

Keeping the Human in Human Resources

2026 Labor Law Update

Supporting Employers since 1937

California Employers Association

Monterey County Works Business Services

We help businesses stabilize, strengthen and grow!

RECRUITMENT

- Job & Career Fairs
- Customized Recruitment
- Job Boards &
- Other Promotional Activities

TRAINING

- Incumbent Worker Training
- On-the-Job Training
- Layoff Aversion

RESOURCES & OTHER SERVICES

- Human Resources Hotline
- Resources & Referrals for Business Solutions
- Rapid Response: Employee and Employer Support during Downsizing
- Employer Hiring Videos



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Have HR Questions?
We've got answers!

Contact the no-cost Monterey County Works HR Hotline to get advice on the proper way to handle employee concerns!

MONTEREY COUNTY WORKS
GROWING TALENT • SUPPORTING BUSINESS

Providing guidance on:

- Hiring and firing best practices
- Paid sick leave laws
- Wage and hour laws
- ADA and handbook policies
- HR compliance
- Accommodations in the workplace
- And much more!

Two ways to contact the HR Hotline:

Call us:
888.217.6899

HR Directors are available for Monterey County Employers Monday - Friday from 8 a.m. - 5 p.m.

Email:

Scanning the QR code with your smartphone opens an email that will be sent directly to the HR hotline.

Hotline powered by California Employers Association

Monterey County Works is an initiative of the Monterey County Workforce Development Board. This project is funded 50/50 by the California Employers Association. This program is designed to provide no-cost HR guidance and services to small business and services are available upon request to individuals with disabilities. TTY/CRS: Dial 711.

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Contact us today!

Laura Kershner
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Email: KershnerL@countyofmonterey.gov

Website:
<https://www.montereycountyworks.com>

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California Employers Association

Keeping the Human in Human Resources.

Providing employers with **Peace of Mind** through exceptional human resource compliance solutions, training, and coaching services.

Members receive unlimited phone support with HR experts, onsite assistance, and a multitude of online resources.

What We Provide:

- Quick and responsive answers to HR questions
- Employment forms, policies, handbooks, guidelines, and fact sheets
- Training for supervisors, managers, and employees
- Consultation on workplace issues and negotiations

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Just ask our Members

Petit Pot **the old spaghetti factory** **MOUNTAIN MIKE'S PIZZA** **COWGIRL CREAMERY** **GRIGICH HILLS ESTATE NAPA VALLEY**

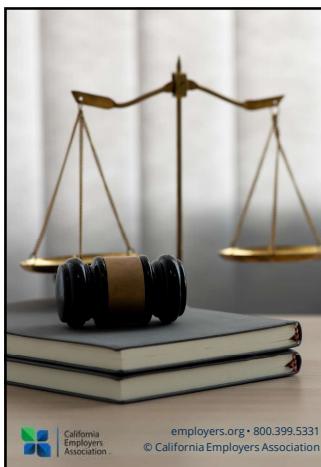
scds **sacramento District Dental Society** **BenefitPro** **CSSA CALIFORNIA** **California Landscape Contractors Association**

San Benito County **Alameda County Workforce Development Board** **Workforce Development Board Contra Costa County** **Contra Costa Workforce Development Board** **WORKFORCE DEVELOPMENT BOARD of Ventura County**

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We will cover:

- Wage & Hour Updates
- Leaves & Benefits
- Employee Rights
- Artificial Intelligence
- Case Law & Regulations

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Wage & Hour, Payroll

- Increasing Wages
- Equal Pay Act Amendments
- OBBBA – Qualified Tips & Overtime

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2026 Minimum Wage/Salary

All Employers – Regardless of Size!	
Non Exempt / Hourly	Exempt / Salary (Yearly)
\$16.90	\$70,304

Fast Food Chains: \$20/hour
Health Care: Ranges from \$18.63 to \$23/hour

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40+ Local Minimum Wage Laws & Counting...

- Over **40** local ordinances may apply!
- **Minimum wage**, paid sick leave, predictive scheduling, flex time
- The **local minimum wage** is based on where the employee is *physically* working (e.g., home residence, client site, out of town conference)

Look for Jan. 1 increases! bit.ly/CEAminimumwagePSL

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SB 642: Equal Pay Act Amendments

What is the Equal Pay Act?

