

The 2026 Compliance Countdown:
California's New Employment Laws
and The PAGA Landscape

Important Things to Know

Drop your questions in the Q&A section.

The information provided in this presentation is for general informational and educational purposes only and does not constitute legal advice. The material discussed during this presentation should not be construed as legal advice. No attorney-client relationship is created by your participation or attendance. If you have questions regarding your particular situation or particular facts, you should consult an attorney.

What We Are Covering Today

Pay Equity

Personnel Records

Leaves

FEHA Updates (Bias Mitigation
Training, of Limitations)

Updated Posters

Stay or Pay

Enforcement of Wage
Judgements

Honorable Mentions/Industry
Specific Laws

PAGA Landscape

SB 642

Effective January 1, 2026

Pay Equity – Job Postings

- Under Section 432.3 of the Labor Code, employers with 15 or more employees are already required to include the pay scale on job postings.
- SB 642 defines “pay scale” as a good faith estimate of the salary or hourly wage range that the employer reasonably expects to pay for the position upon hire.
- *Amends sections 432.3 and 1197.5 of the Labor Code.*

SB 642

Effective January 1, 2026

Pay Equity—Claims Regarding Unequal Pay

- Employees can already file claims regarding unfair pay under section 1197.5 of the Labor Code.
- The statute of limitations to recover wages under this section has been extended to three years after the last date of the unlawful action and allows for recovery up to six years.
- The definition of “wages” aligns with the federal definition and includes all forms of pay such as salary, bonuses, stock options, life insurance, vacation, cleaning/gas allowances, reimbursement for travel, and benefits.

SB 464

Effective January 1, 2026 and January 1, 2027

Pay Equity—Reporting

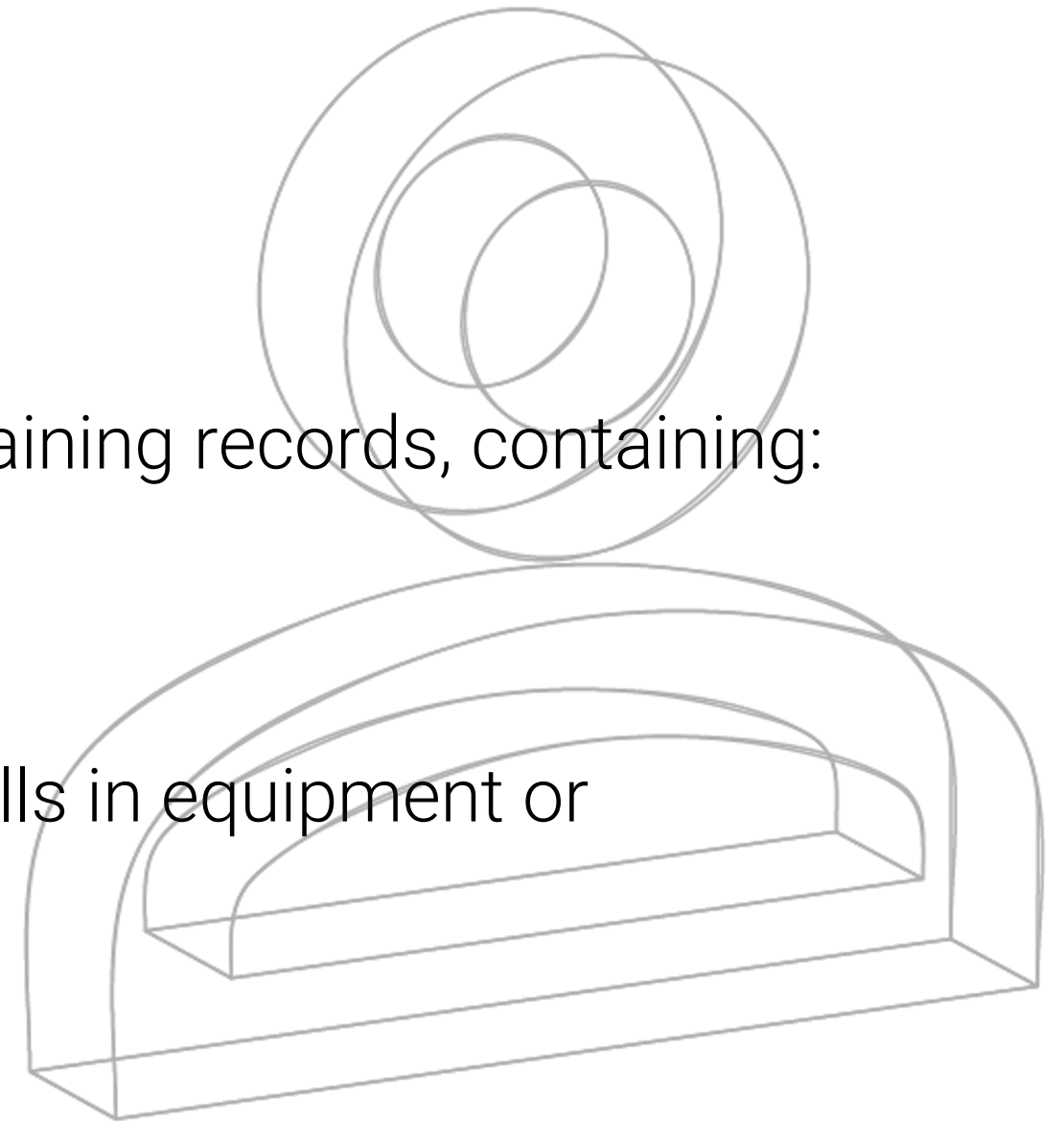
- Employers with 100 or more employees (including employees placed through staffing agencies) are already required to report demographic data each year in May.
- Creates additional guardrails and requirements.
 - Employers will need to report on the race, ethnicity, and sex of employees in numerous job categories; this report has expanded from 10 to 23 categories (effective January 1, 2027).
 - Failure to provide a report leads to a civil penalty from the California Rights Division upon request (eff. January 1, 2026).
 - It requires demographic information to be collected and stored separately from personnel records (eff. January 1, 2026).
- *Amends, repeals, and adds Section 12999 of the Government Code.*

