



# Legal Update: Jan. 1st Employment Law Changes & 2026 Preview

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# Understanding key dates

When it comes to legal changes, not all dates are created equal

- Laws that update regularly often change on notable days
- Think minimum wage or salary thresholds for non-competes, employee/contractor determinations, etc.

**January 1 or July 1 are most common**

- Ad hoc changes are more likely to kick in on the 1st of the month than the 22nd
- But watch out for laws that take effect a set number of days after passage

**Some states have set calendars that determine when new laws take effect**



# Employment law changes: 2025 in review

Many of the changes in employment law this year—which we expect to still be key trends in 2026—can be divided into three buckets:

## Federal Changes

### A new administration brought:

- An end to the federal non-compete ban and raised salary thresholds for exempt employees that the Biden administration tried to put in place
- New enforcement priorities at the Equal Employment Opportunity Commission (EEOC) and the Federal Trade Commission (FTC)
- Less activity at the National Labor Relations Board (NLRB) and Department of Labor (DOL)

## Sick Leave

**Michigan:** New sick leave law took effect for employers with 11 or more employees on February 21, and for employers with 10 or fewer employees on Oct. 1st

**Missouri:** New sick leave law was passed by voters, took effect, and then was repealed by the legislature

**Nebraska:** New sick leave law took effect on Oct. 1st

**Numerous states** expanded their sick leave laws to give more time and allow the leave to be used for more things

## Other Issues

**AI Regulation:** Colorado, Illinois, New Jersey, and California have started regulating the use of AI in employment—but we're still in the early stages of legislation

**Pay Transparency:** States continue to enact laws that require employers to be more transparent about pay with both applicants and employees

**Equal Employment Opportunity:** Several states added to their list of protected characteristics

# Today's agenda

**1** Minimum Wage & Non-Competes

**2** Family and Medical Leave

**3** AI and EEO

**4** Pay Transparency

# Minimum wage updates

Minimum wage increases go into effect for these states on Jan. 1st, 2026

- Arizona - \$15.15/hr
- California - \$16.90/hr
- Colorado - \$15.16/hr
- Connecticut - \$16.94/hr
- Hawaii - \$16/hr
- Maine - \$15.10/hr
- Michigan - \$13.73/hr
- Minnesota - \$11.41/hr
- Missouri - \$15/hr
- Montana - \$10.85/hr
- Nebraska - \$15/hr
- New Jersey - \$15.92/hr
- New York - \$16/hr
- Ohio - \$11/hr
- Vermont - \$14.42/hr
- Virginia - \$12.77/hr
- Washington - \$17.13/hr

# Non-compete updates

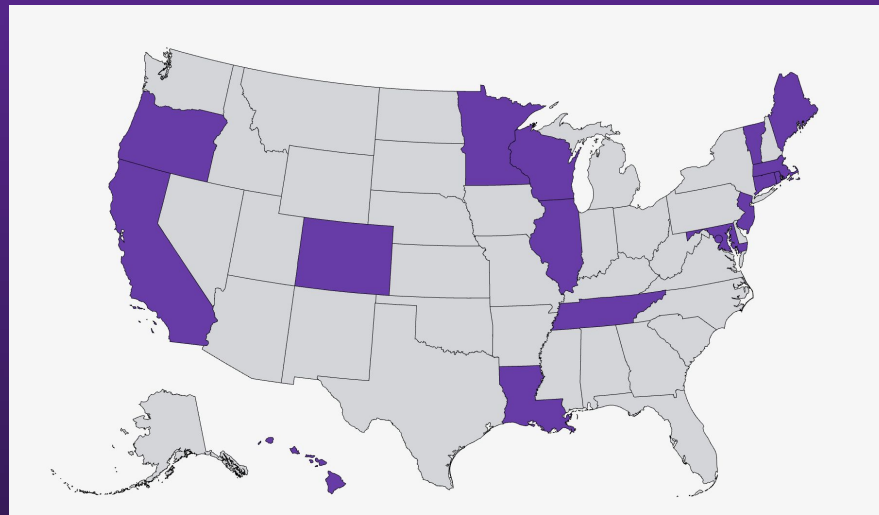
- Several states **allow non-competes only for “highly compensated” employees** who exceed certain salary thresholds—and prohibit them for employees who *don’t* meet those thresholds
- In these states, the thresholds are typically calculated as a percentage of either:
  - The Consumer Price Index (“CPI”)
  - The federal poverty level, or
  - The state’s minimum wage
- Colorado, Maine, Maryland, Rhode Island, Oregon, Washington, and Washington D.C. will all see threshold changes in 2026 as a result of updates to these 3 data points
- **CPI and federal poverty level data is typically published mid-January**—so HR teams should keep an eye out for this data

# Unpaid Family and Medical Leave

**Federal Law:** The federal Family and Medical Leave Act ("FMLA") generally requires employers with 50 or more employees to provide employees 12 weeks of unpaid leave for a variety of reasons related to family and medical care.

