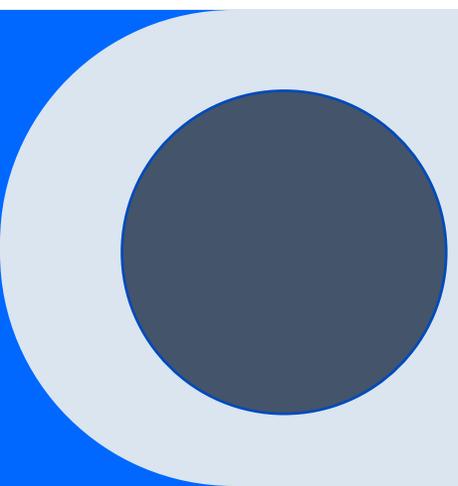


The 2026 Compliance Landscape



California Employment &
Labor Law Webinar



Presented by



**January 27, 2026
10-11 a.m.**



Presenters



Rose Huelskamp Serrano
Shareholder
serrano@dmwplc.com
[Bio](#)



Anne K. Wilson
Shareholder
wilson@dmwplc.com
[Bio](#)



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Topics

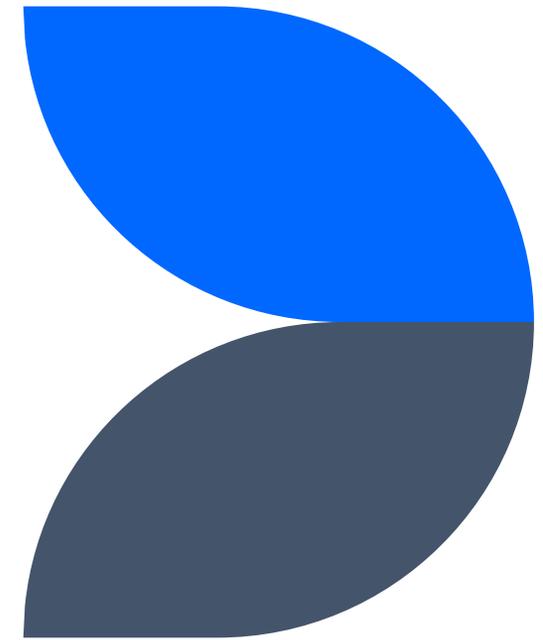
*** ALL LAWS TAKE EFFECT JAN. 1, 2026 UNLESS OTHERWISE NOTED ***

- Wage and Hour Updates
- Pay Equity and Pay Data Reporting
- Employment Contract Restrictions and Notice Requirements
- Employee Leave, Reinstatement and Discrimination Protections
- Contractor and Subcontractor Liability
- Expanded Notice and Recordkeeping Requirements
- Labor Relations Developments
- AI and Automated Decision-Making in Employment



Wage and Hour Updates

Including changes to minimum wage and gratuities



California Minimum Wage Increases

- The California State minimum wage will increase from \$16.50 to **\$16.90** per hour
- The exempt employee salary threshold will increase from \$68,640 to **\$70,304** annually (\$5,858.67 per month)



California Healthcare Workers

Type of Health Care Facility	Full Minimum Wage Schedule
Hospitals or integrated health systems with 10,000 or more FTEs, dialysis clinics, and covered healthcare facilities run by large counties (more than five million people as of Jan. 1, 2023)	Increases from \$24/hr to \$25/hr
Covered health care facilities run by midsize counties (250,000 to five million people as of Jan. 1, 2023), skilled nursing facilities not owned, operated, or controlled by a hospital, and all other covered healthcare facilities not listed in the other categories and not run by counties	Increases to \$23/hr
Intermittent clinics, community clinics, rural health clinics, etc.	Increases from \$21/hr to \$22/hr
Covered health care facilities run by small counties (less than 250,000 people as of Jan. 1, 2023)	Increases from \$18.63/hr to \$19.28/hr
Safety net hospitals (defined based on governmental payor mix)	Increases from \$18/hr to \$18.63/hr



City of San Diego

- Hourly minimum wage for the **City of San Diego** will increase from \$17.25 to **\$17.75**.
- The City of San Diego's **Hospitality Minimum Wage Ordinance**, effective **July 1, 2026**, will establish a minimum wage for employees in the hospitality industry (hotels, event centers, amusement parks).
 - Hotel and amusement park employees: starting at **\$19/hr**
 - Event center employees: starting at **\$21.06/hr**
 - All covered employees under the Ordinance will see incremental increases **up to \$25/hr** by July 1, 2030.



