



Los Angeles Living Wage Ordinance Amended With Annual Increases

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Any employer working with the city of Los Angeles should be aware of recent amendments to the Los Angeles Living Wage Ordinance, which lays out annual cash wage increases, time off and health benefits.

The Los Angeles Living Wage Ordinance (LWO) applies to city contractors and ensures that employees working on city contracts are paid the city's set living wage (which consists of a cash wage rate and an employer's health related benefits contribution) and are provided with time off as required by the LWO (at least 96 compensated hours off and 80 uncompensated hours off).

Effective October 15, 2018, the city amended the ordinance to require employer contractors to pay their non-airport employees the following wage going forward:

- On July 1, 2019, the wage rate for an Employee shall be no less than \$14.25 per hour.
- On July 1, 2020, the wage rate for an Employee shall be no less than \$15.00 per hour.
- July 1, 2022, and annually thereafter, the hourly wage rate paid to an Employee to be adjusted.

In addition to the above base wage, employers must provide health benefits of at least \$1.25 per hour to employees towards the provision of health care benefits for employees and their dependents.

For example, if an employer does not currently provide an employee with health benefits as provided in Section 10.37.3 of this article, the employee must be paid an additional wage rate of \$1.25 per hour for a total of \$14.50

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per hour (based on the current \$13.25 per hour base rate).

Employers working with Los Angeles Airport Employees must comply with separate wage rates. Effective July 1, 2018 (and adjusted annually thereafter), airport employees must be paid at minimum \$13.75 per hour in cash wages and \$5.24 per hour in health benefits, for a total economic package of \$18.99. The term “total economic package” is not defined in the ordinance. However, it is traditionally interpreted to mean “health related” benefits. “Health related” is defined liberally to include vacation time, health insurance, sick pay, etc.

Because the LWO’s wage rate increases annually, California employers thinking about entering into collective bargaining agreements should consider including flexible language around the annual rate increase.