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Minimum Wage Increase Effective July 1st!

by Robert Gerard, Shareholder, Friedman Stroffe & Gerard, P.C.



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Action Sports' employers need to prepare for the state minimum wage increase, which goes into effect on July 1, 2014. On that date, California's minimum wage increases to \$9 per hour from the existing minimum wage of \$8 per hour. The federal minimum wage is \$7.25 per hour, but when state and federal laws differ, employers must comply with the law that is more beneficial to the employee. Local ordinances in San Francisco and San Jose also require greater minimum wage obligations.

State enforcement agencies, like the Department of Labor Standards Enforcement (DLSE) have made it a top priority to ensure that employers pay the minimum wage for all hours worked. Thus, the failure to pay minimum wages can result in civil fines and penalties that exceed the amount of minimum wages owed to the employee.

Therefore, Action Sports employers need to make sure employees affected by the minimum wage increase are paid correctly. The obligation to pay minimum wage cannot be waived by an agreement with the employee.

The minimum wage increase affects an employer's notice requirements. Employers are required to display a poster that includes the current official Minimum Wage Order, update any necessary payroll documentation, provide itemized wage statements that accurately reflect the new minimum wage increase, and provide employees affected by the minimum wage increase with an appropriate wage notice showing the change in the rate of pay.

Action Sports employers should also examine any other pay practices that might be affected by the minimum wage increase, such as exempt employee classifications, adjustments to meal or lodging credits, piece-rate compensation plans, and employee commission plans.

If you have any questions regarding your company's notice requirements or pay practices in light of the change to the minimum wage rate, you should contact competent employment counsel.

Robert Gerard is a Shareholder at Friedman Stroffe & Gerard, P.C. He specializes in representing action sports manufacturers and retailers in all aspects of employment law, including counseling/advice, compliance, litigation prevention, single plaintiff litigation, and class actions. Contact him at rgerard@fsglawyers.com or 949.265.1100.

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