**State Law (Unpaid):** A number of states have expanded on the federal requirement by:

1. Applying Family and Medical Leave requirements to smaller businesses
2. Providing more than 12 weeks of unpaid leave, and/or
3. Expanding the reason employees can use Family and Medical Leave



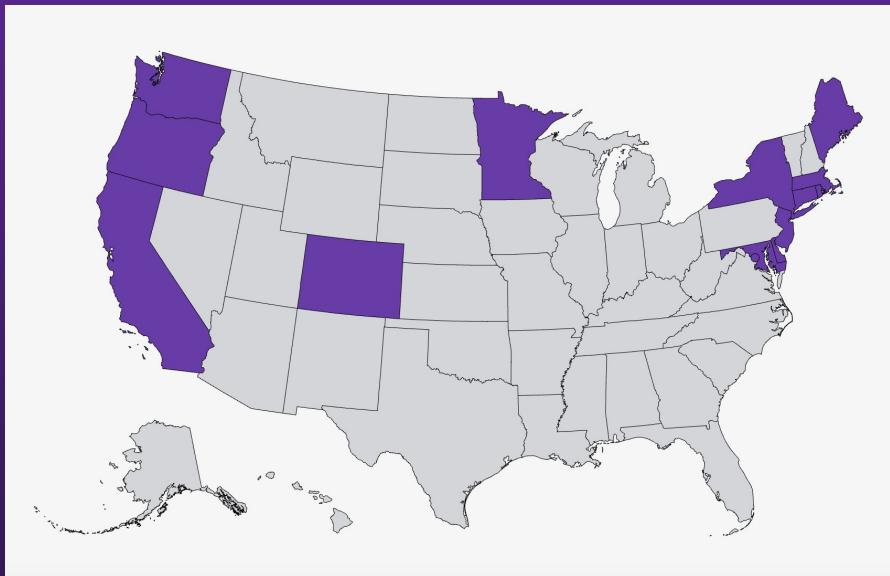


# Paid Family and Medical Leave

13 states + D.C. provide a form of paid Family and Medical Leave:

- California
- Colorado
- Connecticut
- Delaware
- Maine
- Maryland
- Massachusetts
- Minnesota
- New Jersey
- New York
- Oregon
- Rhode Island
- Washington
- Washington D.C.

All of them are funded through payroll taxes or deductions.



# Future Paid Family and Medical Leave

1

**Delaware**

Payroll Contributions Jan 1, 2025

Employee Benefits Jan 1, 2026

2

**Maine**

Payroll Contributions Jan 1, 2025

Employee Benefits May 1, 2026

3

**Maryland**

Payroll Contributions July 1, 2027

Employee Benefits: TBD

4

**Minnesota**

Payroll Contributions and Employee Benefits January 1, 2026

# Additional changes to Paid FML on Jan. 1st, 2026

Contributions and benefits aren't the only changes to state FML laws that go into effect on January 1. Here's a list of some other changes employees can celebrate at the new year:

- Colorado is extending the duration of paid family and medical leave, up to an additional 12 weeks, for a parent who has a child receiving inpatient care in a neonatal intensive care unit.
- Rhode Island is expanding its Temporary Caregiver Insurance benefits from 7 weeks to 8 weeks.
- Washington is expanding job protections to smaller employers and employees who have worked for less time—and providing continuation of benefits in more circumstances.

# AI & employment discrimination

The two topics overlap more than you might think—most regulation of AI use in employment is designed to prevent accidental or intentional discrimination

We will be looking at 5 examples from 2025 and 2026:

- Colorado's AI Act
- Illinois' Human Rights Act
- New Jersey's Guidance on Algorithmic Discrimination
- California's Fair Employment and Housing Act (and recently vetoed SB7)
- Trump's order "Preventing Woke AI in the Federal Government"