SB 513

Effective January 1, 2026

Personnel Records

- Personnel records must include education and training records, containing:
 - Employee name
 - Training provider name
 - Duration and date of the training
 - Core competencies of a training (including skills in equipment or software)
 - The resulting certification or qualification
- *Amends section 1198.5 of the Labor Code.*

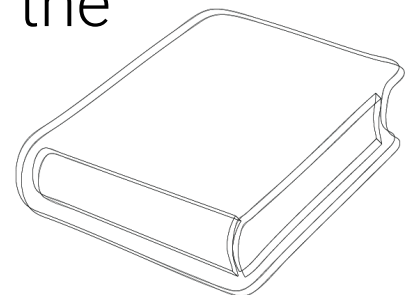


SB 590

Effective July 1, 2028

Leave Laws—Paid Family Leave and Designated Person

- California offers Paid Family Leave as wage replacement for employees taking time off work for certain purposes, including family care leave.
- New law will include time off to care for a “designated person.”
- “Designated Person”: any care recipient related by blood or whose association with the individual is the equivalent of a family relationship.
- *Amends, repeals, and adds sections 3301, 3302, and 3303 of the Unemployment Insurance Code.*

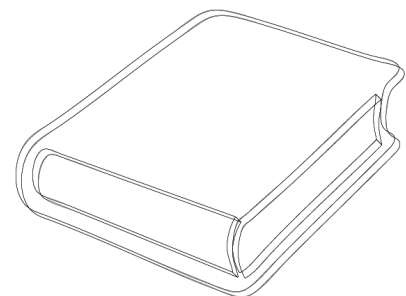


AB 406

Effective immediately (October 1, 2025)

Leave Laws—Leave for Judicial Proceedings

- Employees can use protected paid sick leave for a number of protected reasons; AB 406 expands the list of covered reasons for paid and unpaid leave to include time off to attend certain judicial proceedings including delinquency hearings, post-arrest release decisions, pleas, sentencing, postconviction release decisions (for the employee or a family member who is victim of specified crimes).
 - Even if the employee does not have paid sick leave available, time off for these expanded reasons is protected as unpaid time off.

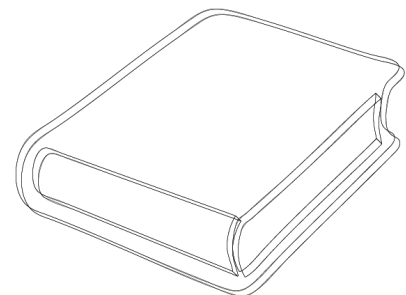


AB 406

Effective immediately (October 1, 2025)

Leave Laws—Leave for Judicial Proceedings (Cont.)

