Garment Manufacturer Registration Examination Study Guide

NOTE: This guide is designed to help an employer with the exam and to give an employer a basic idea of what the requirements are for employers in the garment industry. IT DOES NOT CONTAIN EVERY APPLICABLE LAW AND IS NOT LEGAL ADVICE.

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Chapter 1. BASIC TERMS IN THE GARMENT INDUSTRY

A. The Garment Industry in California

California has the highest concentration of garment workers in the country. For over 40 years, California has enforced laws specific to the garment industry. These laws are some of the strongest laws in the country protecting workers from wage theft and law-abiding businesses from unfair competition. This Chapter provides important definitions related to garment manufacturing in California. These definitions are important because they can determine the legal responsibilities of a business.

B. Industrial Homework Is Prohibited

The manufacture of materials or articles in the home for an employer—also known as "industrial homework"—is **strictly prohibited.** Correspondingly, an employer in the garment manufacturing industry may **not** distribute articles to others for the performance of industrial homework.

C. Important Definitions for Garment Work in California

1. Garment Manufacturing Operations

Garment manufacturing operations refer to the preparation of any garment or any article of apparel or accessories designed or intended to be worn by any individual, such as: **sewing, cutting, making, processing, repairing, finishing, assembling, dyeing, altering a garment's design, causing another person to alter a garment's design, or affixing a label on a garment**. Garments include, but are not limited to, clothing, hats, gloves, handbags, hosiery, ties, scarfs, or belts.

2. Contractor

A contractor is generally the **garment factory employing garment workers**. It can be any person, including business entities, who primarily engages in garment manufacturing operations with the assistance of employees or others.

3. Garment Manufacturer

A garment manufacturer generally **contracts with the contractor to have garments made**. This term includes any person engaged in garment manufacturing who is not a contractor.

To be engaged in garment manufacturing means to perform garment-manufacturing operations for sale or resale or to contract with a contractor to have those operations performed.

4. Brand Guarantor

A brand guarantor is any person contracting for the performance of garment manufacturing operations regardless of the layers between the brand guarantor and the contractor. It includes persons that license a brand or name for garment manufacturing.

Chapter 2. REGISTRATION AS A GARMENT MANUFACTURER

A. Registration Requirements

Every person engaged in the business of garment manufacturing in California must register with the Labor Commissioner's Office. To be engaged in garment manufacturing means to perform the garment manufacturing operations listed above or to contract with a contractor for those operations. Remember: a tailor or individual who sews or alters a garment for the person who will wear it rather than a company that will resell the garment does not have to register.

Contractors and Manufacturers must register. Brand guarantors must register if they are engaged in garment manufacturing.

Registration must be renewed every year with the Labor Commissioner's Office.

For an initial registration or a renewal, a person must:

- Submit a written application designed by the Labor Commissioner regarding, among other things, their character, competency and responsibility, and the Labor Commissioner must be satisfied as to the character, competency, and responsibility of the person,
- Provide proof of current workers' compensation insurance policy,
- Pay an initial or renewal registration fee, and
- All initial registrants must pass a garment exam. If a person has violated a registration requirement in the preceding year, the Labor Commissioner can require the renewal applicant to take the garment exam again.

B. The Examination

People engaged in garment manufacturing are required to take the garment exam to receive their initial registration.

The purpose of the garment exam is to ensure that all persons engaged in garment manufacturing have a knowledge of the state labor and health and safety laws applicable to the garment industry. Each exam will cover at least the following health and safety topics: an injury prevention plan, an emergency action plan, a fire prevention plan, and the placement, use, maintenance, and testing of portable fire extinguishers.

To pass the exam, an applicant must score at least 70%.

Renewal applicants generally do not have to re-take the exam. The only exception is that the Labor Commissioner may require a renewal applicant to re-take the exam if the renewal applicant has violated the registration requirements in the previous year.

C. The Registration

A garment registration is valid for a single person or company at a particular address. If a person engaging in garment manufacturing is changing their address, they must inform the Labor Commissioner's Office via email at dlse.licensing@dir.ca.gov or by mail at 1515 Clay St., Ste 1902, Oakland, CA 94612 at least **two weeks prior to the move.**

Every person registered as a garment manufacturer must post on their front entrance the name, address, and garment registration information in letters no less than three inches high. Additionally, if the entrance is inside a larger building, the same information must be on or near the same exterior entrance to the building.

