

California Payroll

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AGENDA

- Minimum Wage
- Garnishment Law
- Electronic Filing Requirements
- Paid Family Leave
- Piece Rate – Compliance
- Certified Payroll Reporting
- Expanded OT Requirements

(2)



Minimum Wage

- As of January 1, 2016 = \$10.00 per hour
- As of January 1, 2017 = \$10.50 per hour
- As of January 1, 2018 = \$11.00 per hour

+ \$1 p/hr each Jan 1st from 2019- 2022

(as of Jan 1, 2022 = \$15.00 per hour)

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Minimum Wage



CHALLENGES FOR EMPLOYERS

- Minimum Salary Requirement for Exempt EE
- Annual audit of CA hourly employees
- Value of Piece Rate Calculations
- Value of FLSA regular rate of pay/OT premium

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Minimum Wage



OTHER MINIMUM WAGE REQUIREMENTS

- Computer Professionals: \$41.27 per hour
- City Oakland, CA: \$12.55 per hour
- City of San Jose, CA: \$10.30 per hour
- City of San Francisco, CA: \$13.00 p/hr (7/1/16)
- Physician Employee: \$76.24 (not ee in a medical intern or resident program)

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Garnishment Law Revision



CREDITOR GARNISHMENTS - THROUGH 6/30/2016

Reduced the prohibited amount of an individuals judgment debtor's weekly disposable earnings subject to levy under an earnings withholding order.

CA Code of Civil Procedure § 706.050(a)

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Garnishment Law Revision

THROUGH 6/30/2016:

Cannot exceed the lesser of 25% of the employee's weekly disposable earnings or the amount by which the individual's disposable earnings for the week exceed 40 times the state minimum hourly wage, or applicable local minimum hourly wage, if higher.

$$40 \times \text{minimum wage} = \$400.00$$



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Garnishment Law Revision

THROUGH 6/30/16:

For example: If paid weekly, disposable earnings would have to be at least \$533.33 before the full 25% could be withheld.

$$\$533.33 \times 25\% = \$133.33$$

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Garnishment Law Revision

THROUGH 6/30/16:

Example 1: Linda's disposable earnings are \$972.51 (biweekly)

$$25\% \text{ of disposable wages} = \$243.13$$

Excess over 80 times SMW (\$800) is \$172.51
\$243.13 is more than \$172.51 / ONLY deduct \$172.51

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Garnishment Law Revision

THROUGH 6/30/16:

Example 2: Linda's disposable earnings are \$1,125.41 (biweekly)

25% of disposable wages = \$281.35

Excess over 80 times SMW (\$800) is \$325.41
Since \$281.35 is less than \$325.41, only deduct \$281.35

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Garnishment Law Revision

UPDATE – As of 7/1/16:

SB 501, affects both protected earnings and amount that can be withheld.

- Honors local Minimum Wage Ordinances
- Graduates the Garnishment Rate

More favorable to more wage earners.

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Garnishment Law Revision

As of 7/1/16:

The amount to withhold is the lesser of:

1. 25% of individual's disposable earnings or,
2. 50% of the amount of disposable earnings that exceeds 40 times (weekly) the greater of the state or local minimum hourly wage. (80 times for bi-weekly)

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Garnishment Law Revision

As of 7/1/16:

Example 1: Linda's disposable earnings are \$1,700.00 (biweekly)

25% of disposable wages = \$425

Excess over 80 times SMW (\$1,700 - \$800) is \$900

50% of excess (\$900) = \$450

Deduct the lesser amount: \$425

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Garnishment Law Revision

As of 7/1/16:

Example 2: Linda's disposable earnings are \$1,125.41 (biweekly)

25% of disposable wages = \$281.35

Excess over 80 times SMW = \$342.41
(\$1,125.41 - \$800)

50% of excess (342.41) = \$162.70

Deduct the lesser amount: \$162.70

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Garnishment Law Revision

Weekly Example

DE = \$1,000 x 25% = \$250

DE = \$1,000 - \$400 = \$600 x 50% = \$300

\$250 is "the lesser of"

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Garnishment Law Revision

Weekly Example

$$DE = \$790 \times 25\% = \$197.50$$

$$DE = \$790 - \$400 = \$390 \times 50\% = \$195$$

\$195 is "the lesser of"

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Garnishment Law - Info

Creditor Garnishments must be processed through the local sheriff's office.

State Tax Levies:

1. 25% of disposable wages; or
2. The excess over 30 times the federal weekly minimum wage (\$217.50)

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Electronic Filing Requirement

EFFECTIVE 1/1/2017

Employers with 10+ employees are required to electronically file and pay.

EFFECTIVE 1/1/2018

Mandatory electronic filing is required for ALL employers (regardless of size)

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DEPT. of Child Support Services – DCSS

www.childsup.ca.gov/employer

The screenshot shows the DCSS website interface. At the top, there's a navigation bar with links like Home, Contact Us, Noncustodial Parent, Employer, Payments, Reports, Resources, and Child Support Professionals. Below this, the 'Update Employer Contact Information' form is displayed. It includes a section for 'Update Employer Contact Information' with a 'New Employer' button and a 'Update Employer Contact Information' button. There's also a section for 'EMPLOYER LEGAL/PENDING INFORMATION' with a 'Legal/Pending Information' button. The form is designed for employers to update their contact information and legal status.

