

CALIFORNIA PAID SICK LEAVE REQUIREMENT

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Are you in Compliance?

Beginning on July 1, 2015, almost all California employees, whether full-time, part-time, or seasonal will be able to accrue paid sick days at a rate of one (1) hour sick time for every thirty (30) hours worked. However, an employer does not need to comply with the accrual formula, IF AND ONLY IF, the employer has an existing paid leave policy that gives the employees three (3) days or (24) hours of paid sick leave at the beginning of each year. The bill, Healthy Workplaces, Healthy Families Act of 2014 (A.B. 1522 takes effect on January 1, 2015, but the accrual of sick time does not begin until July 1, 2015.

To begin complying:

- ✓ Here is the new form that you must post at your worksite, next to your wage and hour posters. <http://www.dir.ca.gov/dlse/ab1522.html>
- ✓ Also, contact your payroll processing company to make sure sick leave accrual will appear on your paystubs

Should you amend your existing vacation, sick and paid time off (PTO) policies and adopt a sick leave policy?

In light of California's new requirement to provide almost all employees paid sick days, employers should examine their existing leave policies. Under existing California law, employers are *not* required to provide their employees with paid vacation or paid holidays. However, most employers provide vacation and holiday pay as part of the employment agreement with their employees.

Now that employers are required to provide paid sick leave, small businesses should consider doing away with vacations and adopting a sick leave policy only. First, in California vacation pay is considered wages and if an employee leaves or is terminated the employer must pay out the employee any unused vacation time. On the other hand, sick leave is not considered wages therefore when an employee leaves or is terminated the employer does not have to pay out any unused sick days, thereby saving the employer money. Second, employers typically only offer vacation and PTO to full-time employees. But because A.B. 1522 requires that employers offer paid sick leave to part-time employees as well, employers should consider implementing a separate vacation and paid sick leave policy so vacation benefits are still only offered as a benefit to full time employees.

Regardless of the number or type of employees, you should review and amend your current leave policies to make them compliant with A.B. 1522.

- Should you have a comprehensive PTO policy, which includes paid sick leave?

- ✓ If your business has low turnover it may be more efficient and cost effective to provide 24 hours of paid sick leave at the beginning of each year.
- Should you have separate vacation and sick policies?
 - ✓ If your business has a large mix of full time, part-time or seasonal workers this will prevent providing benefits to a broader group of employees than intended.
- Should you do away with all PTO and paid vacation and adopt a paid sick leave policy only?
 - ✓ If your employees frequently take unpaid time off or you have high turnover this will reduce the cost of paying out vacation when an employee leaves.

As you reexamine your vacation and leave policies, think about whether your workforce really needs paid time off or vacation above and beyond what will soon be required by A.B. 1522. Whatever policy you adopt it must comply with A.B. 1522's provision regarding accrual, carryover, and capping.

We anticipate additional developments to occur on this issue and we will give you timely notice in the coming months.

Please call our office if you have questions about the information above at 562.296.8750