

California Requires Employers to Provide More Paid Sick Leave

California has enacted a new law that requires employers to make changes to their mandatory paid sick leave programs effective January 1, 2024, including the following:

- California employees may use up to 40 hours (or five days) of accrued paid sick leave in a year, which is an increase from 24 hours (or three days) per year.
- The total accrued paid sick leave for a California employee may be limited to 80 hours (or ten days), which is an increase from 48 hours (or six days).
- New employees in California are generally required to have accrued no less than 40 hours (or five days) of paid sick leave by the 200th calendar day of employment, if the employer does not use the standard accrual method of one hour of paid sick leave for each 30 hours worked.

Below you will find highlights of the new law.

■ Background

California's mandatory paid sick leave law, known as the "Healthy Workplaces, Healthy Families Act of 2014," applies to employers that employ an individual who works in California for at least 30 days in a year for the same employer, regardless of the employer size or the location of the employer's principal place of business.

Under current state law, employees performing services in California are generally entitled to accrue at least one hour of paid sick leave for every 30 hours worked. Employees may begin using accrued paid sick leave on their 90th day of employment.



An employer may limit an employee’s use of paid sick leave in a year to 24 hours or three days. Under the accrual method, accrued but unused paid sick leave must carry over to the next calendar year; however, the employer may limit the overall amount of paid sick leave that an employee may accrue to 48 hours or six days.

Alternatively, instead of tracking accruals and carryovers, an employer may choose to credit employees with the full 24 hours or three days of paid sick leave in a lump sum at the beginning of each year.

■ Changes to the Mandatory Paid Sick Leave in California

Area	Current Law	Requirements Effective January 1, 2024
Use	An employer may limit an employee’s use of paid sick leave accruals to 24 hours per year (or three days)	An employer may limit an employee’s use of paid sick leave accruals to 40 hours per year (or five days)
Carryover and accruals	Accruals must be carried over from year to year, but an employer may cap accruals at 48 hours (or six days)	Accruals must be carried over from year to year, but an employer may cap accruals at 80 hours (or ten days)
Alternative lump sum method	<p>As an alternative to tracking accruals and carryovers, an employer may instead grant employees a lump sum of not less than 24 hours (or three days) of paid sick leave accruals <u>at the beginning of each year</u> of employment, calendar year, or 12-month period.</p> <p>In the case of a new employee, an employer may instead grant a lump sum of not less than 24 hours (or three days) of paid sick leave accruals upon completion of the 120th calendar day of employment</p>	<p>As an alternative to tracking accruals and carryovers, an employer may instead grant employees a lump sum of not less than 40 hours (or five days) of paid sick leave accruals <u>at the beginning of each year</u> of employment, calendar year, or 12-month period.</p> <p>In the case of a new employee, an employer may instead grant a lump sum of not less than 24 hours (or three days) of paid sick leave accruals upon completion of the 120th calendar day of employment, AND not less than 40 hours (or five days) of paid sick leave accruals upon completion of the 200th calendar day of employment</p>
Alternative accrual method	An employer may use a different accrual method (other than one hour of paid sick leave for every 30 hours worked), as long as the accrual is on a regular basis so that the employee accrues not less than 24 hours (or three days) of paid sick leave by the 120th calendar day of employment or in a calendar year or in a 12-month period.	An employer may use a different accrual method (other than one hour of paid sick leave for every 30 hours worked), as long as the accrual is on a regular basis so that the employee accrues not less than 24 hours (or three days) of paid sick leave by the 120th calendar day of employment or in a calendar year or in a 12-month period AND not less than 40 hours (or five days) of paid sick leave by the 200th calendar day of employment or in a calendar year or in a 12-month period.



Existing paid sick leave or paid time off policy

An employer with an existing paid sick leave or paid time off (PTO) policy does not have to provide additional paid sick leave, as long as the program meets the accrual, usage, carryover, and reinstatement requirements of California law, **AND** provides at least 24 hours (or three days) of annual paid sick leave within the first nine months of employment

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The new California law also extends certain employment law protections under the paid sick leave law to employees covered by a valid collective bargaining agreement, and exempts certain railroad employees from the mandatory paid sick leave law.

■ Employer Action

Employers have a relatively short time (until January 1, 2024) to make appropriate changes to their paid sick leave or PTO policy for California employees to comply with the requirements of the new law. Employers should work with their employment-law attorney or resource to understand and implement the details of these new rules.

Employers will need to update their payroll systems to correctly track and report employees' paid sick leave accruals.

In addition, employers should consider how to educate and communicate their paid sick leave policy to human resources personnel, managers, and employees. For example, employers may need to update their employee handbook for this purpose.