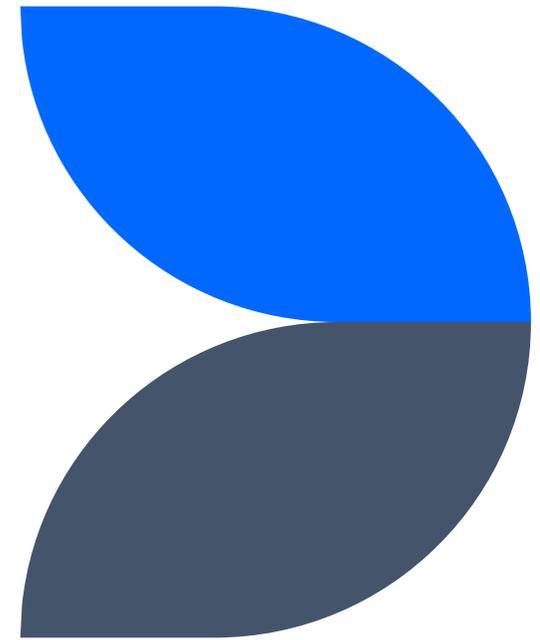
Tip Theft

Senate Bill 648 authorizes the California Division of Labor Standards Enforcement (DLSE) to investigate and issues a citation, or file a civil action, when gratuities are taken or withheld in violation of Labor Code section 351.

Section 351 prohibits employers (or their agents) from collecting, taking or receiving any portion of a gratuity paid, given or left for an employee by a patron. Gratuities also cannot be deducted from an employee's wages nor can employees be required to credit all or part of a gratuity toward wages owed.



Pay Equity and Pay Data Reporting



Revisions to California's Equity Pay Act

- SB 642 updates the definition of “pay scale” to mean an estimated wage range that an employer expects to pay upon hiring, made in good faith.
- The bill also prohibits employers from paying employees less than those of “another sex”, rather than the “opposite sex”, for similar work.
- Bill additionally extends the time to commence a civil action for wage recovery to three years after the last occurrence of the cause of action.



Employer Pay Data Reporting

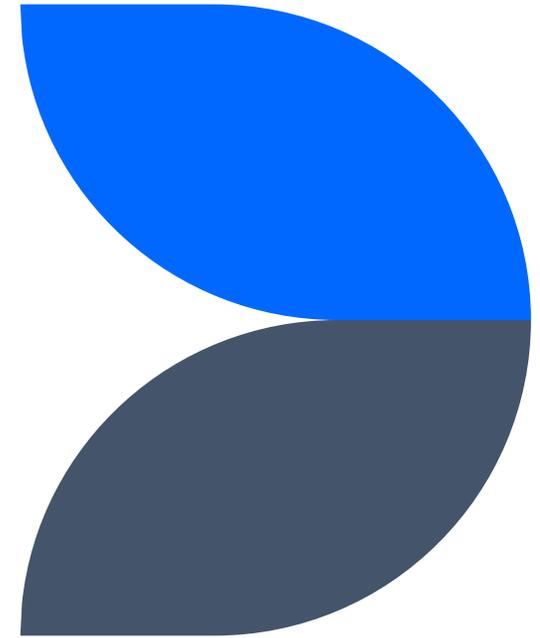
- SB 464 requires that employers collect and store demographic information separately from personnel records.
- Beginning on Jan. 1, 2027, the number of job categories for reporting will increase from 10 to 23.
- Bill also requires courts to impose civil penalties on employers who fail to file the required pay data report when requested by the Civil Rights Department.

