

# SANTA MONICA'S MINIMUM WAGE FACT SHEET

# \$15 by 2020

Santa Monica's minimum wage law went into effect on July 1, 2016. The minimum wage increase annually according to the schedule 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, and there is a limited, short-term exemption for first-time workers. Following 2021, the wage will increase annually by CPI.

The wage for hotels and businesses operating on hotel property matches the City of Los Angeles Hotel Worker Living Wage. It increases annually on July 1 by CPI. The minimum wage and hotel worker living wage ordinances also include paid sick leave, service charges, and enforcement provisions.

| MINIMUM WAGE RATES<br>(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<br><small>(CA State Minimum Wage)</small> | \$13.25  |
| 2017   | \$12.00                              | \$10.50   | \$15.66  |
| 2018   | \$13.25                              | \$12.00   | \$16.10  |
| 2019   | \$14.25                              | \$13.25   | \$16.63  |
| 2020   | \$15.00                              | \$14.25   | <small>(Aligned to City of LA Hotel Wage; increases annually by CPI)</small> |
| 2021   | \$15.00                              | \$15.00   |  |

| SICK LEAVE PROVISIONS                |                                       |
|--------------------------------------|---------------------------------------|
| Businesses with 26 or more employees | Businesses with 25 or fewer employees |
| 40 hours                             | 32 hours                              |
| 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. Employers are responsible for following all applicable laws. Where the laws conflict, employers must abide by the requirements that are more generous to employees.

## ORDINANCE DETAILS

### 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



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For details on the minimum wage and all other provisions, visit [smgov.net/minimumwage](http://smgov.net/minimumwage).

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## 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.
- Employers must carry over accrued, unused sick leave annually (calendar year, fiscal year, or hiring date) up to the required amounts.
- Employers may 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. To qualify, the plans must provide at least the required hours as paid sick leave. Vacation or paid time off plans do not satisfy the paid sick leave requirement.
- 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, portorage, 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. You can read more about the law's development at [smgov.net/minimumwage/minimum-wage-process](http://smgov.net/minimumwage/minimum-wage-process).



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