- Prohibited from paying less than what you pay an employee of **another sex, race, or ethnicity for substantially similar work**
- **Exceptions:** seniority, merit, production, or a bona fide factor



Amendments for 2026:

- Language amended to "**another sex**" instead of "opposite sex"
- Expands definition of "**wages**" to include other benefits
- Extends **statute of limitations to 3 years**
- Employees can recover **6 years of damages for "continuing violations"**

Recommendation: hold on to payroll records and wage decisions for 6 years

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SB 642: Pay Transparency

Pay transparency requirements:

- CA employers required to provide **pay scale** to current employees for their position, or applicant for the position applied for, upon request
- 15 or more employees:** must include pay scales in **job postings**

Amended Definition:

- Pay scale means an **estimate** of the expected wage range that an employer reasonably and in good faith expects to pay **upon hire**
- Includes just the **starting salary range**, not the entire range



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Personal Vehicle Usage

- Must reimburse costs incurred by employee on behalf of the business, including mileage when personal vehicle is used for work
- IRS Mileage Rate:
 - 2025: 70 cents/mile
 - Jan 1, 2026: 72.5 cents/mile**
- Must pay hourly employees for actual drive time (i.e., work time) in addition to mileage reimbursement



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OBBA (H.R.-1) Overview

- Many tax-related and other changes
- OBBA establishes **above the line** deductions for federal income tax for **"qualified" overtime** compensation and **"qualified" tips** that apply to the **2025 through 2028** taxable years



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OBBA: Qualified Overtime

- Employees may **deduct** pay that exceeds their regular rate of pay—the **"half" portion of "time-and-a-half"** compensation—that is required by the Fair Labor Standards Act (FLSA), for federal income tax purposes
- Only weekly overtime qualifies** – not California's daily overtime, not 7th consecutive day overtime

Recommendation: Work with payroll provider to "tag" or "code" weekly overtime in your system

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OBBA: Qualified Tips

- Employees may deduct **qualified tips** from federal income taxes
- Only if in **occupations that are listed by the IRS** as "customarily and regularly receiving tips on or before December 31, 2024"



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Get guidance here:
bit.ly/obba-tips

Wage & Hour: To Do's

- ✓ Ensure **minimum wage rates** are adjusted as needed
- ✓ Update Wage Theft Notices for non-exempt employees
- ✓ **Adjust salaries** for exempt employees as needed
- ✓ **Audit equal pay practices** and **update pay scales** in job postings



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Pro Tip: Refer to CEA's **Wage and Hour Audit: PAGA Prevention Package** on our Store: bit.ly/wage-hour-audit



Leaves & Benefits

- Crime Victims' & Paid Sick Leave Updates
- Restrictions on Retention Bonuses

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Review: Crime Victims' Leave (AB 2499)

- Broader definition of a **"victim"**
- Amended Government Code/transferred authority to CRD
- New notice requirements: Employer must provide notice:
 - To new employees **upon hire**
 - To all employees **annually**,
 - **Upon request**, and any time an employee **informs** an employer that employee or employee's family member is a victim



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Review: Crime Victims' Leave 25 or More Employees

Expanded reasons for leave:
Obtaining court **relief**, legal proceedings, **medical** attention and victim services, **mental health** services, **safety planning**, **relocation** to secure new residence or school for child, **providing care** to family member recovering, providing childcare or care to dependent adult to ensure safety

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AB 406: Court-Related Leave Clean Up

- Transfers **enforcement authority from DLSE to CRD** for two additional crime victims' leave provisions (previously Labor Code sections 230.2 & 230.5)
- Under Gov. Code, provides unpaid leave for employees who are victims or family members of victims of specified crimes (e.g., serious felonies) to attend **judicial proceedings** including:
 - any delinquency proceeding,
 - a post-arrest release decision,
 - plea, sentencing, post-conviction release decision,
 - or any proceeding where a right of that person is at issue



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Question:

Can employees use **accrued time, such as Paid Sick Leave**, to get paid during a covered crime victims' leave?



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Answer

- **Yes!** Employees can use vacation, PTO, mandatory paid sick leave, etc.
- As of October 1, 2025, law **amended to clarify** employees can use accrued time, including mandatory paid sick leave, for the following reasons:
 - **Witness Leave:** An employee (including crime victims) appearing in court as a witness to comply with a subpoena or other court order;
 - **Jury Duty:** An employee who is serving on an inquest jury or trial jury

Update your PSL, Crime Victims, Jury Duty and Witness Leave Policies!
Call CEA for Employee Handbook Services: 800-399-5331



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AB 692: Retention-Bonus Restrictions

- Applies to **"Stay or Pay" Contracts**: retention-bonuses, tuition-assistance payments
- As of **January 1, 2026**, employers are generally **prohibited from requiring an employee or applicant to pay** the employer or another third party if the work relationship ends

Example: Employer requires employee to pay back their \$5k hiring bonus if they fail to remain employed for at least one year.