Preliminary templates: Coming soon at <https://calcivilrights.ca.gov/paydatareporting/>

CRD FAQs: https://calcivilrights.ca.gov/wp-content/uploads/sites/32/2026/01/2025_California_Pay_Data_Reporting_FAQ.pdf



Employment Contract Restrictions

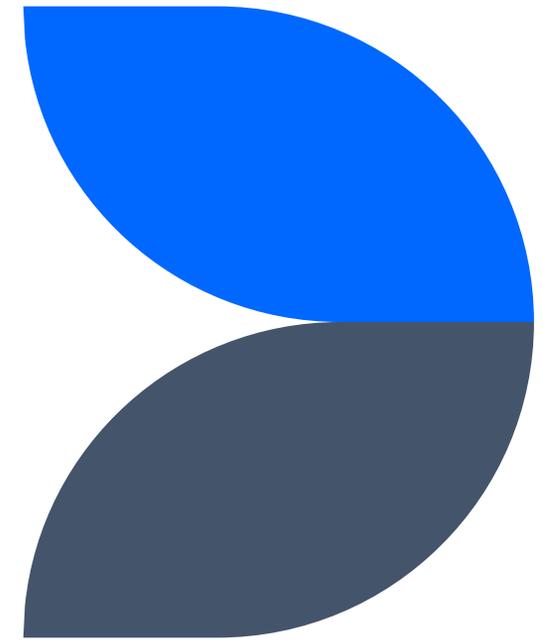


Ban on “Stay-Or-Pay” Contracts

- AB 692 – Prohibits employment contracts from requiring employees to repay any debt, including but not limited to training expenses, in the event of a termination of employment.
- Applies to [contracts entered on or after](#) Jan. 1, 2026.
- Employees and prospective employees are included, but independent contractors are not.
- Exclusion for certain [retention bonuses](#), *if*:
 - established in a separate agreement;
 - the employee is given at least five business days to consult an attorney;
 - any repayment obligation is prorated and not subject to interest; and
 - the employee has the option to defer payment to the end of the retention period, which cannot exceed two years from the receipt of payment; repayment may only be required if the employee voluntarily leaves or is terminated for misconduct.
- Exception also exists for [tuition repayment](#) for a “transferable credential”.



Employee Leave, Reinstatement and Discrimination Protections



“Designated Persons” Addition

- Effective **July 1, 2028**, SB 590 revises California’s paid family leave (PFL) program to include care for a “designated person,” defined as someone related by blood or with a relationship equivalent to a family member.
- This definition aligns with the California Family Rights Act’s (CFRA) “designated person” definition.
- Individuals claiming PFL benefits for the first time will have to identify the designated person and attest to the relationship under penalty of perjury.
- This will broaden the scope of eligible care recipients and impose new procedural requirements.



Unlawful Discrimination: Victims of Violence

- AB 406 expands the reasons employees can take leave under California's Healthy Workplaces Healthy Families Act (HWHFA) and Government Code section 12945.8.
- "Victim" is defined to include those affected by violent felonies, serious felonies and specific crimes like vehicular manslaughter while intoxicated, felony domestic violence and sexual assault.
- Employees can use leave if they or a family member are victims of certain crimes and are attending related judicial proceedings. Employees are also able to use paid sick and safety leave to serve on a jury.
- AB 406 also revises California's paid leave laws to incorporate uses previously covered under unpaid leave provisions, effective Oct. 1, 2025.
- **DLSE Notice:**
[https://www.dir.ca.gov/DLSE/Publications/Paid_Sick_Days_Poster_Template_\(11_2014\).pdf](https://www.dir.ca.gov/DLSE/Publications/Paid_Sick_Days_Poster_Template_(11_2014).pdf)



Unlawful Discrimination: Victims of Violence (cont.)

- Employers must inform employees of their rights established under AB 406 in writing.
- This information must be provided to new employees upon hire, to all employees annually, upon request and whenever an employee informs the employer that they or a family member is a victim of a qualifying act of violence.
- The Civil Rights Department created a notice called “Survivors of Violence and Family Members of Victims Right to Leave and Accommodations,” which employers can use to comply with these notice requirements.
 - **CRD Notice:** https://calcivilrights.ca.gov/wp-content/uploads/sites/32/2025/07/Survivors-Right-to-Time-Off_English-B.pdf



Mandatory Bias Mitigation Training

- SB 303 aims to encourage employers to conduct bias mitigation trainings and affirms that such trainings are not discriminatory.
- “Bias mitigation training” is education given by employers to help employees understand and recognize the influence of conscious and unconscious biases, with the goals of educating employees on the impacts of their thought processes and implementing strategies to reduce bias.
- As such, an employee’s acknowledgment of personal bias during bias mitigation training does not, by itself, constitute unlawful discrimination, per SB 303.

