

Are you ready for the California minimum wage increase on January 1, 2016?

On January 1, 2016, the California minimum wage is increasing to \$10.00 an hour, up from the current \$9.00 an hour. Before the end of the year, employers should ensure they are ready for the change and review their pay practices that maybe affected by the minimum wage increase.

Employers should review and ensure:

- Employment posters are up to date and reflect the minimum wage effective January 1.
- Overtime rate will be \$15 per hour; double time will be \$20 per hour.
- Effective January 1, 2016, the minimum salary requirements for “white collar,” administrative, executive or professional exemptions will increase to \$3,466.67 per month (or \$41,600 annually) up from \$3,120 per month (or \$37,440 annually).
- Commissioned inside sales employees must continue to meet the requirement of earning more than 1.5 times the minimum wage each workweek, (\$400 per week effective January 1) providing that more than half of the employee’s compensation is in commission earnings.
- Pursuant to the California Wage Theft Protection Act, pay statements must reflect the new rate of pay, if an employee’s rate of pay will increase on January 1 due to the minimum wage increase. If your pay statements do not show the current rate of pay per hour, the employee must receive notice in writing by January 7, 2016.
- Piece-rate workers must receive at least the California minimum wage for every hour worked.
- “Draws” must be equal to at least the minimum wage and overtime due to the employee for each pay period for non-exempt employees who receive a draw against commissions to be earned at a future date.
- The subminimum wage rate for “learners” will increase to \$8.50 per hour (from \$7.65 per hour) effective January 1, 2016. “Learners” are employees who have no previous similar or related experience in the occupation. California’s Wage Orders permit you to pay learners 85 percent of the minimum wage, rounded to the nearest nickel. State law allows the subminimum wage to be paid for only the first 160 hours of work, after which the employee must be paid at least minimum wage.

Remember that California employers must pay employees no less than the state minimum wage per hour for all hours worked. Even though the Federal minimum wage is lower, most California employers must abide by the higher California rate. The obligation to pay the minimum wage cannot be waived by any agreement, including collective bargaining agreements.

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