

## Blog Post

# How California Employers Can Prepare for New Employment Laws Taking Effect in 2026

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The 2025 legislative cycle in California once again produced several bills that substantially expand and reform employer obligations in the Golden State. These laws add new workplace notice requirements, broaden leave and rehiring protections, expand personnel file and recordkeeping obligations, and modify rules governing pay transparency, independent contractor status, and labor relations. Most provisions take effect in 2026, with some extending into 2027 and beyond.

Collectively, these laws add new layers of complexity to existing employer responsibilities, making it more important than ever for employers to proactively prepare for the 2026 changes. Below are key steps employers can take to get ready for these new requirements.

**Review pay rates and salaries to ensure compliance with the increased minimum wage.**

Due to annual inflation adjustments, California's minimum wage will again increase on January 1, 2026, from \$16.50 to \$16.90 per hour. Employers must be aware that the minimum wage increase affects not only lower-wage hourly workers, but also salaried workers exempt from overtime pay, whose

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salaries must be at least twice the state minimum wage for full-time employment. Thus, on January 1, 2026, the minimum salary threshold for exempt employees will increase to \$70,304.

To remain compliant, employers should review all employee pay rates and salary structures before the effective date, make appropriate adjustments, and update payroll systems accordingly. Employers should also communicate any changes to affected employees in writing and retain documentation of wage adjustments to demonstrate compliance with state requirements.

Review and revise workplace policies and handbooks to address new requirements for employee notices, bias training, and victim protections.

#### **New “Workplace Know Your Rights Act”**

**Notices.** Beginning February 1, 2026, California employers must provide employees with an annual written Workplace Know Your Rights Act Notice. The Labor Commissioner will issue a template notice by January 1, 2026, and educational videos will be made available by July 1, 2026. The notice must clearly explain employees’ rights regarding workers’ compensation benefits, immigration inspection notices and protections, union organizing and concerted activity, and constitutional rights during workplace interactions with law enforcement. Employers need to provide the notice in the language used for work-related communications that the employee understands, as specified by the Labor Commissioner. Additionally, by March 30, 2026, employers must allow employees to name an emergency contact or collect this information from new hires going forward. Employers should update and properly distribute the new notice forms.

#### **Workplace Protections for Victims of**

**Violence.** Effective January 1, 2026, AB 406 expands crime victim accommodation and time off protections, prohibiting employers from discharging

or in any manner discriminating or retaliating against an employee who is a victim or a family member of a victim for taking time off in order to attend judicial proceedings related to that crime. California has long provided leave and safety accommodations for victims of domestic violence, sexual assault, and stalking. In 2025, enforcement moved to the Civil Rights Department. AB 406 consolidates and expands these protections by adopting a “qualifying act of violence” framework, explicitly covering leave to support family members of victims and clarifying notice, certification, and confidentiality requirements. AB 406 defines “victim” to include anyone subjected to one of 14 crimes listed in Government Code section 12945.8(j)(8)(c), including violent and serious felonies. A “qualifying act of violence” includes domestic violence, sexual assault, stalking, and specified acts or threats of harm, regardless of arrest or prosecution of the perpetrator. Protections also extend to employees whose family member or designated person is a victim.

To ensure that employees are not incorrectly denied leave, employers should familiarize themselves with the crimes and judicial proceedings included in the law and revise leave policies reflect these updated protections.

**Bias Training.** SB 303 amended the Fair Employment and Housing Act to clarify that an employee’s assessment, testing, admission, or acknowledgment of their own personal bias — when made in good faith and solicited or required as part of a bias mitigation training — does not, by itself, constitute unlawful discrimination. The law defines “bias mitigation training” as training, education, or activities provided by an employer to educate employees on understanding, recognizing, or acknowledging the influence of conscious and unconscious thought processes and their associated impacts. To meet this requirement, employers should review and update their bias mitigation

training programs to ensure they meet the statutory definition and are conducted in good faith.

Review offer letters, reimbursement policies, and mobility agreements to ensure compliance with AB 692 restrictions on “stay-or-pay” arrangements.