D. Grounds for losing a Garment Registration

An employer's registration may be revoked if they do any of the following:

- Violate any state or federal law governing garment manufacturing, including wage, health and safety or workers' compensation requirements
- Include any false information on their application
- Change any condition under which the registration was issued
- Fail to provide payroll records to the Labor Commissioner's Office within 10 days of the request
- (if a contractor) Fail to include the name(s) of any manufacturer(s) for whom the contractor performed any garment manufacturing operations on the written itemized wage earnings and deduction statements provided to its employees whenever wages are paid.

E. Penalties and Conditions for Continued Registration

A penalty may be imposed against an employer for any of the following:

- Failure to comply within 15 days of any judgment due for violation of any labor laws applicable to garment industry workers.
- Failure to comply with the registration requirements.

The penalties shall be a civil penalty of one hundred dollars ($100) for each affected employee for the initial violation and a civil penalty of two hundred dollars ($200) for each affected employee for the second or subsequent violation.

In addition to any civil penalty imposed for the failure to comply with registration requirements, the Labor Commissioner may require as a condition of continued registration that an employer deposit a bond not to exceed $10,000.

Chapter 3. HEALTH AND SAFETY

A. Injury and Illness Prevention Program

California requires all employers to have a **written Injury and Illness Prevention Program (IIPP)**. The program and associated records must be presented to Cal/OSHA inspectors upon request. It must encourage employees to report worksite hazards without fear of termination. The IIPP must include:

- **Who** will implement the program
- A **system** to ensure compliance with health and safety practices such as training, incentives, etc. to encourage employees follow the safety rules
- A system of communicating with employees such as meetings, **training, postings**, anonymous hazard reporting, etc., about health and safety hazards designed to encourage employees to report hazards without fear of reprisal and presented in a manner/language the employees can understand
- A **system** for identifying and evaluating hazards that includes regular inspections, evaluation of new procedures and/or processes, equipment, substances, and any new previously unidentified hazards brought to the employer's attention
- **A procedure for investigations** of occupational injury or illness
- A **procedure** for quickly correcting hazards
- **Records** showing regular inspections, action taken to correct the hazards, and the name of the inspector.
- **Training** for employees and supervisors when the program first starts, for all new employees, for employees doing new tasks, and for all employees when new substances, processes, procedures, or equipment are introduced, or new previously unrecognized hazards are found as well as training for supervisors to be aware of health and safety hazards to which employees they directly supervise may be exposed
- **Records** showing safety and health training that include the employee's name or other identifier, the instructor's name, the training date, and type(s) of training.

It is the employer's responsibility to make this plan. It is not the responsibility of the fire department or a state agency.

B. Emergency Action Plan

Every employer must develop an emergency action plan. The plan must be in writing and kept at the workplace for employee review, except for employers with 10 or fewer employees, who can communicate the plan orally to their employees. It is the employer's responsibility to make this plan. It is not the responsibility of the fire department or a state agency.

The plan must, at a minimum, include:

- **How** employees will conduct an emergency evacuation, including types of evacuation and exit routes
- **What** procedures are to be followed by employees who remain to operate critical plant operations before they evacuate
- **How** the employer will account for all employees after an emergency evacuation
- **How** to report fires or other emergencies
- **Procedures** to be followed by employees performing rescue or medical duties
- **Who** (including name and job title) can be contacted for more information
- **Trainings** that designate and train a sufficient number of people to assist in the evacuation and advise each employee of their responsibility, including training when the emergency plan is first developed, whenever the employee's responsibilities or actions change, and whenever the plan is changed

In addition to the written emergency action plan, the employer will establish an employee alarm system. If the employee alarm system is used for alerting fire department professionals or for other purposes, a distinctive signal for each purpose shall be used. To ensure the ability to evacuate safely, exits must be located and arranged so that they are accessible at <u>all times</u>. **The exits must not be blocked or locked during business hours.**

C. Fire Prevention Plan

Every employer must develop a fire prevention plan. It is the employer's responsibility to make this plan. It is not the responsibility of the fire department or a state agency. The plan must be in writing and kept at the workplace for employee review, except for employers with 10 or fewer employees, who can communicate the plan orally to their employees. The plan must, at a minimum, include:

- **Identification of potential fire hazards, their proper handling and storage procedures** and their potential ignition sources
- **Potential fire hazards**, control procedures, and identification of fire protection equipment or systems that can control any fire outbreak
- **Who** (including name or regular job title(s)) will be responsible for maintenance of fire prevention equipment and systems
- **Who** (including name or regular job title(s)) will be responsible for the control of accumulation of flammable or combustible waste materials
- A **system** of housekeeping to prevent accumulation of flammable and combustible waste materials and residues so that they do not contribute to a fire emergency