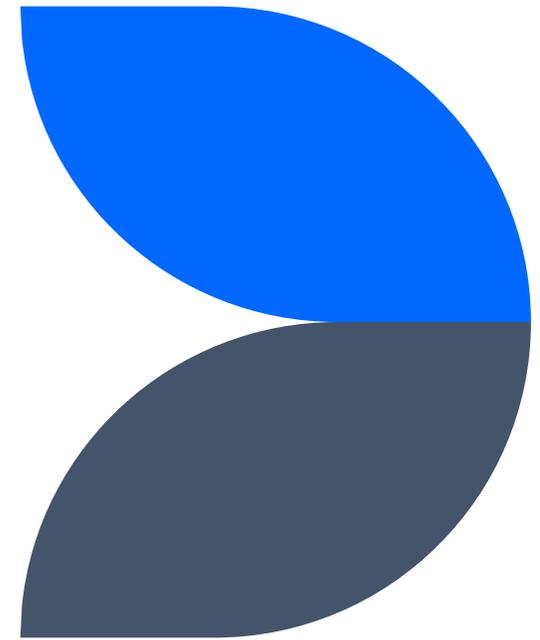


Post-Emergency Reinstatement Rights

- Assembly Bill 858 extends COVID-19-era protections for employees of airport service and hospitality providers, building service providers, hotels, private clubs and event centers.
- Such protections require covered employers to offer available job positions to employees who are laid-off due to any state or locally declared emergency.
- Records of these offers must be retained by the employer for at least three years.
- Existing rights for the rehiring and retention of these protected workers are described in Labor Code section 2810.8, which was set to lapse at the end of 2025 but has been extended to Dec. 31, 2026.



Contractor and Subcontractor Liability



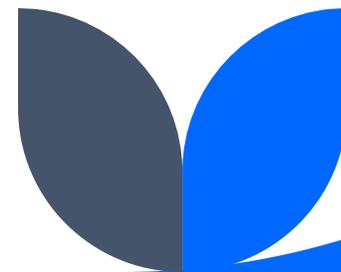
Labor-Related Liabilities for Direct Contractor and Subcontractor

- Per existing law, direct contractors in California (for contracts entered on or after Jan 1., 2022) were liable for wage debts incurred by subcontractors.
- SB 597 extends this requirement to contracts before Jan 1., 2026, and changes the liability terms for contracts after that date by exempting contractors from liability for wages and fringe benefits if payments are made by joint check.
- The definition of a direct contractor is expanded to include those engaged by any entity on behalf of the owner.

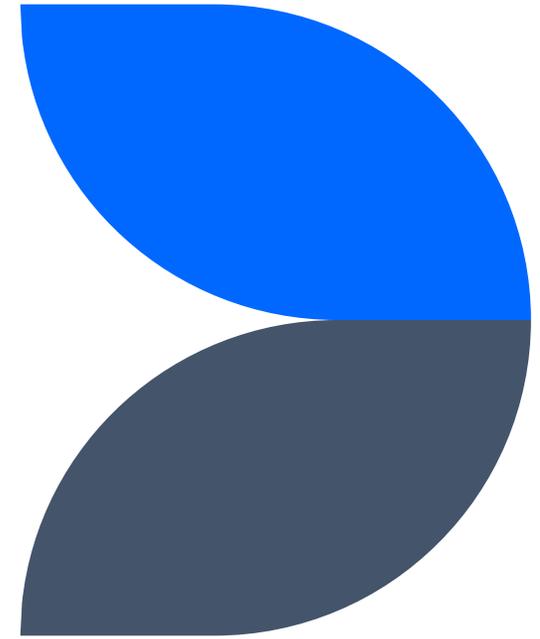


Construction Trucking: Employees and Independent Contractors

- SB 809 – owning a vehicle used for work does not automatically classify a worker as an independent contractor.
- Construction Trucking Employer Amnesty Program
- Employers must reimburse employees for necessary expenses, including vehicle use, upkeep and depreciation, when used for work duties.