Effective January 1, 2026, AB 692 prohibits most “stay-or-pay” agreements. Under this new law, employers are generally barred from requiring employees to reimburse costs such as relocation expenses or work-related training if employment ends before a specified period, with certain exceptions for tuition repayment and upfront discretionary bonus repayments.

Employers may not require employees, as a condition of employment, to sign agreements that:

- Require repayment of debt (including employment-related costs, education-related costs, or consumer financial products or services) if employment ends;
- Permit debt collection or end forbearance on a debt if employment ends; or
- Impose any penalty, fee, or cost if employment ends.

Employers should review and update their employment-related agreement templates to remove any non-compliant provisions and ensure alignment with the new law.

Update personnel and training recordkeeping practices to include information now required under SB 513.

Under current law, California employers must allow current and former employees to inspect and receive copies of their personnel records. SB 513 amends Labor Code section 1198.5 to expand the types of personnel records employers must make available

for inspection to include education and training records. The amendment clarifies that “personnel records relating to the employee’s performance” now also encompass education and training records, which must be produced upon an employee’s request under section 1198.5. Employers that maintain such records must ensure the records include the following information: the employee’s name, the name of the trainer, the date and duration of the training, the core competencies addressed (such as skills in equipment or software), and any resulting certification or qualification. Employers should update policies relating to employee access to personnel records to reflect the recent change to the law.

Update pay transparency and pay equity practices to comply with SB 642’s expanded definitions of “pay scale,” “sex,” and “wages” and to prepare for broader pay data reporting obligations under SB 464.

Effective January 1, 2026, the Pay Equity Enforcement Act (SB 642) significantly amends California’s Equal Pay and Pay Transparency laws by broadening key definitions, extending the statute of limitations to three years (with recovery for the entire period a violation exists, up to six years), and specifying categories of unlawful practices. Under California’s Pay Transparency Law (Labor Code section 432.3 ), employers must provide employees with “pay scale” information and, if they have 15 or more employees, include this information in all job postings. The amended law now requires employers to provide a “good faith estimate” of the salary or wage range “upon hire,” meaning the disclosed range must reflect what the employer reasonably expects to pay a new hire on day one, rather than a general range for the position.

California’s Equal Pay Law (Labor Code section 1197.5) is also amended to prohibit pay disparities between employees of “another sex,” expanding

protections to include nonbinary genders and requiring equal pay for substantially similar work regardless of gender identity or expression. Additionally, SB 642 broadens the definition of “wages” to include all forms of compensation, such as bonuses, stock, stock options, allowances, accommodations, and travel reimbursements, though this expanded definition applies only to section 1197.5.

Employers should ensure that all job postings on or after January 1, 2026, include the required pay scale information, and revise pay policies and practices to prohibit pay inequity between employees of different sexes or gender identities. Employers must also ensure that all forms of compensation — not just salaries or hourly rates — are paid equally across genders unless a legitimate business necessity or other valid reason exists for any disparity.

Private employers with 100 or more employees on their payroll, or those utilizing 100 or more workers hired through labor contractors, must submit pay data reports to the Civil Rights Department annually. Effective January 1, 2026, employers and labor contractors must store demographic pay data separately from employee personnel records. Additionally, beginning with the 2026 reporting cycle due in May 2027, employers must report employee demographic information using 23 Standard Occupational Classification categories — an increase from the 10 categories in the EEO-1 — broken down by race, ethnicity, and sex.

Employers should review and update their data collection and payroll systems to ensure they can accurately capture and categorize employee demographic information according to the new standards. It is important to train HR and payroll staff on the updated reporting obligations and the need to store demographic pay data separately from personnel files.

## Conclusion



As California ushers in a new wave of employment laws for 2026, employers will need to adjust to a wide range of compliance areas — from wage and salary adjustments to expanded leave protections, new notice and training requirements, and enhanced pay transparency and recordkeeping obligations. Navigating these updates will require careful planning and proactive policy review. For guidance tailored to your organization's needs and to ensure full compliance with the evolving legal landscape, contact your Akerman Labor and Employment attorney.

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