



Employment Law Bulletin

November 2018

Minimum Wage Jumps \$1/hour for Employers of 26 or More Employees and \$.50/hour for Smaller Employers

In January 2017, California began a six year phase-in process to raise the minimum wage for all employees from \$10/hour to \$15/hour. Initially, the annual increases were fifty cents per hour. However, effective January 1, 2019, the jump for employers of 26 or more employees will be \$1 per hour (from \$11 to \$12). For employers of 1-25 employees, the 2019 increase will still be fifty cents per hour (from \$10.50 to \$11). These smaller employers won't face the \$1/hour jump from \$11 to \$12 until January 1, 2020.

Once the employer reaches the initial \$1/hour jump, the minimum wage increases by \$1/hour each year thereafter until it reaches \$15/hour in 2022 for employers with 26 or more employees, and 2023 for employers of 1-25 employees. See https://www.dir.ca.gov/dlse/SB3_FAQ.htm for a minimum wage increase chart.

In addition to increasing the hourly pay of employees working at the minimum wage, employers must also consider the ripple effect the new increase has on other employees since many California employment laws are pegged to the minimum wage. In other words, when the minimum wage increases, the employer must (1) review all exempt employee salaries to ensure they still meet the salary test (no less than 2x minimum wage x 40 hours per week); (2) ensure that employees paid at minimum wage for travel or training time receive an increase; and (3) ensure that employees in the construction industry who provide their own hand tools are still paid at least 2x minimum wage per hour.

If you have questions about how these minimum wage changes will affect your business, please reach out to an SMT employment attorney.

Lisa Ann Hilario

Phase-In of New Overtime Rules for Agricultural Workers Begins January 1, 2019 For Some Employers

In 2016, Governor Brown signed the “Phase-In Overtime for Agricultural Workers Act of 2016” changing the overtime requirements for hourly agricultural employees. The law also implemented double time requirements for the same employees.

Starting January 1, 2019 and continuing over the next several years, the current 10-hour daily and 60-hour weekly overtime standards for hourly agricultural employees will drop each year until eventually, the 8-hour daily/40-hour weekly overtime standards applicable to most other hourly employees in California applies to agricultural employees. In addition, starting in 2022, agricultural employees will become eligible for double time pay if they work more than 12 hours in a workday.

The overtime and double time phase-in schedules are determined by the number of employees the business employs - agricultural and non-agricultural alike.

For employers of more than 25 employees, the first change begins on January 1, 2019 when the overtime standard drops from 10 hours to 9.5 hours per day and from 60 hours to 55 hours per week. The phase-in schedule ends on January 1, 2022 when the agricultural overtime standard reaches the 8 hours/day and 40 hours/week standard.

Employers of 1-25 employees have a longer period before they face changes. The drop from 10/60 hours to 9.5/55 hours does not occur until January 1, 2022. The phase-in schedule for these employers will be completed on January 1, 2025.

The double time phase-in schedule for employers of more than 25 employees does not start until January 1, 2022; for employers of 1-25 employees, double pay begins January 1, 2025.

Overtime Trigger (hours)	1-25 Employees	> 25 Employees
10/day; 60/week	Through 12/31/2021	Through 12/31/2018
9.5/day; 55/week	1/1/2022	1/1/2019
9/day; 50/week	1/1/2023	1/1/2020
8.5/day; 45/week	1/1/2024	1/1/2021
8/day; 40/week	1/1/2025	1/1/2022
Double time Trigger (hours)	1-25 Employees	> 25 Employees
No double time requirement	Through 12/31/2024	Through 12/31/2021
12/day	1/1/2025	1/1/2022

We understand this new law will pose challenges for agricultural employers, especially in

light of the difficulties already posed by the tight labor market and rising production costs. Please contact an SMT employment law attorney to explore options to minimize overtime and double time within the confines of California law.

Lisa Ann Hilario

No Se Habla Español?

SMT's employment attorneys can provide your company with employment policies, forms and employee disciplinary documentation in Spanish. Providing such important information to employees in the language they understand is critical to employee performance, providing a welcoming diverse work environment, and protecting your company against employment claims. Contact an SMT attorney today to get started.

Previous SMT Employment Law Bulletins

Have you missed one of our previous SMT Employment Law Bulletins?
Having a hard time printing this edition?

All editions are available as downloadable PDF files on our [website](#).

Spaulding McCullough & Tansil LLP Employment Law Group

[Jan Gabrielson Tansil](#) | [Lisa Ann Hilario](#) | [Kari Brown](#)

Copyright © 2018 Spaulding McCullough & Tansil LLP, All rights reserved.