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Paid Family Leave - Update

Currently PFL provides low income workers with 55% of their salary while on leave for up to 6 weeks.

Beginning in 2018, PFL benefits will increase to 70% of their salary while on leave, while workers with higher pay (>\$108k annually) will get 60% of their salary during leave.

Stay tuned for legislative updates.

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Paid Family Leave - Update

CITY OF SAN FRANCISCO

On 4/5/16 – San Francisco became the first city in the country to approve six weeks of fully paid leave for new parents, which covers mothers, fathers and same-sex couples.

Signed by the Mayor on 4/21/16

Becomes effective 1/1/2017

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Paid Family Leave - Update

CITY OF SAN FRANCISCO

The PPL benefit is based on an employee's salary and is used to supplement the employee's City paid leave accruals, including sick leave, vacation, compensatory time off, floating furloughs, floating holidays, holidays in lieu, etc. PPL can also be used to supplement other forms of paid leave available to employees, such as State Disability Insurance (SDI) and Paid Family Leave (PFL).

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Piece-Rate Workers

The Department of Industrial Relations (DIR) announced a new law that went into effect as of January 1, 2016 addressing requirements to pay piece-rate workers for mandated rest and recovery periods and other nonproductive work time. (AB 1513)

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Piece-Rate Workers

CLC - New Section 226.2 does 2 things.

First: it clarifies and settles the pay requirements for mandated rest and recovery breaks and other nonproductive time going forward.

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Piece-Rate Workers

Second: it provides a short window of time for employers to make back wage payments to workers for rest and recovery breaks and other nonproductive time in exchange for relief from statutory penalties and other damages.

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Piece-Rate Workers

Compensation Requirements:

- Employees must be compensated for rest and recovery periods *separate from any piece-rate compensation*, and

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Piece-Rate Workers

The rate of compensation for rest and recovery periods shall be *the higher of:*

- An average hourly rate determined by dividing the total compensation for the workweek, exclusive of compensation for rest and recovery periods and any premium compensation for overtime, by the total hours worked during the workweek, exclusive of rest and recovery periods.
- The applicable minimum wage.

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Piece-Rate Workers

Average Hourly Rate Calculation

Divide the total compensation for the workweek, exclusive of compensation for rest and recovery periods and any premium compensation for overtime, by the total hours worked during the workweek, exclusive of rest and recovery periods.

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Piece-Rate Workers

Additional Paystatement Requirements

- The total hours of compensable rest and recovery periods, the rate of compensation, and the gross wages paid for those periods during the pay period.
- *Except for employers paying compensation for other nonproductive time in accordance with paragraph (7), the total hours of other nonproductive time, as determined under paragraph (5), the rate of compensation, and the gross wages paid for that time during the pay period.*

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Piece-Rate Workers

Safe Harbor from Penalties – CLC Section 226.2,b

Notwithstanding any other statute or regulation, the employer and any other person *shall have an affirmative defense to any claim or cause of action for recovery of wages, damages, liquidated damages, statutory penalties, or civil penalties.*

The statute then sets forth a number of requirements an employer must meet in order to have the affirmative defense authorized by subdivision

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Piece-Rate Workers

In general terms, what this means is that, for time periods prior to January 1, 2016, an employer may be relieved of any liability for damages and statutory and other penalties, arising out of claims asserting a failure to pay compensation for rest and recovery periods and other nonproductive time, *if* the employer meets all of the requirements set forth in the statute.

The application process for the affirmative defense expired July 1st, 2016.

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Certified Payroll Reporting

Mandatory Online Reporting for Certified Payroll Reports – resumed 8/1/2016



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Expanded OT Requirements

**A.B. 1066 – Beginning in 2019
Phase-In Overtime for Agricultural Workers
Act of 2016**

Provides OT requirements for work exceeding 8 hours in a single day and 40 hours in a workweek.

Current CLC exempts agricultural workers from wage and hour and meal break requirements. Provides no overtime for 10 hours per workday within 40-hour workweek.

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Expanded OT Requirements

Implementation will be phased-in throughout a 4-year span from 2019 to 2022

2019 9.5 Hours/Day 55 Hours/Week	2020 9 Hours/Day 50 Hours/Week
2021 8.5 Hours/Day 45 Hours/Week	2022 8 Hours/Day 40 Hours/Week

Governor can choose to suspend phase-in starting in 2019 for one year.
Employers with 25 or less employees have until 1/1/25 to comply.

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Reporting Labor Law Violations

DIR, Labor Commissioner announced the launch of the Online System for Reporting Labor Law Violations

"Our online system makes it easier to report wage theft and other labor law violations," says Labor Commissioner Julie A. Su.

"Wage Theft is a Crime" website for workers.
<http://wagetheftisacrime.com>

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Thank you

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Please remember to complete your evaluation of this session



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