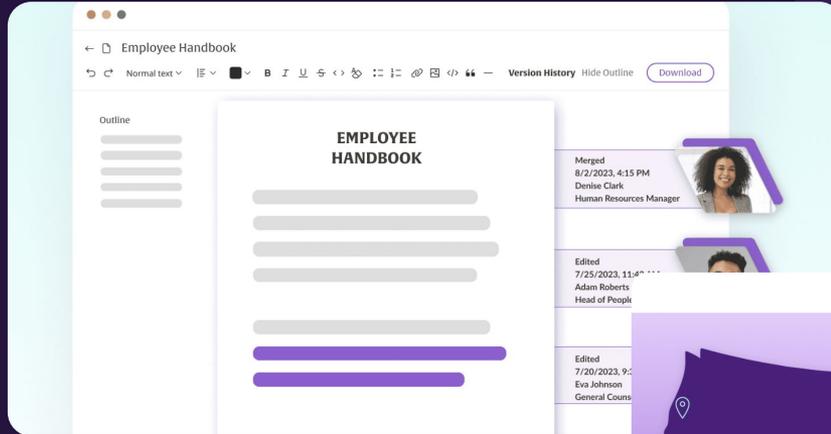




California Employment Law Changes for 2026

February 19, 2026

SixFifty helps you navigate California employment law with ease.



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Today's agenda

1 AI Regulations

2 Agreements
& Notices

3 Leave & Pay
Transparency

4 Wage and Hour

- The slides and recording of this webinar will be emailed to attendees shortly after today's webinar!
- For engagement with your fellow attendees, use the Chat function—for specific questions for our presenters, please use the Q&A function in Zoom

New AI Laws

New regulations (effective October 1, 2025) prohibit employers from using AI tools to discriminate on the basis of any classes protected under the Fair Employment and Housing Act (FEHA)

- Include assessments that make predictions about applicants or that measure their abilities or 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

AI Laws, continued

New law SB 53 (effective January 1, 2026) created a comprehensive safety framework for frontier AI developers, which are large, cutting-edge systems built by major developers with substantial resources

- The law regulates developers of the most advanced and resource-intensive AI models by imposing disclosure and transparency obligations, including the adoption of written governance frameworks and reporting of safety incidents

This law also institutes whistleblower protections for employees of frontier AI developers who report violations of the law



Poll Question:

Does your organization have an AI Use Policy?

California Bans “Stay or Pay” Agreements

Starting January 1, 2026, California employers can no longer use provisions in employment contracts that penalize employees for leaving their jobs early (AB 692).

- These include training repayment provisions - sometimes referred to as Training Repayment Agreement Provisions or TRAPS
- The ban does not include tuition reimbursement or signing or retention bonuses, as long as terms are set out in a separate agreement, the employee is notified of their right to consult an attorney, and the employee leaves voluntarily or is terminated for misconduct.

New Notice Requirements: WARN Act

WARN Act

- On October 1, 2025, Governor Newsom signed SB 617 amending the California Worker Adjustment and Retraining Act. (Effective Jan 1, 2026)
- In addition to existing mass layoff notice requirements, employers must also include in the notice whether the employer plans to coordinate services through the local workforce development board or another entity and information about the statewide food assistance program known as CalFresh.

New Notice Requirements: Notice of Workplace Rights

Notice of Workplace Rights

- On October 12, 2025, Governor Newsom signed SB 294, requiring employers to provide a notice of workplace rights to all new hires and to all employees annually, starting February 1, 2026.
- The Labor Commissioner had until January 1, 2026 to publish an official template notice.
- Employers are also required to notify designated emergency contacts if employees are arrested or detained on the worksite.
 - Employees must first notify their employer that they want their emergency contact to be notified in such cases
 - Employees have until March 30, 2026 to name an emergency contact

Poll Question:

How do you manage employee notices and posters?

Deadlines and Extensions

Discrimination Claim Deadline

CA Labor Code Sec. 12960 (f)(1)

- An amendment to the state's Fair Employment and Housing Act clarifies the time employees have to file a lawsuit after the Civil Rights Department declines to pursue an employee's discrimination complaint. (Effective Jan 1, 2026)
- Employees may then file a civil action one year after the Department notifies the employee in writing:
 - That it closed the investigation without choosing to file a civil action for the alleged violation or
 - That the employee's complaint remains closed after the employee appeals the Department's initial closure of the complaint.