Expanded Notice and Recordkeeping Requirements



Workplace Know Your Rights Act

- Beginning on **Feb. 1, 2026**, SB 294 will require a stand-alone written notice to each employee, upon hire and annually thereafter, detailing rights under federal and state law, including:
 - Independent contractor misclassification protections
 - Heat illness prevention
 - Workers' compensation
 - Paid sick days
 - Protection against unfair immigration-related practices
 - Right to notice of federal immigration inspections
 - Right to organize a union in the workplace
 - Constitutional rights when interacting with law enforcement at the workplace



Workplace Know Your Rights Act (cont.)

- Labor Commissioner has developed a template notice will have video to help employers in complying with the requirements (available by July 1, 2026).
 - **Template Notice:** <https://www.dir.ca.gov/dlse/Know-Your-Rights-Notice/Know-Your-Rights-Notice-English.pdf>
- Employers must also notify an employee's designated emergency contact if said employee is arrested or detained at the worksite, provided the employee has designated a contact.
 - By **March 30, 2026**, employers must provide employees with the opportunity to indicate whether their designated emergency contact should be notified in the event of an arrest or detention.
- Employers cannot retaliate against employees for exercising their rights under this Act.



Cal-WARN Notice Changes

- SB 617 amends Labor Code section 1401 to require employers who provide notices under the California Worker Adjustment and Retaining Act (Cal-WARN) to include whether they plan to coordinate services through the local workforce development board or another entity, and to provide information about the statewide food assistance program, CalFresh.
- Employers also need to have a functioning email and telephone number for the local workforce development board.
- Should services be coordinated, arrangements must be made within 30 days from the notice date.



Expanded Personnel Recordkeeping and Inspection/Production Requirements

- California employers are required to make education and training documentation available to employees or their authorized representative for inspection or copying upon request.
- Revised Labor Code section 1198.5 further mandates that employers who maintain education or training records include all of the following in their records:
 - (1) the name of the employee,
 - (2) the name of the training provider,
 - (3) the duration and date of the training,
 - (4) the core competencies of a training, including skills in equipment or software, and
 - (5) the resulting certification or qualification.

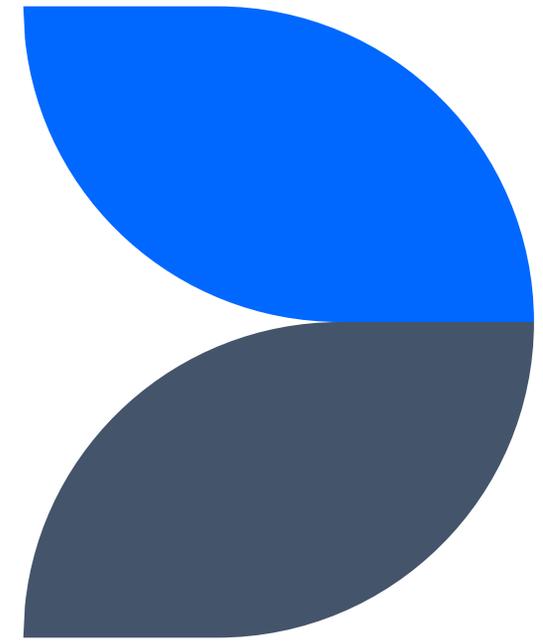


DLSE Enforcement and Wage Judgments

- SB 261 mandates that the Labor Commissioner's Office post to its website any unsatisfied awards against employers. It also adds Labor Code sections 238.05 and 238.10 to:
 - Mandate that if a final judgment for unpaid wages stays unsatisfied for 180 days, the employer may face a civil penalty up to three times the outstanding amount;
 - Prescribe how the additional penalties assessed are to be distributed and used, and; and
 - Require courts to award reasonable attorneys' fees and costs to prevailing plaintiffs, the Labor Commissioner or a public prosecutor in actions to enforce such judgments.



Labor Relations Developments



PERB Authority to Cover Private Sector Labor Disputes

- AB 288: Expanded California Public Employment Relations Board's (PERB) authority to cover private sector labor disputes and unfair practices under the National Labor Relations Act (NLRA), when the National Labor Relations Board (NLRB) fails to meet statutory deadlines, or otherwise fails to resolve issues in a timely manner.
- Now, California workers, or their authorized representative, will be permitted to petition PERB to decide unfair labor practice (ULP) cases and provide relief, which will create a state-level “backstop” to ensure workers' rights are protected when the federal agency is delayed or inactive.