# What is “AI”?

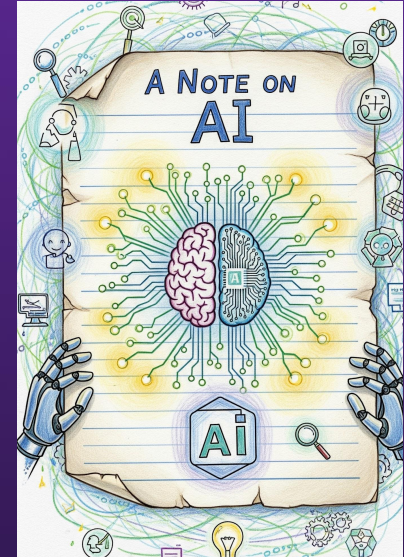
“Artificial Intelligence” includes more than just programs that imitate human intelligence (e.g., chatGPT)

- It includes any machine-based system that analyzes data to generate outputs in service of an objective (e.g., predictions, recommendations, or decisions)

Common examples include algorithms, applicant screening tools, and certain types of performance monitoring technology

- Anything that takes in employee/applicant data and uses it to predict performance or suitability for a role

Laws often refer to it as “automated decision-making technology” rather than “Artificial Intelligence” for this reason



# Colorado's Artificial Intelligence Act

- First comprehensive regulation of AI at the state level
- Regulates both “Developers” and “Deployers” of AI systems
- No private right of action
  - Will be enforced exclusively by the Colorado Attorney General’s Office
- Takes effect June 30, 2026 (delayed from February 1, 2026)



# Deployer responsibilities

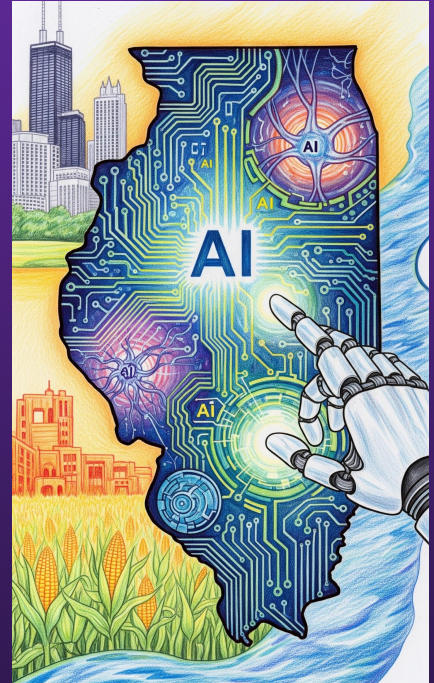
Must use “reasonable care” to prevent “algorithmic discrimination.”

There is a rebuttable presumption that deployers used reasonable care if they:

- Implement a risk management policy and program for high-risk AI systems
- Complete an impact assessment of high-risk AI systems
- Notify consumers that could be affected by decisions made by high-risk AI systems
- Make a publicly available statement summarizing the types of high-risk systems that the deployer currently uses
- Disclose to the attorney general the discovery of algorithmic discrimination within 90 days of discovery

# Illinois Artificial Intelligence Law

- Amends the Illinois Human Rights Act (effective January 1, 2026)
- Prohibits employers from **using AI in connection with “recruitment, hiring, promotion, renewal of employment, selection for training or apprenticeship, discharge, discipline, tenure, or the terms, privileges, or conditions of employment”** in a way that subjects an employee to any discrimination based on protected characteristics or zip code.
  - Zip code included because businesses can use it as a proxy for other protected characteristics like race, religion, etc.
- Also requires employers to **notify employees when AI is being used** to make employment decisions.





# California's Fair Employment and Housing Act



New regulations (effective October 1, 2025) prohibit employers from using AI tools to discriminate on the basis of any FEHA-protected classes

- Including assessments that make predictions about applicants or that measure their characteristics

Protects employers who use bias testing or other audit techniques to prevent their AI from discriminating

- Bias testing is a best practice in all states, even those without a safe harbor

Requires businesses to keep records of all data fed to the AI system and the decisions/recommendations it made for 4 years

FEHA isn't the only CA law that restricts how AI is used to make decisions

# New Jersey's "Guidance on Algorithmic Discrimination"

Explains that existing NJ law imposes liability on employers who discriminate against employees using any method, including AI

- Regardless of whether the employer developed the AI tool

"Disparate Impact" claims mean employers can be liable for AI tools that have discriminatory impact even if they acted in good faith

- Discrimination can result from errors in designing, training, or deploying the AI

AI use can also be illegal if it "impedes or precludes" employees from getting reasonable accommodations



# Preventing “woke AI” in the federal government



Executive order issued in July that requires government entities to only use AI models that are “truth-seeking” and “ideologically neutral”

