



Legal Alert: California State and City of San Francisco Minimum Wage Increases

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On November 14, 2007, San Francisco City Mayor Gavin Newsom announced that, on January 1, 2008, the minimum wage for employees within San Francisco will increase from \$9.14 per hour to \$9.36 per hour. This was done in accordance with the San Francisco Minimum Wage Ordinance, which was passed by the voters in November 2003, and calls for annual rate adjustments based on the previous year's Consumer Price Index for urban wage earners.

Posters announcing the new rates are in the process of being prepared.

California's state minimum wage is also increasing. On January 1, 2008, the minimum wage for California employees is increasing from \$7.50 per hour to \$8.00 per hour.

Bottom line for employers: There are several reasons why it is important for all employers to remain apprized of minimum wage increases. First, and most obviously, the increase means employers must pay their employees more money per hour. Second, and not necessarily as obvious, employers must evaluate their compensation of their exempt employees to make certain that their wages still meet the level necessary for the exemption. In California, in order for an employee to be properly classified as "exempt" from overtime, the employee must earn at least twice the minimum wage. This is in addition to meeting the other tests necessary to be properly classified as "exempt." Hence, an increase in the minimum wage means an increase in the minimum threshold wage requirement for an employee to be properly classified as "exempt."

Should you have any questions about the minimum wage hike and its impact on your exempt employees, or on any other issue related to wage and hour law, please contact the Ford & Harrison attorney with whom you usually work or the author of this Alert, Helene Wasserman, at 213-237-2403 or hwasserman@fordharrison.com.

Helene is the host of the Employer Helpcast, which is a "one stop website" for both "nuts and bolts" employment law advice and insight into new legal developments affecting employers. The Employer Helpcast can be found at <http://employerhelpcast.blip.tv/>.