Enforcement enjoined – preempted by NLRA



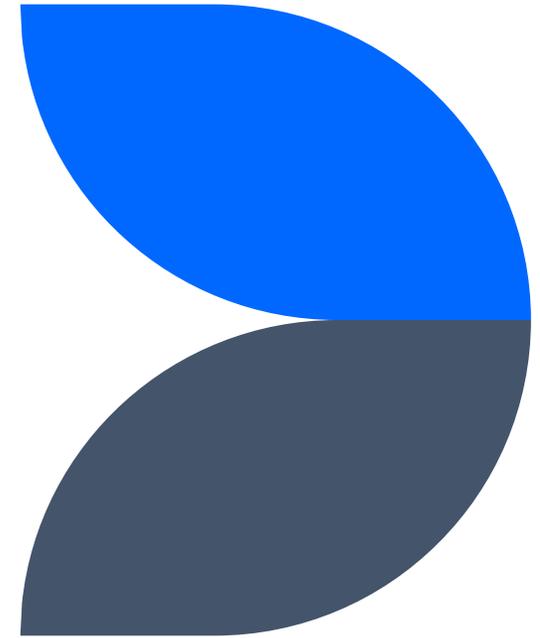
Transportation Network Company Drivers

- AB 1340, also known as the Transportation Network Company Drivers Labor Relations Act, provides for the rights of transportation network company (TNC) drivers in California to form, join and participate in driver organizations for collective bargaining purposes.
- Bill mandates that TNCs submit quarterly information about their drivers to the PERB, which will oversee the certification and decertification of driver organizations.
- AB 1340 makes it an unfair practice for TNCs or driver organizations to fail to negotiate in good faith or to interfere with the rights of drivers to organize.



Artificial Intelligence

and Automated Decision-Making
in Employment



AI Bias in Hiring and Employment

- California's Civil Rights Division has issued new regulations on the use of automated employment decision systems (ADS), including AI and algorithm-based tools, in hiring and workplace decisions.
- Employers must ensure that such systems do not create bias or risk liability under the Fair Employment and Housing Act (FEHA).



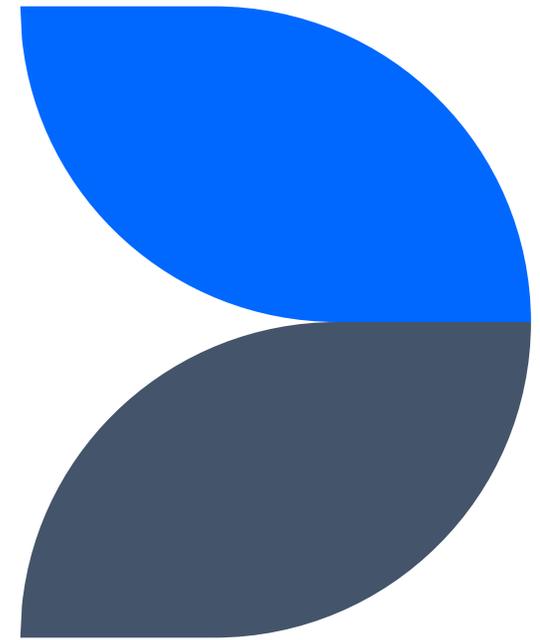
The Transparency in Frontier Artificial Intelligence Act

- SB 53, which is known as the Transparency in Frontier Artificial Intelligence Act (TFAIA), requires developers who train AI models using a certain threshold of computer power to create and publish a “frontier AI framework” on their websites.
- “Framework” in this context means documented technical and organizational protocols to manage, assess and mitigate catastrophic risks.
- Failure to comply with TFAIA can result in civil penalties enforced by the California Attorney General.
- TFAIA also includes enhanced whistleblower protections for employees who are responsible for assessing or managing AI risks. These employees are protected from retaliation if they disclose information about potential dangers or violations internally or to regulators.
- Large developers must maintain anonymous reporting channels.



Stay Compliant, Act Now!

Contact DMW's Employment and Labor Law attorneys, who can help assess your obligations and prepare the right next steps.



Questions?