- Doesn't apply to private businesses

Targeted at AI models that consider DEI in decision-making

- E.g., that would recommend applicants that promote diversity

Similar theoretical goal as the other laws we've looked at

- Shows that goal of preventing discrimination and ensuring “merit-based” decision-making crosses ideological lines

# Protected characteristics

Several states added to the list of characteristics that are protected under anti-discrimination law in 2025

- Colorado: “Gender expression”
- Delaware: Military status
- Minneapolis: “Justice-impacted status” (i.e., criminal history), housing status, height, and weight
- Connecticut: Victims of sexual assault and human trafficking
- Illinois: Zip codes

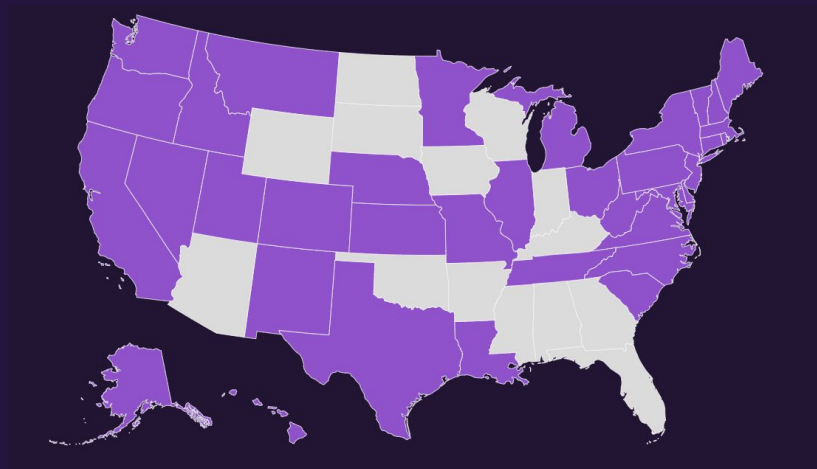
Employers generally can’t take adverse actions against employees or applicants based on protected characteristics

- AI regulations often protect the same characteristics



# Pay transparency

- 36 jurisdictions (including D.C.) have some type of wage transparency protections
- 6 have become effective in 2025
- Not all wage transparency laws work the same way
  - **Protections (passive):** Employers can't prohibit workers from discussing wages.
  - **Disclosures (active):** Employers must provide some wage information to employees and applicants.



# 2025 updates: Pay transparency

These states instituted new wage transparency requirements this year:

## Cleveland, OH

Since October 27, 2025, Cleveland employers with 15+ employees have had to include a pay range in their job postings.

## Delaware

Since September 26, 2025, employers with 26+ employees in DE (or remote & employed by DE employer) have had to include wage ranges and a description of benefits in all job postings before the first interview.

They must also keep job description & wage records for 3 years.

## Illinois

Since on June 30, 2025, employers w/100+ employees have had to get an Equal Pay Registration Certificate.

Beginning January 1, 2026, it is against public policy for employers to “prohibit employee from engaging in protected concerted activity to address work related issues.”

## New Jersey

Since June 1, 2025, employers with 10+ employees have had to include a wage range in job postings. The DOL recently published proposed rules which define what “reasonable effort” means.

# 2025 updates: Pay transparency continued

These states instituted new wage transparency requirements in 2025

## Massachusetts

Since February 21, 2025, employers with 100+ employees have had to provide wage reports to DOL.

Since October 29, 2025, employers with 25+ employees have had to post wage ranges for all postings.

## Washington

Since July 27, 2025, employers have had a 5-day period to cure deficient postings.

The law allowing a cure period is only in effect until July 27, 2027.

## Vermont

Since July 1, 2025, employers with 5+ employees have had to provide a “good faith” wage range for VT jobs or remote jobs for an office in VT.

# Pay transparency laws effective Jan. 1, 2026

New requirements are coming next year in the Golden State:

## California

Already has pay transparency requirements

- On Jan 1, pay scale must be a “good faith estimate” of the range.
- “Wages”=all forms of pay (bonuses, stock options, benefits, etc.)
- Employers must keep job title & wage history for 3 years.



# Pay stubs

## Ohio

- Since April 9, 2025, employers have had to include:
  - The employer's name
  - The employee's name, address, gross & net wages, each addition/deduction, date of payment & pay period
- Additional requirements for hourly workers

## Oregon

- Beginning January 1, 2026, employers must provide a detailed written explanation of all potential earnings and deductions at the time of hire.



# Q&A time!

What questions do you have?



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