Prohibited; Exceptions Apply - Consult Counsel



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Leave & Benefits: To Do's

- ✓ **Update PSL, Crime Victim, Jury Duty, and Witness Leave policies.**
 - Distribute CRD Crime's Victim Notice, including **annually**
- ✓ **Review and adjust retention pay and tuition assistance programs.**



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Employee Rights & Protections

- Immigration-Related Protections
- CRD's ADS Regulations
- Personnel Records, Notice & Posting Updates



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SB 294: Workplace Know Your Rights Act

After Arrest/Detention

- Must **notify** designated contact if employee is arrested or detained on the **worksites**
- If arrest or detention is **offsite**, but occurs during **work hours or when performing job duties** must notify if have **actual knowledge** of it
- Penalties of up to \$10k per employee for violations

Other Notice Requirements

- Labor Commissioner published **Workplace Know Your Rights Notice**: bit.ly/DIR-know-your-rights
- Must distribute this notice by **February 1, 2026, annually** thereafter, and to **new hires**



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SB 294: Workplace Know Your Rights Act

Emergency Contacts Form

- Must provide opportunity for employees to name **emergency contact** in the event they are **arrested or detained**
- Deadline: by **March 30, 2026**
- Must also provide to **new hires**

Emergency Contacts Form (English):
bit.ly/emergency-contact-english



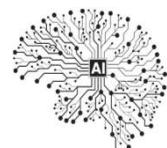
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What Is ADS?

An **Automated Decision-Making System**, or "ADS":

- Any "computational process that makes a decision or facilitates human decision making through:
 - artificial intelligence,
 - machine learning,
 - statistics, and/or
 - other data processing techniques."



Artificial Intelligence falls under the larger "ADS" umbrella.



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CRD's ADS Regulations

CRD approved **regulations** addressing potential discrimination when ADS tools are used to make personnel decisions (e.g., screening applicants)

Effective Date:
October 1, 2025



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Key highlights:

- FEHA applies to AI
- AI tools may result in adverse-impact discrimination
- Record retention of AI-related records: 4 years from date of creation or personnel action involved, whichever comes later

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Personnel Record Refresher

- Employers must provide current and former employees (and representatives) the **right to inspect** and **receive a copy** of personnel records
- Includes: **employee's performance** and any **grievance** concerning the employee
- Due within **30 calendar days**
- Failure to comply:** \$750 fine plus attorney's fees/costs

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Effective 1/1/26: Must include **education & training records**:

- Name of the employee
- Name of the training provider
- Duration and date of the training
- Core competencies of a training, including skills in equipment or software
- Resulting certification or qualification

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Labor Law Posters & Notices

Updated Postings

- Cal/OSHA: Safety and Health Protection on the Job
 - English & Spanish - July 2025
- CA Minimum Wage Order
 - +Local Minimum Wage postings
- DLSE: "Healthy Workplaces"
 - English and Spanish
- EEOC: Know Your Rights
 - Marked as "undergoing revision"

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Updated Notices

- CRD: "Survivors of Violence and Family Members of Victims Right to Leave and Accommodations"
- Labor Commissioner: "Workplace Notice of Rights"

2026 Labor Law Poster available for order at employers.org

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Employee Rights: To Do's



- ✓ Prepare **Emergency Contact Form**
- ✓ Ensure **human review of AI processes** and record retention
- ✓ Ensure compliance with **training and education record** requirements

CEA Members: We provide sample forms to help you comply!
Subscribe to CEA's blog for HR updates: employers.org

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New Year Employer Checklist

1

Purchase Your 2026 Labor Law Poster



bit.ly/2026-poster

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Update Your Employee Handbook



bit.ly/EE-handbooks

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Complete Harassment Prevention Training



bit.ly/hpt-mar2026

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WORKS**

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Contact us today!

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Phone: (831)796-3341

Email: KershnerL@countyofmonterey.gov

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<https://www.montereycountyworks.com>

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Membership Options

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- 10% Off HRCI Certification & Earn up to 12 Recertification Credits
- Eight (8) Consultation Hours Annually for Projects or Compliance Trainings
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- Customized Employee Handbook & Updates (\$1995 value)
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- Annual Labor Law Poster

\$6,239

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\$2,799

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\$1,449

New memberships are subject to a one-time administrative fee. *Complimentary for first year of membership.

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Your feedback matters!



Help us improve trainings & build resources for you!



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Training Codes

HRCI: code

The use of this seal confirms that this activity has met HR Certification Institute's (HRCI) criteria for recertification.



SHRM: code

CEA is recognized by SHRM to offer Professional Development Credits (PDCs) for SHRM-CPM and SHRM-SCP. For more information about certification or recertification, please visit shrmcertification.org.




To comply with SB 513, you may provide a copy of this training handout and your event registration email to your HR department and/or management team to include in your personnel records.

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Thank You



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