- **Trainings** that inform employees of the fire hazards of the materials and processes they are exposed to and the parts of the fire prevention plan that would affect them during an emergency
- That the employer will regularly, and according to established procedures, maintain equipment and systems installed in the workplace to prevent accidental ignition of combustible materials

D. Portable Fire Extinguishers

Employers must provide portable fire extinguishers and mount, locate, and identify the extinguishers so that they are readily accessible to employees. The employer shall assure portable fire extinguishers are fully charged, functional, and kept in their designated place at all times, except during use. Only approved portable fire extinguishers shall be used. The employer shall not provide or make available in the workplace portable fire extinguishers using carbon tetracholoride or chlorobromomethane extinguishing agents.

The employer is responsible for the inspection, maintenance, and testing of portable fire extinguishers in the workplace. The portable extinguishers should be visually inspected monthly and subject to a yearly maintenance check. The employer should record the annual maintenance date and retain this record for one year.

Upon initial employment and annually thereafter, the employer will provide an educational program to familiarize employees with the general principles of fire extinguisher use and hazard associated with the beginning stage of firefighting. The employer will provide training in the use of the appropriate equipment to employees who have been designated to use firefighting equipment as part of an emergency action plan upon initial assignment and at least annually thereafter.

E. Required Health & Safety Postings

An employer must post the following:

- “Safety and Health Protection on the Job,” which lists the basic employer and employee rights and responsibilities as they relate to safety and health rules
- “Annual Summary of Work-Related Injuries and Illnesses” (Cal/OSHA Form 300A), a log of all the injuries employees have received during the year, must be posted by February 1 of the year following the year covered by the records. The Summary must remain posted at the worksite until April 30 of that year.

F. Reporting Injuries, Illnesses, and Deaths

All injuries should be reported to an employer’s workers’ compensation insurance carrier within five days.

All serious workplace injuries, illnesses, or deaths must be reported immediately to the nearest

Cal/OSHA office. Immediately means it must be reported as soon as practicable, but not longer than 8 hours after the injury, illness, or death. Failure to report a serious injury, illness, or death within 8 hours can result in a minimum civil penalty of $5,000.

G. Penalties

If violation(s) of the California Occupational Safety and Health regulations is determined after inspection or investigation by a Cal/OSHA safety engineer or industrial hygienist, Cal/OSHA shall notify the employer by certified mail of the proposed civil penalty with respect to the item(s) indicated as violation(s) in the citation and the date in which the violation(s) must be abated. An employer has 15 working days from the date of receipt of any citation or Notice of Proposed Civil Penalty to appeal through the Occupational Safety and Health Appeals Board or it will be deemed the final order of the Appeals Board.

The penalty amounts will depend upon the classification of the violation as a regulatory, general, serious, repeat, or willful and abatement status of the violation. A willful violation that causes death or permanent impairment of an employee's body can result, upon conviction, in a fine of up to $250,000 or imprisonment of up to three years, or both, and if the employer is a corporation or limited liability company, the fine may be up to $1.5 million.

An employer who receives a citation, Order to Take Special Action, or Special Order must post it prominently at or near the place of violation for three working days, or until the unsafe condition is corrected, whichever is longer, to warn employees of danger that may exist there.

