

SB 525 – MINIMUM WAGES: HEALTH CARE WORKERS FAQs

These FAQs cover staff appointments only.
These FAQs do not cover academic appointments.

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What is SB 525?

Beginning on June 1, 2024, and increasing every year thereafter, SB 525 sets a new minimum wage for “covered health care employees.” Minimum wages will apply to both non-exempt (hourly) and exempt (salaried) employees and will continue to increase over time.

Which employees are covered by the law?

This law applies to employees who provide patient care, health care services, or services supporting the provision of health care. For UCI, we will be applying SB 525 to the following groups:

- All of UCI Health
- Patient facing titles at College of Health Sciences
- Student Health
- Health facilities in Athletics
- Dental, Optometry, Audiology, Psychology and Physical Therapy Clinics
- Pharmacy Employees
- Behavioral Health Counselors
- Patient facing titles in Temporary Employment Staffing
- Patient facing titles in Division of Finance Administration
- Students in patient facing titles
- Campus employees working at UCI Health

The following groups are not covered by SB 525:

- Campus (except for the positions/departments listed above)
- Research (Campus or College of Health Sciences)
- Non-patient facing titles at College of Health Sciences
- Compression adjustments as a result of SB 525
- Veterinary Schools

Are remote employees covered by SB 525?

Yes, if they otherwise meet the definition of a covered health care employee and as provided above.

What are “patient care, health care services, or services supporting the provision of health care”?

Patient care is not defined by statute but should generally be straightforward to identify. “Health care services” is defined to mean “patient care-related services including nursing; caregiving; services provided by medical residents, interns, or fellows; technical and ancillary services; janitorial work; housekeeping; groundskeeping; guard duties; business office clerical work; food services; laundry; medical coding and billing; call center and warehouse work; scheduling; and gift shop work; but only where such services support patient care.”

University employees who work in a medical center will generally be covered by SB 525. Most University employees who work on campus will not be covered by SB 525. However, employees who work outside of a medical center at certain other health care facilities or performing work that supports patient care are also covered.

Does this law apply only to employees at the medical centers?

No. The law applies to employees who provide “patient care, health care services, or services supporting the provision of health care” at “covered health care facilities,” which includes the medical centers, but also includes several different types of outpatient health care centers.

What does SB 525 require?

For UC, the hourly minimum wage for covered health care employees will increase to \$23/hour effective June 1, 2024. The exempt minimum wage for covered health care employees will increase to \$71,760/year.

The hourly minimum wage will increase to \$24/hour effective June 1, 2025, and to \$25/hour effective June 1, 2026.

The exempt minimum wage is the greater of 150% of the health care worker minimum wage for a full-time employee or 200% of the California state minimum wage for a full-time employee, and so will increase to at least \$74,880/year beginning on June 1, 2025, and to at least \$78,000/year beginning on June 1, 2026.

Beginning on January 1, 2028, the health care worker minimum wage will increase annually by the lesser of 3.5% or the rate of change of the Consumer Price Index (as calculated by the State). To be clear, this is not a mandatory salary increase; it is an increase to the new minimum wage for employees covered by the law.

Exempt minimum wages will increase to the greater of 150% of the health care worker minimum wage for a full-time employee or 200% of the California state minimum wage for a full-time employee.

How will pay compression be handled?

Equity adjustments that may be needed to address compression caused by SB 525 are not mandated under SB 525. Requests for equity adjustments should be submitted through the normal equity process.

How will this impact the potential general increase for non-represented employees?

Non-represented employees who received a salary increase of 4.2% or greater as a result of SB 525 will not receive the general increase. Employees who received a salary increase of less than 4.2% as a result of SB 525 will receive the difference between 4.2% and the SB 525

percentage increase they received. This includes compression salary increases as a direct result of SB 525 increases for supervisor's direct reports, if any. See examples below:

Example #1: Employee's current rate is \$21.00/hour and is increased by 9.5% to \$23.00/hour due to SB 525. The employee will not receive the non-represented general increase.

Example #2: Employee's current rate is \$22.50/hour and is increased by 2.2% to \$23.00/hour due to SB 525. The employee will receive 2.0% for the non-represented general increase.

Example #3: Employee's current annual rate is \$70,000 and is increased by 2.5% to \$71,760 due to SB 525's exemption threshold. The employee will receive 1.7% for the non-represented general increase.

Example #4: Supervisor's salary is increased as a result of compressions due to their direct report's 9.5% increase to the SB 525 minimum wage. The supervisor's increase due to compression was 6.5%. The supervisor will not receive the non-represented general increase.

Will all covered health care employees' wages increase when the health care worker minimum wage and health care worker exempt minimum wage increase?

