

California HR Compliance Guide

A practical guide to California
labor laws



Introduction

Running a business in California means navigating some of the most comprehensive labor laws in the country. It also means you're leading in a state that expects fairness, clarity and respect for workers' rights.

This guide is here to help. It's designed for HR leaders like you, the ones who want to stay compliant without losing sight of compassion. Inside, you'll find straightforward explanations of the rules that matter most, plus practical reminders to help you protect your business and support your team.

Let's walk through it together.

1. Bereavement Leave Laws

Grief doesn't follow a schedule. And when employees lose someone close to them, the law gives them space to step away.

Key points for employers:

- If you have **5 or more employees**, you must offer up to **5 days of bereavement** leave following the death of a qualifying family member.
- Leave can be **non-consecutive but** must be used within **3 months** of the death.
- **Paid leave isn't required**, but employees can use accrued paid time off. If you already offer paid bereavement, that policy must be honored.
- Qualifying relationships include spouse/ domestic partner, parent, child, sibling, grandparent, grandchild, or parent-in-law.

- Employees become eligible after **30 days of employment**.

Make sure your bereavement policy reflects the law—and shows understanding during difficult times.

2. Fair Hiring Laws

California hiring laws go beyond federal standards to ensure equity from the very start.

Here's what you need to know:

Ban-the-Box (Fair Chance Act): You may not ask about criminal history until after making a conditional job offer.

If you choose not to hire based on criminal history, you must:

- Conduct an individualized assessment following the death of a qualifying family member.

- Notify the applicant in writing
- Provide a copy of the background check
- Allow at least 5 business days for a response

FEHA Protections: California's anti-discrimination law applies to **employers with 5+ employees** and covers traits beyond federal laws, including:

- Gender identity
- Marital status
- Medical condition
- Genetic information

Equal Pay: Employees performing **substantially similar work** must be paid equally, regardless of job title or location.

Local laws may apply, like those in San Diego County, which include additional Fair Chance Ordinances.

Hiring fairly isn't just about compliance. It sets the tone for your entire workplace culture.

3. Meal and Rest Break Laws

Breaks aren't optional in California—they're required. Failing to follow the rules can lead to penalties.

Meal breaks:

- 30-minute unpaid meal break after 5 hours of work
- Second 30-minute meal break after 10 hours (can be waived if under 12 hours total)
- Must occur no later than 5 hours into the shift

Rest breaks:

- 10-minute paid rest break for every 4 hours worked
- Should fall near the middle of the work period when possible
- Employees don't need to stay on premises during rest breaks

Additional notes:

- Commission-based workers must be separately paid for rest periods
- Employers in extreme heat conditions must provide additional cool-down breaks
- Employees denied a required break are entitled to 1 hour of premium pay per day

Make sure your scheduling tools and timekeeping systems are set up to track these breaks accurately.



4. Minimum Wage Laws

California's wage rules are clear and steadily increasing.

Current statewide minimum wage (as of Jan 1, 2024):

\$16.00/hour for all employers

However:

Cities like San Francisco, Los Angeles, and San Diego have local minimum wages that are even higher. You must follow the highest applicable rate.

Employer responsibilities:

- Post updated wage notices in a visible area
- Track hours and wages carefully
- Keep records for at least 3 years
- Understand that tip crediting is not allowed—tips are on top of wages

There are also industry-specific wage orders (agriculture, film, etc.) and no exemptions for youth or part-time workers. Everyone gets the same baseline.



5. Overtime Laws

Overtime in California is stricter—and more generous—than federal rules. You'll want to stay on top of both the daily and weekly thresholds.

When overtime applies:

- 1.5x pay for:
 - Over 8 hours in a single day
 - Over 40 hours in a week
 - First 8 hours on the 7th consecutive workday
- 2x pay for:
 - Over 12 hours in a day
 - Over 8 hours on the 7th consecutive workday

Key compliance tips:

- Salaried employees may still be non-exempt unless they meet strict salary + duties tests
- Unauthorized overtime must still be paid—but you can discipline for policy violations
- Bonuses and commissions may need to be factored into the regular rate for overtime calculations

Overtime pay must be included in the next scheduled payroll after it's earned.

6. Paid Family Leave (PFL)

Your employees may need time off to care for loved ones. California's PFL program supports them, and it doesn't cost you.

Funded entirely by employee payroll deductions (CASDI):

- You're not responsible for paying the benefit
- The state pays it through the State Disability Insurance fund

Qualifying reasons:

- Bonding with a new child
- Caring for a seriously ill family member

Benefit details:

- Up to 8 weeks of partial wage replacement
- No minimum hours worked, but the employee must have paid into SDI
- Can be taken intermittently or all at once

You may still need to coordinate with job-protected leave under CFRA or FMLA, depending on the situation.

7. Paid Sick Leave (PSL)

California requires all employers—even those with a single employee—to provide paid sick leave.

Standard accrual:

- 1 hour of sick leave for every 30 hours worked
- Must allow at least 24 hours or 3 days per year

- Carryover allowed up to 48 hours, unless using a lump sum approach

Permissible uses:

- Personal illness or preventive care
- Care for a family member
- Time off related to domestic violence or sexual assault

Important for employers:

- Cities like San Francisco or Oakland may have stricter local rules
- Employees cannot be retaliated against for using PSL
- You may require notice or documentation, depending on the policy—but policies must be clear and compliant

Keep policies updated and communicated clearly to avoid misunderstandings.





8. Scheduling & Predictive Scheduling

California doesn't have a statewide predictive scheduling law. But several cities do, and other rules still apply.

Where predictive scheduling applies:

- San Francisco, Emeryville, and Berkeley have local ordinances
- Typically apply to retail and fast-food employers
- Require at least 14 days' notice of schedules
- May require extra pay for last-minute changes (predictability pay)

Other state rules to know:

- **Reporting time pay:** If an employee shows up and is sent home early, you must pay for at least half their scheduled shift (no less than 2 hours)
- **On-call shifts:** If you control the employee's availability, it may count as paid time
- **Day of rest:** Employees working more than 6 consecutive days must get one day off per week, unless specific exceptions apply

Be sure your scheduling systems account for these rules, especially if you operate in a regulated municipality.

9. Tip Laws

California is strict when it comes to protecting tipped employees—and employers must tread carefully.

Key rules:

- No tip crediting: Tips do not count toward minimum wage
- No deductions: Employers cannot deduct processing fees from credit card tips
- No tip sharing with owners or managers
- Tip pooling is allowed, but only among employees who are part of the customer service chain (e.g., bussers, barbacks—not cooks or cashiers)

Service charges (like automatic gratuities) belong to the employer, unless distributed by policy or required by local ordinance (like in Santa Monica).

Tip tracking:

Keep accurate records of tips reported, especially when pooling. Violations are misdemeanors with serious penalties.



Compliance Doesn't Have to Be Complicated

Yes, California's labor laws are comprehensive. But at the heart of all this regulation is something simple: treat people fairly.

You're not just checking boxes. You're building a business that's stable, trusted and future-ready. With the right tools in place, staying compliant becomes less about stress and more about strength.

At IRIS, we offer solutions that help you manage time tracking, scheduling, hiring, and payroll—all in one place—so you can stay focused on running your business with confidence and care.

Need help navigating California payroll compliance?

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