

2025 Labor & Employment Law Update

Congratulations on your continued dedication to workplace compliance. This chart provides an overview of key updates in Labor and Employment Law, along with recent litigation highlights. While this information is valuable, we encourage employers to consult with their organization's legal counsel for tailored advice. Additionally, our expert HR Team is here to support you - feel free to reach out to us with any questions at 1-800-899-MMCI (6624).

CALIFORNIA STATE	DESCRIPTION
<p>California State Minimum Wage Increase</p>	<p>The 2025 CA State minimum wage has increased as follows:</p> <ul style="list-style-type: none"> • CA businesses of all sizes are expected to pay \$16.50/hour (up from \$16 last year) <ul style="list-style-type: none"> o White collar exempt employees must receive at least \$68,640.00 (up from \$66,560 last year) per year. o Certain computer software employees who are exempt from overtime requirements must receive a minimum annual salary of \$112,065.20 (or \$53.80/hour). o Licensed physicians and surgeons are exempt from state overtime requirements if they receive a minimum hourly rate of \$103.75 (up from \$97.99/hour last year). <p>*Please note: Many California cities and counties have enacted their own adoption of minimum wage laws and these wages may be more than what state law requires. You are strongly encouraged to check with your MMC HR team to be sure that your business practices align with local, state, and federal law. See http://laborcenter.berkeley.edu/minimum-wage-living-wage-resources/inventory-of-us-city-and-county-minimum-wage-ordinances/</p>
<p>Increased Minimum Wage for Health Care Workers (SB 525)</p>	<p>Went Into Effect on October 16, 2024 (Delayed from June) To be eligible for this, a healthcare worker must:</p> <ol style="list-style-type: none"> (1) Work for certain “health care facilities” that are covered in the new law, and (2) Provide health care services or support the provision of health care. <p>Details on eligibility can be found on the FAQs: https://www.dir.ca.gov/dlse/Health-Care-Worker-Minimum-Wage-FAQ.htm</p> <p>Depending on your job and where you work the new minimum will range from \$18 to \$23 per hour.</p> <p>January 31, 2025: Last day to request reclassification of health care facility with the Department of Health Care Access and Information: https://hcai.ca.gov/wp-content/uploads/2024/04/SB-525-Fact-Sheet-HCAI-Hospital-Lists-04_23_24.pdf</p>
<p>Captive Audience Ban (SB 399)</p>	<p>Effective January 1: State Law Bans Employers from Holding Captive Audience Meetings California Worker Freedom from Employer Intimidation Act – Labor Code 1137 et. seq. California employers can no longer discharge, discriminate, or retaliate against, or threaten to carry out such actions because an employee refused to attend any employer-sponsored meeting related to religious matters, political matters, including matters related to the decision to support or not support a labor organization/union.</p> <ul style="list-style-type: none"> • Employees cannot be penalized for refusing to participate in meetings where politics and religion are discussed. In addition, an employee who is working at the time of the meeting and elects not to attend a meeting described in this the Act must continue to be paid while the meeting is held even if the employee is not doing any work. • Violations may result in a \$500 fine per employee, civil action against the employer, as well as enforcement by the State’s Labor Commissioner. • Some employers are exempted, including religious organizations, organizations for specific political parties and educational institutions that include political or religious instruction as part of their regular curriculum.

<p>EEOC Updated Harassment Guidelines</p>	<p>In its first update in two decades, the EEOC now recognizes virtual harassment, provides greater protections for LGBTQ+ individuals (such as misgendering), pregnancy-related harassment, and sincerely held religious beliefs.</p>
<p>Paid Family Leave Amendment (AB 2123)</p>	<p>Effective January 1, 2025: Eliminates the ability of California employers to require employees to use up to 2 weeks of accrued vacation time before they start receiving Paid Family Leave benefits under the EDD’s paid family leave program.</p>
<p>Sick Leave Expansion (AB 2499)</p>	<p>Effective January 1, 2025: Paid sick leave is no longer limited to employees who are victims. Leave will also be available when a family member (or designated person) is a victim of domestic violence, sexual assault, stalking, or other crimes.</p>
<p>Driver’s License for Job Openings (SB 1100)</p>	<p>Effective January 1, 2025: Prohibits employers from including statements in job advertisements, applications, or other employment materials that an applicant must have a driver’s license, unless:</p> <ul style="list-style-type: none"> (1) The employer reasonably expects driving to be one of the job functions and (2) The employer reasonably believes using an alternative form of transportation would not be comparable in travel time or cost to the employer.
<p>Intersectionality of Protected Characteristics (SB 1137)</p>	<p>Effective January 1, 2025: Clarifies FEHA to prohibit discrimination on the basis of not only a single individual protected characteristic but also on any combination of two or more protected characteristics.</p> <p>Intersectionality focuses on the potential for combination of liability for multiple types of discrimination or harassment (i.e. gender AND race).</p>
<p>Amendments to The Crown Act (AB 1815)</p>	<p>Amends the definition of “race” and “protective hairstyles” in the anti-discrimination provisions of the California Government Code and Education Code:</p> <ul style="list-style-type: none"> (1) Removes the word “historically” from the statute’s definition of the term “race” (making the application broader); and (2) Expands the definition of "race" to include traits associated with race, specifically hair texture and protective hairstyles such as braids, locs and twists. This bill aims to promote inclusivity and diversity in the workplace, businesses and schools, ensuring that all persons can maintain their cultural identity without fear of discrimination.
<p>Local Law Enforcement of Discrimination Laws (SB 1340)</p>	<p>Permits local governments to enforce state employment discrimination laws upon receipt of an employee’s right-t-to-sue notice from the Civil Rights Department, as well as to enforce stricter local anti-discrimination laws. This law also tolls the statute of limitations for filing a civil action specified in the right-to-sue notice during any local enforcement.</p>
<p>CalSavers Retirement Savings Program</p>	<p>Previously, only employers with 5 or more employees were required to participate in the state-run employee retirement plan if they did not otherwise provide a tax-qualified employee savings retirement plan. However, in August of last year, California enacted SB 1126, which extends the definition of employer to include all businesses with one or more employees that do not participate in a retirement savings plan. Sole proprietors, self-employed individuals, and businesses that only employ the owners of the business are exempted from this.</p> <p>This means all eligible employers must have a plan in place by December 31, 2025. If you have any questions about whether this applies to your business, please contact MMC’s Benefits Department today to ensure you are compliant in light of these new requirements.</p>