No. The law sets new statewide minimum wages, which will generally increase annually, but individual employees' pay will not necessarily increase at the same time or at the same rates. The law does not require any increases to the wages of covered health care employees who are paid above the health care worker minimum wage.

Are there different rates for part-time exempt employees?

All exempt covered health care employees must be paid at least the exempt minimum wage for health care workers, regardless of the percentage time worked. It may be appropriate to increase part-time employees' time so that their pay meets the new minimum requirement, or to move part-time exempt employees to non-exempt status and pay them on an hourly basis (and treat them in all other respects as non-exempt employees) if conforming to the exempt minimum wage would cause internal equity, budgetary, or other concerns. There is work actively being done to clarify how this bill would apply to part-time employees, particularly faculty.

When does this law go into effect?

The first increase goes into effect on June 1, 2024.

Employee's pay who will be impacted because of SB 525 will receive notification in late May or early June 2024.

Are represented employees covered by SB 525?

The law does not distinguish based on represented status. Rather it applies to all employees (represented and policy covered) providing the covered services defined above.

Does SB 525 apply to contractors?

SB 525 applies to some contractors and subcontractors. Contractor or subcontractor employees who provide services offsite (such as linen or laundry services) are only covered by SB 525 if the University “exercises control” over the individuals’ wages, hours, or working conditions. If the University does not exercise such control, they are not covered.

Contractor or subcontractor employees who perform work primarily on the premises of a health care facility to provide health care services or services supporting the provision of health care are covered by SB 525. This would include individuals such as contracted valet personnel.

Contractor or subcontractor employees who perform delivery or waste collection work on the premises of a covered health care facility, or who provide medical transportation services in or out of a covered health facility, and who are not employees of any entity that owns, controls, or operates a covered health care facility, are not covered by SB 525.

Does SB 525 cover the same employees who were eligible for the COVID worker retention payments?

No, the definitions and eligibility requirements in SB 525 are different and broader. Additional employees who did not receive the COVID worker retention payments may be entitled to the health care worker minimum wage, and some employees who received the worker retention payments may not be eligible for the higher minimum wage.

Exemption Change FAQs

How is a job status determined to be exempt or non-exempt?

Exemption status is determined by the Fair Labor Standards Act (FLSA), a federal law that provides employers with requirements regarding minimum wage, overtime pay, and recordkeeping standards for employees. In particular, the FLSA provides employers with criteria, called “tests for exemption,” to help them determine the exemption status of a job or category of jobs. The Compensation Unit has applied these tests for exemption to all titles at UCI.

In addition to the test for exemption, SB 525 requires that for employees to remain exempt, their salary must be no less than 150% of the health care worker minimum wage or 200% of California state minimum wage, whichever is greater, for full-time employment.

My position is now considered non-exempt. What does “non-exempt” mean?

Non-exempt positions are those that are covered by overtime pay requirements as determined by the Fair Labor Standards Act (FLSA). Effective June 1, 2024, with the implementation of SB 525, if your position is non-exempt you will be paid overtime. You should talk to your supervisor about how your change in exemption will impact your work. Also, keep in mind that all overtime must be preapproved by your supervisor.

How will I report my time now that I am non-exempt? Will my time reporting change?

FLSA regulations require non-exempt employees to track their hours worked, so they can be paid overtime for work in excess of 40 hours per week. To ensure that the university meets these regulations, non-exempt employees report their actual time worked each day. The bi-weekly pay cycle is designed specifically to track hours worked and overtime.

How will my hourly rate of pay be determined now that I am non-exempt?

Your hourly rate will be determined by dividing your annual salary by 2,088 (the number of working hours in a year). For example, if your annual salary is \$52,200 per year:
 $\$52,200 \div 2,088 = \25 per hour.

How will my pay cycle change if my new position is non-exempt?

As a non-exempt employee, you will be paid according to a biweekly pay cycle consisting of 10 working days. You will be paid every other Wednesday, giving you a total of 26 biweekly pay periods in a calendar year.

What should I do to prepare for the change?

It is important that you review your personal budget situation and determine your income needs based on the new biweekly pay schedule. In preparation for the conversion, we suggest that you take the following steps:

- Review your current tax withholding elections to make any necessary changes. Pay particular attention to additional tax withholding amounts.
- Request that creditors adjust your automatic withdrawal or bill-pay dates to align with your new pay schedule.
- Please note: The University does not provide advances against paychecks.

As an employee, where should I go for additional questions?

Please reach out to [Employee Experience Center \(eec.hr.uci.edu\)](http://eec.hr.uci.edu) or call 949.824.0500.