

Two 2015 New Year's Resolutions for Business Owners

#1: Get Compliant with Overtime/Double Time Calculation Rules

It is easy for complacency to set in relative to applying the correct rules for calculating overtime for your employees. The two primary areas of neglect are: properly observing the daily and weekly rules for calculating overtime and double-time hours, and including the appropriate items in calculating the "regular" rate of pay. In California, the usual rules are any hours worked in excess of 8 in a day, or 40 in a week, or the first 8 hours worked on the 7th consecutive day are overtime; over 12 in a day or beyond 8 on the 7th consecutive day worked are double-time. As to the rate used to apply to the overtime and double-time hours, any other amounts earned in the workweek **not** considered discretionary, must be included in the rate of pay that is used for calculating the overtime or double-time premium. This can vary by Job Classification and Occupational Wage Order. If you have any concerns about whether or not you are in compliance, you should consult a qualified HR consultant or Labor Law expert. It may cost you a little more per pay period to calculate these amounts properly, but it will cost a lot more later if your company is found to be non-compliant.

#2: Establish a Plan to Provide Paid Sick Leave to All of Your Employees

It is going to become law in California on July 1, 2015, so why not start the process of planning for it now? The minimum amount of time an employee has to work in order to qualify is only 30 days annually. If you already have a PTO Policy or Vacation Accrual Plan, you might only have to modify your existing plan slightly to meet the minimum requirements. Under the new law, you must provide 1 hour of Paid Leave for every 30 hours of work, and you can limit the accrual to a maximum of 48 hours of accumulated time. If you don't utilize a cap, full-time employees will accrue 69.3 hours of paid sick leave over the course of a year. In addition, you are not required to cash out any unused hours to employees upon termination, but you **are** required to reinstate hours if a terminated employee is reinstated within the year of separation.

Once you have consulted with an appropriate authority, contact IBS to see how our system can assist you with your compliance needs.

Happy New Year!