

New Minimum Salary for Exempt Employees  
Plus City of San Diego Changes to Minimum Wage and Paid Sick Leave

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As a result of new regulations from the US Department of Labor, all employees who are exempt from overtime pay must—as of December 1<sup>st</sup>—receive an annual salary of at least \$47,476, which is \$913 each week. The DOL expects that approximately 392,000 workers in California will become eligible for overtime pay as a result of this change.

This change applies across the nation, and the new salary level represents the 40th percentile of earnings for full-time salaried workers in the lowest-wage Census Region, which is currently the South. The minimum annual salary for this exemption will be updated automatically every three years, with the first update on January 1, 2020.

So if you have any exempt employees, you need to make sure that they receive this minimum salary. Also, and a reminder, for an employee to be properly classified as “exempt”, he or she not only need to receive at least the minimum salary, but he or she needs to fall into the correct job classification as a result of job duties performed at work.

In addition, some changes are on the horizon locally. In the June election, City of San Diego voters approved Proposition I, which requires San Diego employers to provide higher minimum wages and five days of paid sick leave to employees working in the city. The new requirements are set to take effect as soon as the election results are certified, which could be any day. Once the results are certified, the minimum wage in San Diego will rise from \$10 to \$10.50, and starting January 1, 2017, will be \$11.50.

Under the new sick leave provisions, San Diego employers can limit the use of accrued paid sick leave to 40 hours in a twelve-month period, which is 16 hours/two days more than state limits require. Also according to the new provision, employers cannot cap the accrual of sick leave and unused time must be carried over, which is also different than state law.

San Diego employers are required to post bulletins and notices regarding the new minimum wage and sick leave laws, but the City of San Diego has yet to issue posters that comply with the new Ordinance. We trust that will happen soon.

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