Summary of Chapter 3: Health and Safety

Topic	Requirements
Injury and Illness Prevention Program (IIPP)	An employer MUST have an IIPP that includes: (1) who will implement the program, (2) training for employees and supervisors, (3) a system to ensure compliance and for communicating with employees, (4) a system allowing for anonymous reports, (5) a system for identifying, evaluating, and correcting hazards, (6) investigation procedures, and (7) recordkeeping.
Emergency Action Plan	Every employer must have an emergency action plan that includes: - Plan and procedures for an emergency evacuation, including types of evacuations, exit routes, accounting for all evacuated employees, trainings, employee responsibilities, and who can be contacted for more information - How to report fires or other emergencies The plan generally must be **in writing.** To ensure safe evacuation, exits must be accessible at all times and <u>not blocked or locked</u> during business hours. Employer will establish an employee alarm system. If the employee alarm system is used for alerting emergency response professionals or for other purposes, a distinctive signal for each purpose will be used.
Fire Prevention Plan	Every employer must have a fire prevention plan that includes: - Identification of potential fire hazards, their ignition sources, and proper handling and storage procedures, including housekeeping to avoid buildup of flammable and combustible materials and residues - Control procedures and identification of fire protection equipment or systems for potential fire hazards - Identification of who will be responsible for maintenance of fire prevention equipment and systems and for control of accumulation of flammable or combustible waste materials - Trainings informing employees of fire hazards associated with materials and processes they are exposed to and parts of the plan that affect them during an emergency The plan generally must be **in writing.**
Portable Fire Extinguishers	Every employer must provide portable fire extinguishers and mount, locate, and identify the extinguishers so they are readily accessible to employees. Portable fire extinguishers shall be fully charged, functional and kept in their designated place, except during use. Only approved fire extinguishers shall be used. The employer must visually inspect the extinguishers monthly and complete an annual maintenance check. Records for annual maintenance check shall be retained for one year. The employer shall provide employee training and education on the general principles of fire extinguisher use and hazard associated with firefighting. The employer shall provide training on use of equipment to employees designated to use firefighting equipment upon designation and annually thereafter.
Other Topics	An employer must post “Safety and Health Protection on the Job” and “Annual Summary of Work-Related Injuries and Illnesses” All injuries at the workplace must be reported to an employer’s workers’ compensation carrier. Serious injuries, illnesses and deaths must be reported to the nearest Cal/OSHA office immediately, but not longer than 8 hours after the injury, illness or death. Failure to report a serious injury, illness, or death within 8 hours may result in a civil penalty of $5,000. Penalties for violations of occupational safety and health regulations may be assessed after inspection or investigation by Cal/OSHA. An employer has 15 working days to appeal a citation or notice of proposed civil penalty through the Occupational Safety and Health Appeals Board or the citation or notice becomes final.

Chapter 4. WAGES

NOTE: The Industrial Welfare Commission (IWC) sets wages, hours, and working conditions in the Manufacturing Industry. Garment work is covered by IWC Wage Order No. 1.

A. Minimum wage and overtime

1. Minimum wage

Effective January 1, 2026, California's minimum wage for employers of any size is $16.90. **The minimum wage applies regardless of an employee's immigration status.**

Many cities and counties in California have higher local minimum wage requirements than state law. When an employee is subject to a higher local minimum wage than California's minimum wage, **employers must pay the higher local minimum wage.**

2. Overtime[1]

Employers must pay any employee at least 1.5 times the regular rate of pay when an employee works:

- More than 8 hours in a day
- More than 40 hours in a workweek (even if less than 8 hours worked in each day)
- For the first 8 hours in the seventh consecutive day of work in a workweek

Employers must pay an employee double time wages of at least 2 times the regular rate of pay when an employee works:

- More than 12 hours in a day
- More than 8 hours on the seventh consecutive day of work in a workweek

If an employer pays an employee a fixed "weekly" amount for work performed, the weekly amount counts towards only the non-overtime hours. For example, if an employer promised an employee $1000 per week and an employee worked 40 regular time hours and 10 overtime hours, the $1000 would cover only the 40 regular time hours. To determine the additional overtime amount owed, an employer would first determine the regular rate of pay by dividing $1000 by 40 hours ($25 per hour). The employer would then multiply the regular rate of pay ($25) by the number of overtime hours (10) by the overtime premium rate (1.5x), for a total of $375. The employee would be owed a total of $1375 for the week.

[1] The section assumes that the employee is non-exempt. There are limited exemptions from overtime for employees who have a monthly salary of at least twice the minimum wage for full-time employment and perform certain executive, administrative, or professional functions. IWC Wage Order No. 1-2001, Section 1, has additional information.

B. Piece Rate Wages for Garment Work Are Generally Unlawful

Starting January 1, 2022, employees engaged in garment manufacturing must be paid an hourly rate not less than the minimum wage. They cannot be paid a piece rate. Employers that pay the piece rate and manufacturers that contract with them will be liable for compensatory damages of $200 per employee per pay period.

There is an exception for employees covered by a collective bargaining agreement if the agreement expressly provides for (1) wages, hours of work, and working conditions of the employees; (2) premium wage rates for all overtime hours worked and a regular hourly rate of pay for employees of not less than 30 percent more than the state minimum wage; (3) stewards or monitors; and (4) a process to resolve disputes concerning nonpayment of wages.

