



## Summary of “The Fair Wages and Healthy Families Act” (AZ Proposition 206)

*“The Fair Wages and Healthy Families Initiative increase minimum wage to \$10 in 2017 then gradually to \$12 by 2020; provides 40 hours annual “earned paid sick time” for employers of large employers (24 hours for those of small employers); time accrues at one hour for every 30 hours worked; time may be used to address circumstances caused by illness of employee or employee’s family, public health emergencies, or domestic violence; prohibits retaliating employees using the benefit; allows for more generous paid time-off policies; and exempts employees who expressly waive the benefit under collective bargaining agreements.”*

### **Minimum Wage Increases - Effective January 1, 2016:**

- To \$10.00/hr on/after 1-1-2017
- To \$10.50/hr on/after 1-1-2018
- To \$11.00/hr on/after 1-1-2019
- To \$12.00/hr on/after 1-1-2020

### **Exception to Minimum Wage:**

- Employers may pay up to \$3.00 per hour less than minimum wage if employer can establish by its records employees’ average tips, plus wage, is equal to or greater than the minimum wage for all hours worked in a given payroll period

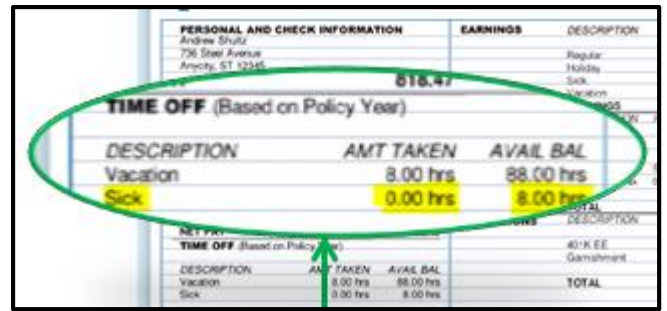
### **Accrual of Earned Paid Sick Time**

- Employees must accrue a minimum of 1 hour for every 30 hours worked
  - **15 or more Employees:** Employees must earn a minimum of 40 hours per year
  - **Less than 15 employees:** Employees must earn a minimum of 24 hours per year
    - # of employees is determined by number of employees performing work for an employer for compensation during a given week (full-time, part-time, or temporary employees shall be counted)
    - Fluctuating payrolls – if there more than 15 employees on payroll for some portion of a day in 20 different calendar weeks in the current or previous year, default to over 15 employee rule
- Earned Paid Sick Time will begin to accrue upon 1<sup>st</sup> day of employment or on **July 1, 2017**, whichever is later
  - Exempt employees will assume 40-hour work weeks unless defined otherwise
  - Hourly employees’ time will be compensated at the same hourly rate
- Earned Paid Sick Time can be used as is it accrued; employees hired after 7/1/2017 can be required to wait 90 calendar days after start of employment before using Earned Paid Sick Time
- Employees who transfer to a new division, entity, or location but remains with same employer is entitled to all accrued Earned Paid Sick Time; employees rehired within 9 months of separation by the same employer are required to reinstate unused paid sick time
- Employers succeeding or taking place of existing employer are required to give employees of the original employer their Earned Paid Sick Time
- Employers may loan Earned Paid Sick Time to an employee in advance
- Employers who offer a Paid Leave Policy (such as Paid Time Off) who make available an amount of paid leave sufficient to meet the accrual requirements that may be used for the same purposes and under the same conditions as Earned Paid Sick Time are not required to provide additional paid sick time
- Employers are not required financial or other reimbursement to an employee upon their termination, resignation, retirement, or other separation for accrued earned paid sick time that has not been used
- **Options at end of year for unused Earned Paid Sick Time:**
  - (1) Balances will carry over to the following year
  - (2) Pay employee for unused Earned Paid Sick Time and provide employee the full amount of Earned Paid Sick Time the employee is expected to accrue at the beginning of the new year available for immediate use



## Notice to Employees

- Written notice must be provided to employees upon 1<sup>st</sup> day of hire or by July 1, 2017, whichever is later
- Amount of earned paid sick time available, taken, and received must be recorded in, or on an attachment to, the employee's regular paycheck each time they are paid



PERSONAL AND CHECK INFORMATION		EARNINGS	DESCRIPTION
Andrew Stultz 796 Steel Avenue Ancochy, ST 02246		818.47	Regular
			Holiday
			Sick
			Verdict
			TOTAL
<b>TIME OFF (Based on Policy Year)</b>			
DESCRIPTION	AMT TAKEN	AVAIL BAL	
Vacation	8.00 hrs	88.00 hrs	
Sick	0.00 hrs	8.00 hrs	
NET PAY			
<b>TIME OFF (Based on Policy Year)</b>			
DESCRIPTION	AMT TAKEN	AVAIL BAL	DESCRIPTION
Vacation	8.00 hrs	88.00 hrs	401K EE
Sick	0.00 hrs	8.00 hrs	Gainshment
		TOTAL	

## Violations



- Employers who violate recordkeeping, posting, or other requirements are subject to civil penalty of at least \$250 dollars for the 1<sup>st</sup> violation, at least \$1000 dollars for each subsequent violation
- Failure to pay the wages or Earned Paid Sick Time required will be required to be paid to employee, as well as interest, and an additional amount of twice the underpaid wages

## Use of Earned Paid Sick Time

- Earned Paid Sick Time to be used for an employee's mental or physical illness, injury or health condition; employee's need for medical diagnosis, care, or treatment of a mental or physical illness, injury or health condition; employee's need for preventative medical care
- Care of a family member in cases listed above
- Earned Paid Sick Time will be provided upon employee's request; requests may be made orally, in writing, electronically or by other means acceptable to the employer; when possible the request should include the expected duration of the absence
- Employers that require notice of the need to use Earned Paid Sick Time, but the employee makes an unexpected request, the employer must provide a written policy that contains procedures for the employee to provide notice; employers who have NOT provided employees their written policy for providing notice cannot deny the request to take Earned Paid Sick Time
- Employers may not require employees to find replacement to cover for the hours the employee is using Earned Paid Sick Time
- Earned Paid Sick Time may be used in hourly increments or the smallest increment that the employer's payroll system uses to account for absences or use of other time
- Employers may require reasonable documentation if an employee uses Earned Paid Sick Time for 3 or more consecutive days (note signed by health care professional indicating that Earned Paid Sick Time is necessary)
- Other Reasonable documentation: police report, protective order, signed statement from domestic violence or sexual violence program, signed statement from witness advocate, employee written statement for family members

