

# SANTA MONICA'S MINIMUM WAGE FACT SHEET

# \$15 by 2020

...Starting Now!

Santa Monica has a new minimum wage law. On July 1, 2016, the minimum wage will be \$10.50 per hour, with annual increases as shown below, reaching \$15.00 per hour on July 1, 2020. Smaller businesses (less than 25 employees) and qualifying nonprofits have an additional year to comply with the new law.

The wage for hotels and businesses operating on hotel property will be \$13.25 on July 1, 2016, and will match the Los Angeles hotel wage (\$15.37+ consumer price index increase) on July 1, 2017. The ordinance also includes paid sick leave, service charges, first-time worker, and enforcement provisions.

MINIMUM WAGE RATES			
(AS OF JULY 1 EACH YEAR)			
Year	Businesses with 26 or more employees	Businesses with 25 or fewer employees	All Hotels
2016	\$10.50	\$10.00 <small>(CA State Minimum Wage)</small>	\$13.25
2017	\$12.00	\$10.50	<b>\$15.37 + CPI in 2017</b> <small>(Aligned to City of LA Hotel Wage; increases annually by Consumer Price Index - CPI)</small>
2018	\$13.25	\$12.00	
2019	\$14.25	\$13.25	
2020	\$15.00	\$14.25	
2021	\$15.00	\$15.00	

SICK LEAVE PROVISIONS		
(AS OF JANUARY 1 EACH YEAR)		
Year	Businesses with 26 or more employees	Businesses with 25 or fewer employees
2017	40 hours	32 hours
2018	72 hours	40 hours

Notes: Employees accrue one hour for every 30 hours worked. Employers can provide leave up front, and employer plans can be more generous.

## COMPLYING WITH OTHER MINIMUM WAGE LAWS

The State of California and the City and County of Los Angeles also have minimum wage laws. Santa Monica employers are responsible for complying with the Santa Monica ordinance and County and State requirements, where those are more generous.

## DETAILS OF THE ORDINANCE

### GENERAL MINIMUM WAGE

Businesses must comply with the local minimum wage starting July 1, 2016. Santa Monica's minimum wage law includes:

- Phased increase to reach \$15 in 2020 for most businesses
- One-year delay (\$15 by 2021) for businesses with 25 or fewer employees and qualifying non profit organizations
- Limited exemption for transitional employers
- Limited exemption for employees subject to a collective bargaining agreement

Santa Monica shares a general wage rate and schedule, including the one-year small business delay, with Los Angeles City and County.

### HOTEL WORKER LIVING WAGE

The hotel worker wage is based on Santa Monica's commitment to supporting a vibrant and equitable tourism industry in parity with the region/Los Angeles hotel wages.

- Applies to all hotels, apart from Santa Monica's youth hostels
- Includes a one-year hardship waiver provision, on application and approval, for hotels that would need to reduce employment by more than 20% or reduce hours by more than 30% to avoid bankruptcy
- Applies to businesses that contract, lease, or sublet on hotel property or provide services on hotel property
- Limited exemption for employees subject to a collective bargaining agreement

## PAID SICK LEAVE

The Santa Monica ordinance requires paid sick leave for full-time, part-time, and temporary employees beyond State requirements.

- Accrual limits are as follows:
  - Jan. 1, 2017: 32 hours for small businesses (25 or fewer employees); 40 hours for larger businesses (26 or more employees).
  - Jan. 1, 2018: 40 hours for small businesses; 72 hours for larger businesses
- Accrual rate is one hour for every 30 hours worked.
- Employees can carry over accrued sick leave annually (calendar year, fiscal year, or hiring date) up to the accrual cap.
- Employers can provide sick leave at the start of the year as a whole rather than by accrual, as long as this provides leave consistent with the required accrual amounts.
- Other sick leave plans will comply if equal to or more generous than the ordinance.
- Sick leave use follows State guidelines (AB 1522).

## SERVICE CHARGES

Santa Monica's ordinance requires that employers who collect service charges from customers must pay the entirety of those charges to the workers who performed those services.

- Service charges can be shared between front and back of house workers apart from hotel banquet/catering, portage, and delivery charges.
- Healthcare surcharges must be spent entirely on workers and follow specific guidelines.
- Employers must provide clear notice to customers of the charge and its use.
- Employers must share with employees how they distribute service charge proceeds, and must keep records of service charge revenue receipts and spending.

## FIRST-TIME WORKERS

Employees working for the first time in an activity in which they have no previous similar or related experience can earn no less than 85% of the minimum wage for the first 160 hours of employment.

- This is the same as the State "learner" provision.
- City staff can provide further guidance regarding what constitutes similar or related experience, if needed.

## ENFORCEMENT

The ordinance prohibits retaliation against employees for rights protected under the minimum wage law, and provides that employers cannot reduce employees' hours or other benefits to directly fund the wage increase. Employees have the right to file civil claims, and employers violating the law can be subject to administrative or criminal penalties. Go to [smgov.net/minimumwage](http://smgov.net/minimumwage) for updated information.

## MINIMUM WAGE PROCESS

Over the course of eight months, City of Santa Monica staff worked with businesses, workers, advocacy groups, community members, and subject experts to hear concerns, conduct research, and recommend minimum wage law provisions to Santa Monica's City Council.

Business, labor, and community members also participated in a Minimum Wage Working Group to review and recommend technical adjustments to the adopted ordinance, which was subsequently adopted by the City Council on May 10, 2016.