C. Meal and rest periods

1. Meal periods

Employers must provide employees an **uninterrupted** 30--minute meal period for every 5 hours worked. An employer does not have to pay their employees for the meal period time.[2]

2. Rest periods

Employers must provide a **paid, uninterrupted** 10-minute rest break for every four hours, or major fraction thereof an employee works. This means that an employer must give an employee who works at least 3.5 hours one rest break; an employee who works more than 6 hours, two rest breaks; and an employee who works more than 10 hours, three rest breaks. A reasonable bathroom break does not count as a rest period. **Rest periods are considered part of the hours an employee works.** Deduction of wages for rest periods or reasonable bathroom breaks taken is not permitted. For example, if an employee works from 8:00am to 4:30pm and takes two-ten minute rest breaks and a five-minute bathroom break, the employee is still entitled to a full 8.5 hours of pay.

D. Paid Sick Leave

All full-time employees must be provided at least 5 days or 40 hours of paid sick leave per year, whichever is greater. **For example, if a full-time employee works a typical shift of 10 hours per day, the employee is entitled to at least 50 hours of paid sick leave per year.** There is a small exception for collective bargaining agreements, but, even with a collective bargaining agreement, all

[2] If an employee works six hours or less, the employee may agree to not have a meal period and instead be paid for all hours worked during that shift. The employer cannot force the employee to give up the meal period.

persons engaging in garment manufacturing must provide their employees some paid sick leave.

Employers can provide paid sick leave through an “upfront” or “accrual” method. For the up-front method, an employer must provide at least 5 days or 40 hours, whichever is greater, at the beginning of a 12-month period. For the “accrual method,” the employer must allow the employee to accrue at least 1 hour of paid sick leave for every 30 hours worked.

Some cities and counties in California mandate more paid sick leave be provided to employees than state law. When an employee is subject to a higher local paid sick leave requirement than California’s paid sick leave requirement, employers must provide the amount of paid sick leave required by the local law.

An employer cannot require an employee requesting paid sick leave to find a replacement worker. An employer cannot retaliate against an employee for requesting or using paid sick leave.

An employer must put the available paid sick leave on each itemized wage statement or in a separate writing every time the employee is paid.

An employer must post in a conspicuous place a poster stating that an employee is entitled to accrue, request, and use paid sick days, the terms of use for paid sick days, the amount of days provided, and that retaliation is unlawful.

E. Wage deductions

An employer must make the deductions from employees’ wages that are required by state and federal law, but an employer must not make deductions from an employee’s wages to cover breakage or loss of equipment, unless the employee intentionally causes the loss.

An employer **must not make any other deduction** *unless* the employee gives the employer specific written permission for the deduction, such as for a meal, personal medical insurance program, etc.

F. Paydays

All wages earned by an employee must be paid at least twice per calendar month, on days designated in advance by the employer as regular paydays. Labor performed between the 1st and 15th days, inclusive, of any calendar month must be paid for between the 16th and 26th day of that month. Labor performed between the 16th and the last day of a month must be paid between the 1st and 10th day of the following month.

If an employer agrees to pay employees weekly on a designated day, employers are required to pay

weekly for all wages earned prior to or on that regular payday.

Wages must be paid by direct deposit, check, cashier's check, money order, or cash, and the employee must ALWAYS receive an itemized wage statement (see below).

G. Final pay

1. If an employer fires their employee

If an employer fires an employee, an employer must pay all wages owed *immediately upon the employee's termination.*

2. If an employee quits

If an employee quits without notice, they must be paid within three days. If an employee gives an employer at least three days' notice, an employer must pay them at the time of quitting.

3. If an employer does not pay wages due

If an employee who quits or is fired is not paid on time, then an employer will be subject to a penalty equal to the employee's wage for each day that an employer does not pay, up to 30 days.

4. If an employer and their employee disagree on the amount of wages due

An employer must pay the wages that an employer knows are owed and resolve the disputed amount later.

H. Other

1. Tools

An employer **must supply all the tools** an employee needs to do their job if the employee is paid less than twice the minimum wage.

2. Discrimination

An employer **MUST NOT pay a different wage rate to women** who do the same work under the same conditions as men. An employer may pay different rates if they are based on a seniority system or a merit system that measures quantity and quality of production.

