, [SB 1343](#), expands the training requirement to employers with five or more employees. It also requires employers to provide at least one hour of harassment training to non-supervisors within six months of hire or promotion. The training required under this law must be accomplished by January 1, 2020, and then continued once every two years thereafter.

Prior to January 1, 2020, the Department of Fair Employment and Housing (DFEH) will create an online harassment training that can be used by employers to satisfy the new requirements. Otherwise, employers are permitted to provide harassment training in various forms, including providing written, online, or in-person training.

Employers with five or more employees should consult counsel within the next year to develop and implement a compliant sexual harassment training program for all employees before January 1, 2019.

### ***New Law Provides Guidance on Creating an Appropriate Space for Lactation***

Employers with employees who express breast milk during the work day are required to provide a private place for that purpose. Under current law, employers must make reasonable efforts to provide a location, other than a “toilet stall,” for lactation. A new law, [SB 1976](#), specifies that the location must be other than a “bathroom” and that it generally should be a permanent location. The lactation space is only allowed to be in a temporary location if all three of the following conditions are met:

- (1) the employer is unable to provide a permanent location due to operational, financial, or space limitations;
- (2) the temporary location is private and free from intrusion while being used for lactation purposes; and,
- (3) the temporary location is not used for other purposes while being used for lactation.

Many times the reality of an employer’s operations and facilities makes complying with the lactation accommodation laws somewhat difficult. Employers with lactating employees are encouraged to contact counsel to ensure that they not only are providing a proper lactation space, but also that they are providing sufficient break time for purposes of expressing breast milk.

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*The purpose of our Employment Law Update is to inform clients and interested parties of recent developments in employment law. It should not be regarded as a substitute for comprehensive legal advice.*