- The law protecting jury duty leave has been amended to remove the requirement that reasonable notice be provided (but an employee may now also use paid sick leave, in which case, reasonable notice is required unless it's not possible).
- *Amends sections 12945.8 of the Government Code and amends section 246.5, amends and repeals sections 230.2 and 230.5, and adds and repeals sections 230 and 230.1 of the Labor Code.*



SB 303

Effective January 1, 2026

FEHA Updates—Bias Mitigation Training

- “An employee’s assessment, testing, admission, or acknowledgment of their own personal bias that was made in good faith and solicited or required as part of a bias mitigation training does not, by itself, constitute unlawful discrimination.”
- Legislative Intent:
 - Encourage employers to conduct bias mitigation trainings
 - Affirm that conducting a bias mitigation training does not, by itself, constitute unlawful discrimination
- *Adds section 12940.2 to the Government Code.*

AB 250

Effective January 1, 2026

FEHA Updates—Statute of Limitations for Sexual Assault/Harassment

- Permits the revival of claims seeking to recover damages suffered as a result of an alleged sexual assault that would otherwise be barred prior to January 1, 2026 because the applicable statute of limitations has or had expired.
- Plaintiff must prove, among other things, that one or more entities legally responsible for damages engaged in a cover up.
 - Cover up: “concerted effort to hide evidence relating to a sexual assault that incentivizes individuals to remain silent”

AB 250

Effective January 1, 2026

FEHA Updates—Statute of Limitations for Sexual Assault/Harassment

- Also revives “derivative claims,” including wrongful termination and sexual harassment.
- Applies to claims currently pending or filed before December 31, 2027.
- *Amends section 340.16 of the Code of Civil Procedure.*

SB 294

Effective February 1, 2026

Updated Posters—Know Your Rights Poster

- Employers must provide current employees and new hires a new notice of specific workers' rights on or before February 1, 2026.
- Labor Commissioner must develop and post a template on its website by January 1, 2026, and update annually.
- Employers must also now contact an employees designated emergency contact if the employee is arrested or detained on the worksite, during work hours, or during the performance of the employee's job duties.
- *Adds Part 5.6 (commencing with Section 1550) to Division 2 of the Labor Code.*

AB 692

Effective January 1, 2026

Stay or Pay

- Prohibits contracts requiring workers to repay certain debts if the employment relationship ends. Certain items like tuition payments for transferrable credits and discretionary bonuses can be excluded.
- Where there is an exception, required terms may include:
 - Having a separate agreement
 - The right to consult an attorney and 5 business days to consider
 - Repayment obligation for early separation must be prorated
 - Worker must have the option to defer receipt of payment until the end of the retention period without repayment obligation
 - Repayment can only apply if the employee leaves voluntarily or is terminated for misconduct
- Allows for a private right of action; actual damages or up to \$5,000 in penalties per worker, injunctive relief and attorneys' fees are available.
- *Adds section 16608 to the Business and Professions Code.*

SB 261

Effective January 1, 2026

DLSE Enforcement of Wage Judgments

- Employers are subject to a civil penalty of up to three times the amount of an outstanding judgment for nonpayment of work if the judgment is unpaid after 180 days.
- The penalty can be reduced if the employer provides clear and convincing evidence that good cause exists.
- 50% would go to the employee, 50% to the DLSE, and attorneys' fees are available.
- *Amends section 98.2 and adds sections 238.05 and 238.10 to the Labor Code.*

Honorable Mentions/Industry-Specific Laws

Effective January 1, 2026

- **AB 858** expands right to rehire COVID era protections in specific industries (hotels, private clubs, event centers, airport hospitality/service providers and building services).
- **SB 648** gives the Labor Commissioner the authority to investigate and issue a citation for gratuities withheld by employers.
- **SB 809** clarifies that mere ownership of a vehicle used to provide services does not make that person an independent contractor.
- **AB 288** creates a mini-NLRB by giving PERB jurisdiction over private employers for “unfair labor practice” claims.