Summary of Chapter 4: Wages

Topic	Requirements
Minimum Wage	California Min. Wage = $16.90/hr for all employers starting January 1, 2026. If a higher local minimum wage applies, employer must follow the higher local wage. Applies regardless of immigration status.
Overtime	Overtime wages (at least 1.5x regular rate of pay) when employee works: (i) more than 8 hours in a day; (ii) 40 hours in a week; or (iii) first 8 hours of seventh consecutive day in a workweek Double time wages (at least 2x regular rate of pay) when an employee works (i) more than 12 hours in a day or (ii) more than 8 hours on the seventh consecutive day in a workweek Weekly salaries count toward only regular hours. Employers must still pay overtime wages for overtime hours worked.
Piece Rate Prohibited	Employees engaged in garment manufacturing cannot be paid a piece rate. There is a narrow exception for certain Collective Bargaining Agreements.
Breaks	An employer must give employees breaks even if others are still working: - 30-minute uninterrupted, unpaid meal break for every 5 hours worked - 10-minute uninterrupted, paid rest break for every 4 hours or major fraction thereof, starting at 3.5 hours. Considered hours worked Employees must be free to leave premises for breaks.
Paid Sick Leave	Employees generally must receive at least 5 days or 40 hours of paid sick leave per year, whichever is greater; if a local law requires additional sick leave, employers subject to local law must follow local requirements. An employer must show available paid sick leave on itemized wage statement or separate writing given at the time of payment of wages. An employer cannot require employee to find a replacement worker.
Paydays and Deductions	Employers must designate a payday. If payday is weekly, the employer must pay all wages earned prior to or on the designated payday on that payday each week. If there is not a weekly payday, an employer must pay at least twice a month on designated days between the 1st and 10th of the month and the 16th and 26th of the month. Employers must ALWAYS provide an itemized wage statement. Employers must make deductions required by state and federal law, but generally cannot make other deductions without specific written permission from an employee.
Final Pay	Fired employee = must pay all wages owed at the time of firing. Employee quits = must pay all wages within three days, but if employee gave at least three days' notice, then must pay on the last day of work. If an employer fails to pay on time, penalties accrue daily for each day the pay is overdue for up to 30 days. Even if an employer and employee disagree on the wages due, the employer must pay the undisputed part on time and resolve the rest later.

Chapter 5. RECORDKEEPING REQUIREMENTS

A. Requirement to Provide Employee Information at Hiring

When an employer hires an employee, the employer must provide a written notice in the language the employer normally uses to communicate work-related information to the employee with the following information:

- The rate of pay, including any rates for overtime,
- The regular payday designated by the employer,
- The name of the employer, including any "doing business as" names used by the employer,
- The physical address of the employer's main office or principal place of business, and a mailing address,
- The telephone number of the employer,
- The name, address, and telephone number of the employer's workers' compensation insurance carrier,
- Allowances, if any, claimed as part of the minimum wage, including meal or lodging allowances, and
- That an employee may accrue and use paid sick leave, has a right to request paid sick leave, cannot be retaliated for requesting or using paid sick leave, and may file a retaliation complaint against an employer who retaliates.

B. Time records

An employer must keep time records for all employees for four years and provide them at the request of the employee. Time records must show when each employee started and finished work, when the employee took meal periods, the total hours worked each day, and the total hours worked during the pay period.

C. Itemized Wage Statements

Every time an employer pays their employees (even if an employer pays them in cash), the employer must give the employees a written statement and properly dated with the month, day, and year that shows:

- Employee's **name,**
- **Last four digits** of the employee's social security or other identification number (*e.g.*, ITIN),
- **Employer's name and address**,
- **Dates** of the pay period
- **Total hours** worked

- **Gross wages** earned
- **Net wages** earned
- All **deductions**, such as taxes and medical benefits
- The **hourly rates** for regular, overtime, and double-time work and the corresponding number of hours worked at each rate of pay
- **Sick leave** available (if unlimited paid sick leave or unlimited paid time off, an employer can indicate “unlimited”)
- **Names of any manufacturer(s) for whom the contractor performed any garment manufacturing operations** during the pay period covered by the wage statement

A copy of records of deductions must be maintained at the place of employment or central location **for four years**.

D. Additional Recordkeeping Requirements

1. Contractors and Manufacturers

In addition to general recordkeeping requirements of an employer, contractors and manufacturers must keep for four years:

- The daily production sheets
- The contract worksheets indicating the price per unit agreed to between the contractor and manufacturer
- All contracts, invoices, purchase orders, work or job orders, and style or cut sheets. This documentation shall include the business names, addresses, and contact information of the contracting parties
- A copy of the garment registration for every person engaged in garment manufacturing who is a party to the contract
- The ages of minor employees
- Any other conditions of employment

All contracts between contractors and manufacturers must be <u>in writing</u>. Each contract must contain, in part:

- The manufacturer’s and contractor’s **garment registrations** (and expiration dates),
- The manufacturer’s and contractor’s **legal names** and **any fictitious business names**,
- The manufacturer’s and contractor’s **agents for service of process,** for manufacturers and contractors that are LLCs or corporations**,**
- **The garment manufacturer’s and contractor’s workers’ compensation plan information**,
- **The unit price, number of garments, and description of garments being made,**
- **Style numbers, cut or lot numbers**,
- **Total price** of the contract, and

- The **dates** the manufacturer shall pay the contractor.

