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Labor & Employment Alert

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Looking ahead — New laws for California employers in 2024

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Several new laws will go into effect in 2024 that impact California employers.



What's the impact?

- Increases to minimum wage and sick leave
- Workplace violence prevention plan requirements
- New restrictions on non-competition agreements

The new year brings significant labor and employment law updates that will impact employers and employees in California. Employers need to be prepared to comply with the numerous bills, many of which take effect January 1, 2024, unless otherwise noted.

Increased minimum wage

Minimum wage in the state of California will increase on January 1, 2024, by 50 cents or to \$16 an hour. The minimum exempt salary for California employees, which is tied to the state's minimum wage, will rise from \$64,480 to \$66,560.

California is also raising the minimum wage requirements for employees in the healthcare and fast-food industries.

HEALTHCARE MINIMUM WAGE (EFFECTIVE JUNE 1, 2024)

[Senate Bill 525](#) requires California healthcare facilities to raise minimum wage schedules beginning on June 1, 2024. The applicable minimum wage schedules (from \$18 per hour up to \$23 per hour) will depend on the type of healthcare facility and the nature and size of the business. In addition to the varying minimum wage schedules, SB 525 requires healthcare workers who are paid on a salary basis to earn a monthly salary equivalent to at least 150% of the healthcare worker minimum wage, or 200% of the applicable state minimum wage, whichever is greater.

FAST FOOD WORKER MINIMUM WAGE (EFFECTIVE APRIL 1, 2024)

Assembly Bill 1228 requires California fast-food restaurants to raise minimum wage for employees to \$20.00 per hour beginning on April 1, 2024. This applies to chains of limited-service restaurants consisting of more than 60 establishments that share common branding, marketing, and products. The Bill also establishes and authorizes a Fast-Food Council to set fast-food restaurant standards for minimum wage, and develop proposals for other working conditions, including health and safety standards and training.

Employee leave

SICK LEAVE

Senate Bill 616 increases the required paid sick leave for employees from three days (24 hours) to five days (40 hours) for full-time employees.

Employers "front loading" sick leave must provide five days (40 hours) at the beginning of the year. Employers using an accrual method must ensure employees have no less than 24 hours by the 120th calendar day of employment and at least 40 hours by the 200th calendar day of employment. Employers using the accrual method must also allow accrued sick days to carry over to the following year. However, an employer may limit an employee's use of accrued paid sick days to 40 hours each year. The law also increases accrual threshold from six days (48 hours) to 10 days (80 hours).

REPRODUCTIVE LOSS LEAVE

Senate Bill 848 requires employers with five or more employees to provide up to five days of unpaid leave following a “reproductive loss event,” defined as “the day or, for a multiple-day event, the final day of a failed adoption, failed surrogacy, miscarriage, stillbirth, or an unsuccessful assisted reproduction.”

Reproductive leave loss is capped at 20 days within a 12-month period, though employees are permitted to use other types of available leave such as PTO, sick leave, etc.

Any information provided to the employer relating to the leave must be maintained as confidential and must not be disclosed except to internal personnel or counsel, or as required by law. The law also prohibits retaliation for exercising rights to the leave.

Noncompetition agreements

Two new laws are set to expand on California’s public policy [prohibiting noncompete agreements](#).

Senate Bill 699, effective January 1, 2024, expands the Business and Professions Code’s prohibition on noncompetition agreements regardless of where or when the agreement was signed, even if it was signed outside of California. The Bill also creates a private right of action for former and prospective employees against any employer that attempts to enforce a void noncompete.

Assembly Bill 1076 requires that employers notify certain employees who have contracts containing a noncompete clause that the noncompete provision is void. The written notice must be provided by February 14, 2024.

Off-duty/off-premises cannabis use

Assembly Bill 2188 makes it unlawful for employers to discriminate against employees for off-duty cannabis use beginning on January 1, 2024.

Senate Bill 700 makes it unlawful for an employer to request information or disclosures from job applicants regarding prior use of cannabis. This Bill also prohibits discrimination against applicants based on information about their prior cannabis use obtained from criminal history, unless the employer is otherwise permitted to consider or inquire about that information under the law.

Employers may still prohibit employees from using or being impaired by cannabis at work.

Whistleblower protections

Senate Bill 497 creates a presumption of retaliation if an employee is discharged or disciplined within 90 days of certain protected activities. These include employee activities such as:

- / Reporting wage and hour violations
- / Disclosure to a government or law enforcement agency the employee reasonably believes is information of a violation of state or federal statute, rule, or regulation
- / Reporting or attempting to enforce rights pertaining to equal pay

The presumption places the burden on the employer to rebut via some other legitimate, non-retaliatory reason for the adverse employment decision.

Workplace violence prevention plan (effective July 1, 2024)

Under [Senate Bill 553](#) California will be the first state to require employers to develop, implement and maintain an “effective” workplace violence prevention plan, train employees, and create and maintain extensive records regarding workplace violence.

Beginning July 1, 2024, Senate Bill 553 requires virtually all employers to create a workplace violence prevention plan that is in writing and accessible to all employees. The Bill specifies the content of such a plan and includes an anti-retaliation provision for employees that file workplace violence reports.

Employers must also log incidents of workplace violence, defined as “any act of violence or threat of violence that occurs in a place of employment that results in, or has a high likelihood of resulting in, injury, psychological trauma, or stress, regardless of whether the employee sustains an injury.”

The Bill also requires employers to create an extensive training plan that is administered annually and retain training records for a minimum of one year. The initial training must include:

- / The employer’s plan, how to obtain a copy of the employer’s plan at no cost, and how to participate in development and implementation of the employer’s plan
- / How to report workplace violence incidents or concerns to the employer or law enforcement
- / Workplace violence hazards specific to employees’ jobs, corrective measures the employer has implemented, how to seek assistance to prevent or respond to violence, and strategies to avoid physical harm
- / The violent incident log and how to obtain copies of required records
- / An opportunity for interactive questions and answers with a person knowledgeable about the employer’s plan

Further, for a minimum of five years employers must maintain records of workplace violence hazard identification, evaluation and correction, violent incident logs, and records of workplace violence incident investigations.

Practical impact and looking ahead

California employers should evaluate their current policies and practices to ensure compliance with these new laws well in advance of each law's effective date. They should work closely with their Human Resources professionals and outside counsel to review and update their employee handbooks and policies, conduct trainings, and educate their personnel on these new laws.

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