New PAGA & PAGA Trends

Quick Refresher on PAGA

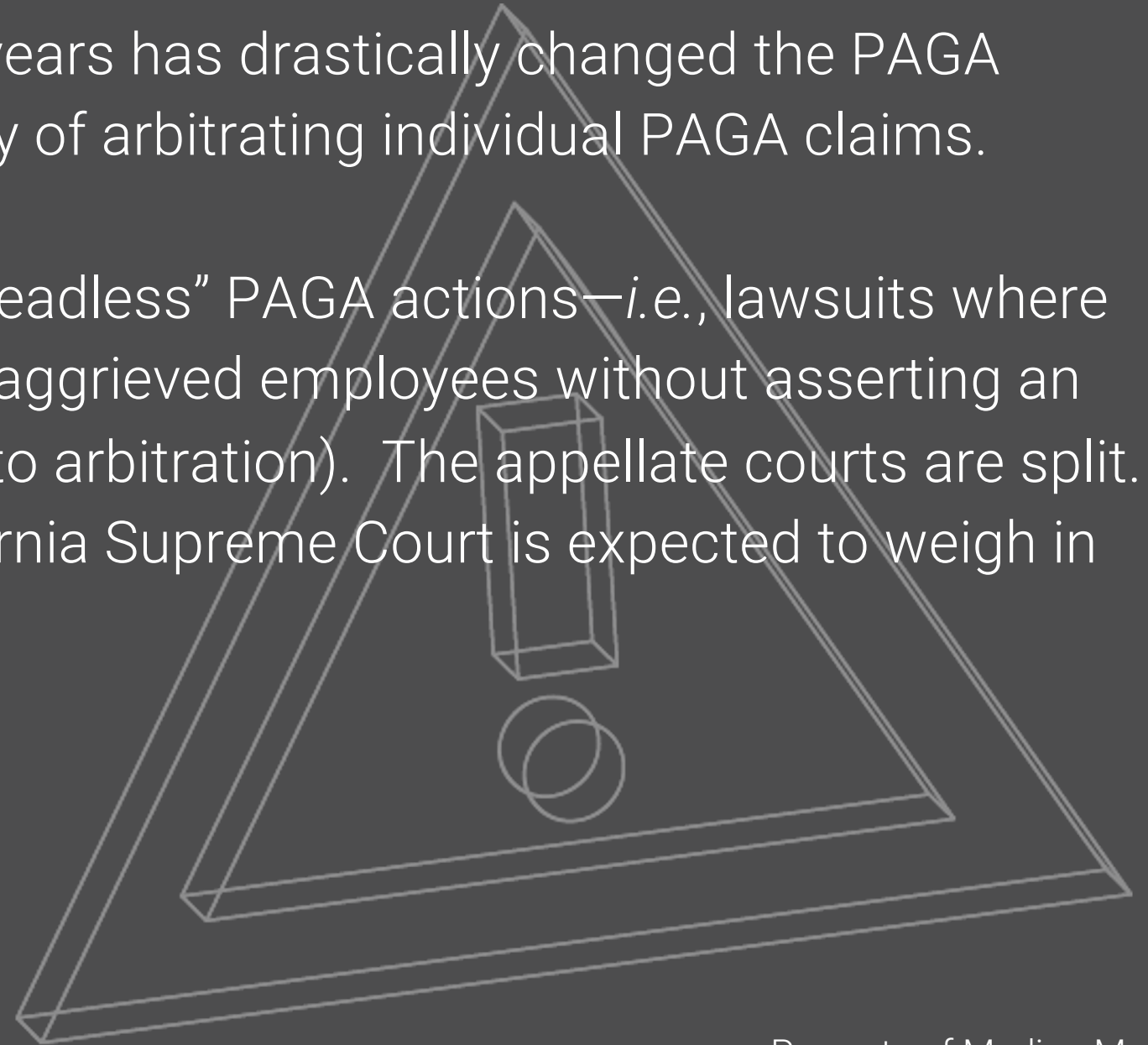
- On June 19, 2024, the Private Attorneys' General Act was amended in many key ways, including an avenue for penalty reduction:
 - An ounce of prevention is worth a lot. Penalties can be capped at 15% if the employee seeks "all reasonable steps" towards compliance before the PAGA letter, and 30% if the employer seeks to comply within 60 days of notice of alleged violations.
- Reasonable steps include:
 - Payroll audits
 - Lawful policies
 - Training supervisors and corrective action



Compliance is key!

Beware of Headless PAGA

- An avalanche of litigation in the last three years has drastically changed the PAGA landscape, including creating the possibility of arbitrating individual PAGA claims.
- Recent litigation has opened the door to “headless” PAGA actions—*i.e.*, lawsuits where the plaintiff is able to represent a group of aggrieved employees without asserting an individual claim (that could get compelled to arbitration). The appellate courts are split. After briefing in December 2025, the California Supreme Court is expected to weigh in on the issue next year.



Arbitration Agreements

- Arbitration agreements should be drafted with headless PAGA in mind.
- Unlawful provisions in confidentiality agreements provided at onboarding have led to arbitration agreements not being enforced.
 - Employers should review confidentiality and arbitration agreements.

Questions?

Type questions into the Q&A

Email us with questions after the webinar: legalupdates@medinamckelvey.com

Call our office line at (916)960-2211