2. Brand Guarantors

Brand Guarantors must keep the following records for four years:

- Contract worksheets indicating the price per unit agreed to between the brand guarantor and the contractor or manufacturer.
- All contracts, invoices, purchase orders, work or job orders, and style or cut sheets. This documentation shall include the business names, addresses, and contract information of the contracting parties.
- A copy of the garment registration of every person engaged in garment manufacturing who is required to register with the Labor Commissioner, and with whom the brand guarantor has entered into a contract for the performance of garment manufacturing

E. Keep records on file for four years

A contractor, manufacturer, or brand guarantor should keep all records for **at least four years.**

F. Posting requirements

In addition to the health and safety and garment registration postings described above, employers must post the following posters at the worksite where workers can see them:

- The appropriate IWC Wage Order where employees can easily read it
- The Minimum Wage poster
- A Paid Sick Leave poster
- A **payday notice** stating when the regular payday is

Summary of Chapter 5: Recordkeeping Requirements

Topic	Requirements
Required Notice to Employee at Hiring	Written notice to employee in language used to communicate with employee with regular rate of pay, payday, employer's name, address, and telephone number, paid sick leave information, workers' compensation carrier, among other items.
Time Records	Employer must keep time records, including when employee started work, took meal breaks, and finished worked.
Itemized Wage Statements	The itemized statement must include the employee's information, the dates of the pay period, the employer's name and address, the last four digits of the employee's SSN or other ID number (*e.g.*, ITIN), hours worked, pay, deductions, pay rate, manufacturer's info, and sick leave.
Additional Recordkeeping	Contractors and Manufacturers: daily production sheets and all contracts, invoices, purchase orders, work or job orders, and style or cut sheets, among other items. Every contract between a manufacturer and contractor must be in writing with both parties' garment registration information, legal and fictitious business names, agents for service, price, number and description of garment(s) being made, pay dates, and the manufacturer's and contractor's workers' compensation plan, among other items. Brand guarantors must keep: all contracts, invoices, purchase orders, work or job orders, and style or cut sheets & a copy of the garment registration of every person engaged in garment manufacturing working on a brand guarantor's garments.
Keeping Records on File	Records should be kept on file for at least **four years.**
Postings	In addition to health and safety and garment registration postings: Appropriate IWC Wage Order, minimum wage poster, paid sick leave poster, payday notice stating the regular payday.

Chapter 6. LIABILITY FOR INDIVIDUALS, MANUFACTURERS, AND BRAND GUARANTORS

The direct employer (often the contractor) is not the only person that may be legally responsible for employees' unpaid wages as well as resulting damages and penalties. Individuals may be personally liable. Manufacturers and Brand Guarantors will also have liability even though they may not have directly employed the garment workers who did not receive proper wages.

A. Individual Liability

An owner, director, officer, or managing agent of an employer can be held personally liable if they violate or cause to be violated laws regarding the minimum wage (including resulting liquidated damages), overtime wages, meal or rest periods, expense reimbursements, reporting time pay, itemized wage statements, and the timely payment of final wages (with resulting waiting time penalties).

B. Joint and Several Liability for Wages, Expenses, Interest, Attorney's Fees, and Penalties for failure to Secure Workers' Compensation coverage for Contractors, Manufacturers, and Brand Guarantors

Contractors, Manufacturers, and Brand guarantors are jointly and severally liable for:

- The full amount of unpaid minimum, regular, overtime, and other premium wages, reimbursement for expenses, and any other compensation, including interest, due to any and all employees who performed the manufacturing operations.
- The employee's reasonable attorney's fees and costs.
- Civil penalties for failing to secure valid workers' compensation coverage as required by Labor Code section 3700.

This means that if a contractor, which was the employer, did not pay a worker $10,000 in minimum wages, the contractor would be liable for the full amount, as would any manufacturer or brand guarantor that contracted for the production of the garments being produced by the contractor's employees.

C. Manufacturers' Proportional Liability for Damages and Penalties

A contractor, which was the employer of garment workers, is responsible for paying all damages and penalties a hearing officer or court finds the employer owes. In addition, manufacturers are proportionally liable for these damages and penalties.