Covid-19 Reinstatement Extended

CA Labor Code Sec. 2810.8(b)

- On October 3, 2025, Governor Newsom signed a law that extends the recall and reinstatement rights of employees laid off because of the COVID-19 pandemic through January 1, 2027.
- Existing law requires an employers to offer their laid-off employees specified information about job positions that become available for which the laid-off employees are qualified, and to offer positions to those laid-off employees based on a preference system
- These rights were scheduled to expire on December 31, 2025.

Changes to Paid Family Leave

Expanded Definition of “Family”

On October 13, 2025, Governor Newsom signed SB 590, which expands the state's definition of "family" under the Paid Family Leave program. Beginning **July 1, 2028**, employers will need to allow employees to take Paid Family Leave not only to care for blood-related members of their family, but also for an employee-designated person who is not legally or biologically related to them.

Designating Individuals

To use this expansion of the definition, employees must identify the designated person when they first claim leave benefits and attest, under penalty of perjury, how the relationship is the equivalent of a family relationship.

Domestic Violence Leave

Sick Leave

- On October 1, 2025 the California Governor signed Assembly Bill No. 406 which, **effective immediately**, expanded California's state wide sick leave to be usable for the same purposes as the state's domestic violence, sexual assault, and stalking leave law.
- The new uses include appearing in court as a witness as required by a court order and serving on an inquest or trial jury.
- Updated poster

Domestic Violence Leave

- On October 1, 2025 the California Governor signed Assembly Bill No. 406 which, **effective January 1, 2026**, expanded uses under California's statewide domestic violence leave law.
- The new use allows employee who is a victim or a family member of a victim to take leave to attend judicial proceedings related to that crime, including, but not limited to:
 - Any delinquency proceeding
 - A postarrest release decision
 - Plea
 - Sentencing
 - Post-conviction release decision
 - Or any proceeding where a right of that person is an issue

Job Posting Pay Transparency Update

- On October 8, 2025, Governor Newsom signed SB 642 into law, amending the state's existing pay transparency law.
- Effective January 1, 2026, the "pay scale" that must be included in job postings needs to be a "good faith estimate" of the pay range, reflecting what the employer intends to pay a new hire.
- The term "wages" will also include all forms of pay--including bonuses, stock options, benefits, travel reimbursements, and allowances.
- Employers will also need to begin maintaining job title and wage history records for at least 3 years after the employee's employment ends.

See CA Labor Code Sections 432.3 (1/1/26) and 226 (retention)

Pay Data Reporting

- California law requires private employers of 100 or more employees and/or 100 or more workers hired through labor contractors to annually report pay, demographic, and other workforce data to the California Civil Rights Department (CRD).
- In 2026, Pay Data reports are due on May 13.
- California provides an online portal and extensive instructions on the CRD [website](#).

January 1st, 2026 Minimum Wage Increases

New Minimum Wage	
State-wide	\$16.90
Belmont	\$18.95
Burlingame	\$17.86
Cupertino	\$18.70
Daly City	\$17.50
East Palo Alto	\$17.90
El Cerrito	\$18.82
Foster City	\$17.85
Half Moon Bay	\$17.91
Hayward	\$17.79
Los Altos	\$18.70
Menlo Park	\$17.55
Mountain View	\$19.70
Navota	\$16.90 (25+EEs) \$17.46 (26-99 EE's) \$17.73 (100+ EEs)
Palo Alto	\$18.70

New Minimum Wage	
Petaluma	\$18.31
Redwood City	\$18.65
Richmond	\$19.18 for employers who pay less than \$1.50 per hour towards medical benefits \$17.68 for employers who pay \$1.50 or more per hour towards medical benefits.
San Carlos	\$17.75
San Diego	\$17.75
San Jose	\$18.45
San Mateo (city)	\$18.60
San Mateo (county)	\$17.95
Santa Clara (city)	\$18.70
Santa Rosa	\$18.21
Sonoma	\$17.38(1-25 EE's) \$18.47 (26+ EE's)
South San Francisco	\$18.15
Sunnyvale	\$19.50
West Hollywood	\$20.25 (non-hotel workers)



Poll question:

What's been the most complex aspect of hiring in California for your company?

Other Wage and Hour

Exemption Threshold

California's exemption salary thresholds require employees to earn at least twice the state minimum wage. Beginning January 1, 2026, the minimum wage is \$16.90 per hour, meaning for employees to qualify for an administrative, professional, or executive exemption, they must earn at least **\$70,304** per year.

New Tip Investigations

Beginning January 1, 2026, the California Labor Commission is able to investigate employers accused of stealing employee's tips.

Any questions?
Put them in the Q&A!

Schedule a **personalized demo**
of SixFifty's employment compliance platform



Or visit
sixfifty.com/request-a-demo



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