California Employers: Are You Complying with Final Pay Rules? *SHRM ft. Katherine Catlos*

Katherine S. Catlos, managing partner of Kaufman Dolowich & Voluck, LLP in San Francisco, was quoted in *SHRM's article by Lisa Nagele-Piazza on final pay rules in California.*

Navigating California's final pay laws can be tricky, and failing to promptly deliver all wages due to employees can lead to significant penalties. That's why HR professionals should make sure they understand the various requirements under state law.

Employers that don't comply with final pay requirements will owe the employee waiting-time penalties equal to a day of pay for each day the employer is late—up to a maximum of 30 days.

Reporting-Time Pay

California law requires employers to provide reporting-time pay in certain situations, even if an employee isn't put to work. If a nonexempt employee is sent home before working at least half of a regularly scheduled shift, the employer typically must pay the employee for half of the shift (but for no less than two hours and no more than four hours). This rule doesn't apply in some emergency situations—for example, if there was an earthquake or a public utilities failure and employees were sent home.

"If the employee is scheduled for eight hours, you must pay four hours," explained Katherine Catlos, an attorney with Kaufman Dolowich & Voluck in San Francisco.

So, if an employee shows up for a regularly scheduled eight-hour shift and is immediately brought into an exit interview, the final paycheck needs to include four hours of reporting-time pay for that day.

Payroll Deductions

Employers can't make wage deductions for a cash shortage, a breakage or loss of company property that resulted from an employee's mistake, an accident, or because of simple negligence (as opposed to a willful or grossly negligent act). These are part of the employer's cost of doing business.

An employee can be disciplined or fired for such mistakes, but employers will get into trouble if they deduct the cost from wages.

Catlos said employers shouldn't deduct money from a worker's final paycheck for the cost of unreturned uniforms, laptops or other company property. "Instead, the employer must file in small claims court."

Hand-Delivered?

California law says that an "employee who quits must be paid at the office or agency of the employer in the county where the employee worked." In some circumstances, however, employees who quit can request that their paycheck be delivered by mail or direct deposit.

If an employee is fired, the final payment must be made at "the place of termination."

In most situations, the employee's separation will happen at the company's office, so these rules won't present much of an issue, Barsanti said. But there are situations—particularly for remote workers in California—where the termination may need to be done over the phone.

In those cases, Catlos said, employers can deliver the final paycheck via messenger.