For example, in a pay period, contractor Casey was making dresses for manufacturer Martha and manufacturer Maria equal amounts of time. If contractor Casey unlawfully pays their employee a piece rate for a pay period, Casey will be liable for the full $200 in compensatory damages as described above, while Martha and Maria will each be responsible for $100 of those damages.

D. Contracting with an Unregistered Contractor

If a manufacturer contracts with an *unregistered* contractor, the manufacturer will be considered the employer of any employees employed by the contractor during the period of time when the contractor is unregistered, and the manufacturer will be jointly liable for wages, damages, and penalties of the contractor. The Labor Commissioner can also confiscate garments made by on or behalf of any unregistered garment manufacturer or contractor.

E. Successor Liability

An employer in the garment industry is a successor to a previous employer (also known as a "predecessor employer") if the successor does any of the following:

1) Uses substantially the same facilities or work force to produce substantially the same products for substantially the same type of customers as the predecessor employer.
2) Shares in the ownership, management, control of labor relations, or interrelations of business operations with the predecessor employer.
3) Has in its employ in a managerial capacity any person who directly or indirectly controlled the wages, hours, or working conditions of the affected employees of the predecessor employer.
4) Is an immediate family member of any owner, partner, officer, or director of the predecessor employer or of any person who had a financial interest in the predecessor employer.

A successor to the employer is liable for wages owed to the predecessor's employees. If there is a judgment against the predecessor, the successor may be liable for wages, damages, and penalties owed by the predecessor.

For example, contractor Casey owes his employee, Maria, minimum wages. Casey closes his business but opens a new business in the same location, making similar garments, with most of the same employees. Even though Casey shut down his old business, his new business will still be responsible for paying Maria her minimum wages.

Chapter 7. WORKERS' COMPENSATION

Every employer with any employees must have workers' compensation insurance (WCI), which covers medical expenses and lost wages of workers who are hurt on the job. Injuries may be the result of a single incident or long-term exposure to a hazard. **All** employees, full-time and part-time, **must be covered**. An employer must not collect any money from the employee, directly or indirectly, to pay for WCI.

The penalty for not having WCI is either (1) twice the amount the employer would have paid in insurance premiums during the period the employer was uninsured or (2) $1,500 per employee (whichever is greater). An employer will not be able to operate their business until an employer gets insurance. An employer must also pay all their employees their regular pay for the first 10 days that their business is closed.

If one of their workers is injured while an employer is not insured, an employer **(1)** will have to pay for their **treatment**, **(2)** will have to pay any **lost wages**, and **(3)** may be **fined** $2,000 to $10,000 for each employee an employer has, depending on the circumstances.

An employer must (1) provide new hires with notice of their WCI, (2) post a notice about their coverage where employees will see it, and (3) provide a notice upon request. The notice must show the name of their insurance company and explain workers' rights in plain language, such as the right to receive medical care, choose their own doctor, and have lost wages paid.

Chapter 8. RETALIATION PROHIBITED

An employer may not make, adopt, or enforce any policy preventing an employee from disclosing information to a government or law enforcement agency, AND an employer must not take any negative action against an employee for having made a report.

An employer must not take any negative action against an employee who refuses to participate in an activity that would be illegal or result in noncompliance with regulations.

An employer must not take any negative action against an employee for having used any of their rights under the Labor Code, such as taking sick leave, filing for workers' compensation, filing a wage claim, or complaining about pay or working conditions.

The Labor Commissioner may revoke the registration of any employer that engages in retaliation, including retaliating based on the actual or perceived immigration status of an employee

Chapter 9. SEXUAL HARASSMENT

An employer (or anyone who works for the employer) must not sexually harass employees or anyone else while on or off the job. If someone reports harassment, the **employer must investigate immediately**.

Generally, an employer with five or more employees must provide at least two hours of training and education regarding sexual harassment to all supervisors, and at least one hour of training and education regarding sexual harassment to all nonsupervisory employees. Employers shall provide sexual harassment training and education to each employee once every two years. New nonsupervisory employees must be trained within six months of hire, while new supervisory employees must be trained within six months of assuming that position.

Any of the following can be sexual harassment: touching people (not just in a sexual way), offensive sexual language/gestures or posting sexual images or messages, sexual or romantic invitations, or treating a person differently based on that person's gender (*e.g.*, giving more breaks to an employee based on gender). Essentially anything that makes a person feel uncomfortable because that person is a man or a woman can be sexual harassment and is STRICTLY prohibited. Victims **can file sexual harassment claims with the California Civil Rights Department.**

Failure to abide by laws protecting workers against sexual harassment can lead to the revocation of a garment registration.