<p>Increased Disability Benefits (SB 951)</p>	<p>SB 951 increases the wage replacement benefits for low-earning employees under the State Disability Insurance (SDI) and paid family leave (PFL) programs for disabilities and injuries occurring after January 1, 2025.</p>
<p>Freelance Worker Protection (SB 988)</p>	<p>Effective January 1, 2025: Imposes minimum requirements in contracts between the hiring party and freelance worker.</p> <ul style="list-style-type: none"> • Agreement must be in writing and include: (1) names and address of both parties, (2) an itemized list of services, their values, and compensation method, (3) payment due dates or mechanisms for determining them, and (4) due dates for the freelancer to report completed services for processing timely payment. <p>Please make sure your independent contractors are properly classified. MMChr team can assist with this upon request.</p>
<p>Whistleblowing Posting (AB 2299)</p>	<p>Effective January 1, 2025: Requires the California Labor Commissioner to develop a model list of employee rights and responsibilities under existing whistleblower laws. Employers are required to post notice in font larger than 14 point and must contain the telephone number of the whistleblower hotline to the office of the Attorney General.</p> <p>Notice here: https://www.dir.ca.gov/dlse/WhistleblowersNotice.pdf</p>
<p>Timeclock Rounding Policies No Longer Permitted</p>	<p>In <i>Camp v. Home Depot, U.S.A. Inc.</i>, the CA Court of Appeal determined that an employer’s rounding policies, even if neutral on its face, are impermissible as the employer had access to sufficient technology to capture the exact amount of time the employees clocked in or out based on the minute they clocked in.</p> <p>If you currently use MMC’s TLC system for your nonexempt employee’s timekeeping, please contact MMC’s HR Services Team today to confirm TLC is not rounding your employees’ time punches.</p>
<p>Federal Pregnancy Disability Law (PWFA)</p>	<p>“Pregnancy Workers Fairness Act” – Effective June 2023 – 15 or more employees.</p> <p>California law provides greater protections in most instances, but EEOC guidance recently issued shows some key differences affecting CA employers.</p> <p>Two key differences in which PWFA must be followed instead of more restrictive CA law:</p> <ol style="list-style-type: none"> (1) The PWFA allows for the temporary suspension of essential job functions if an employee is unable to perform them due to pregnancy, provided it is temporary, can be performed in the near future (within 40 weeks), and does not cause an undue hardship. (CA doesn’t have this exception) (2) The PWFA provides a broader scope of what constitutes reasonable accommodations, including "predictable assessments" such as carrying water or taking breaks, which are generally deemed reasonable. Although the CA PDL would require employers to consider similar types of accommodations as reasonable, it does not explicitly categorize them as predictable assessments. Thus, California employers, under the PWFA, must also categorize the listed accommodations as reasonable accommodations. <p>PWFA allows for an “undue hardship” defense, but CA does not:</p> <p>PWFA doesn’t require medical documentation if the accommodation necessary is “obvious”; CA can require it.</p> <p>It is advisable to follow the law that most favors the employee.</p>

**Perinatal Care
Equity (AB 2319)**

Effective June 1, 2025: Amends the Health & Safety Code and recognizes protections in perinatal care for all “birthing individuals.” Recognizes that non-binary, transgender and racial minorities often receive different care. Amends recent law to require health care facilities to provide implicit bias training by 6/1/25 for existing personnel and within 6 months of hire for new employees.

**PAGA Rules modified in
favor of Employers
(AB 2288; SB 92)**

Effective June 1, 2024: Plaintiff must actually have to suffer the damages alleged on behalf of others. Additional changes include:

- No more extra penalties for paying weekly.
- Clarity on caps on penalties (\$100 will be standard and \$200 for extreme cases).
- 15% cap for employers who show proactive compliance and “all reasonable steps” to correct any issues.
- 30% cap for employers who timely comply after notice (60 day window).
- Penalties for wage statement violations that don’t cause injury capped at 25%
- No “stacking” of \$100 penalties for derivative claims.
- Small employers (less than 100) can participate in confidential process with LWDA to cure violations.