



hr  roundtable *2025 End of Year Legal Review*

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2026

# CALIFORNIA

LEGISLATIVE AND CASE LAW UPDATE



Tuesday | December 16, 2025

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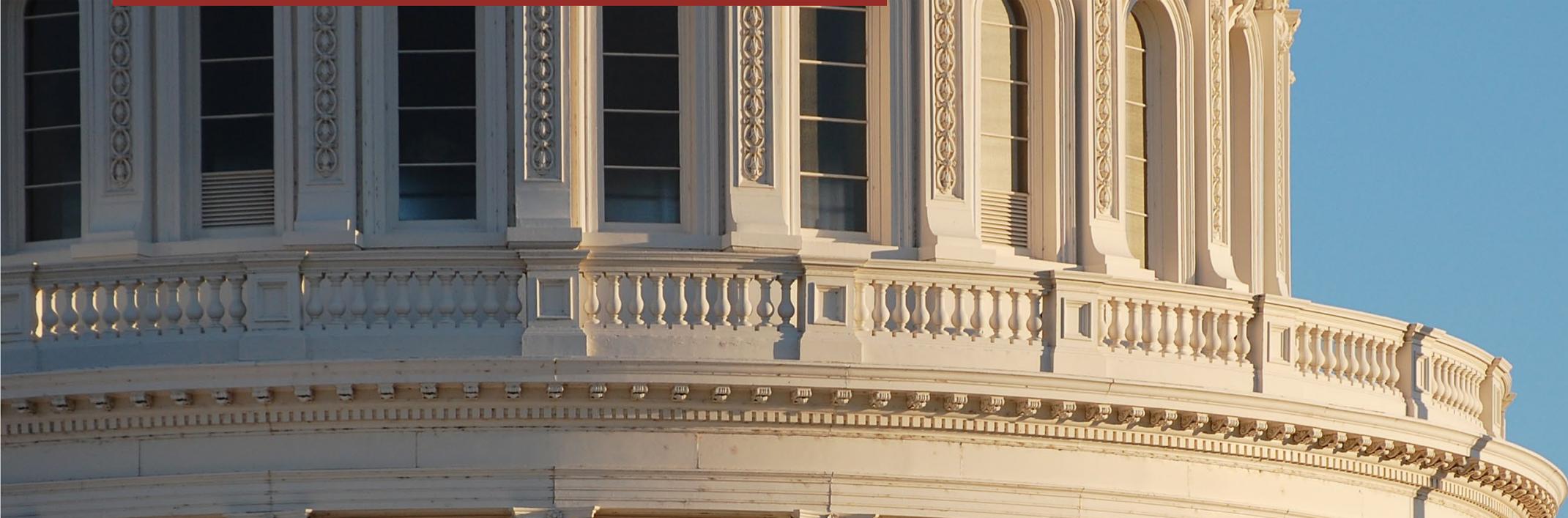
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# LEGISLATIVE UPDATE



# 2025 Legislation

- 2025 was the first year of a two-year legislative session
- There were **2,397** bills introduced in 2025
- Of these, **917** bills were sent to Governor Newsom's desk
- He signed **794 (86.6 %)**
- He vetoed **123 (13.4 %)**
- This is slightly below the average veto rate over the last 10 years (**15%**)



# *Minimum Wage*



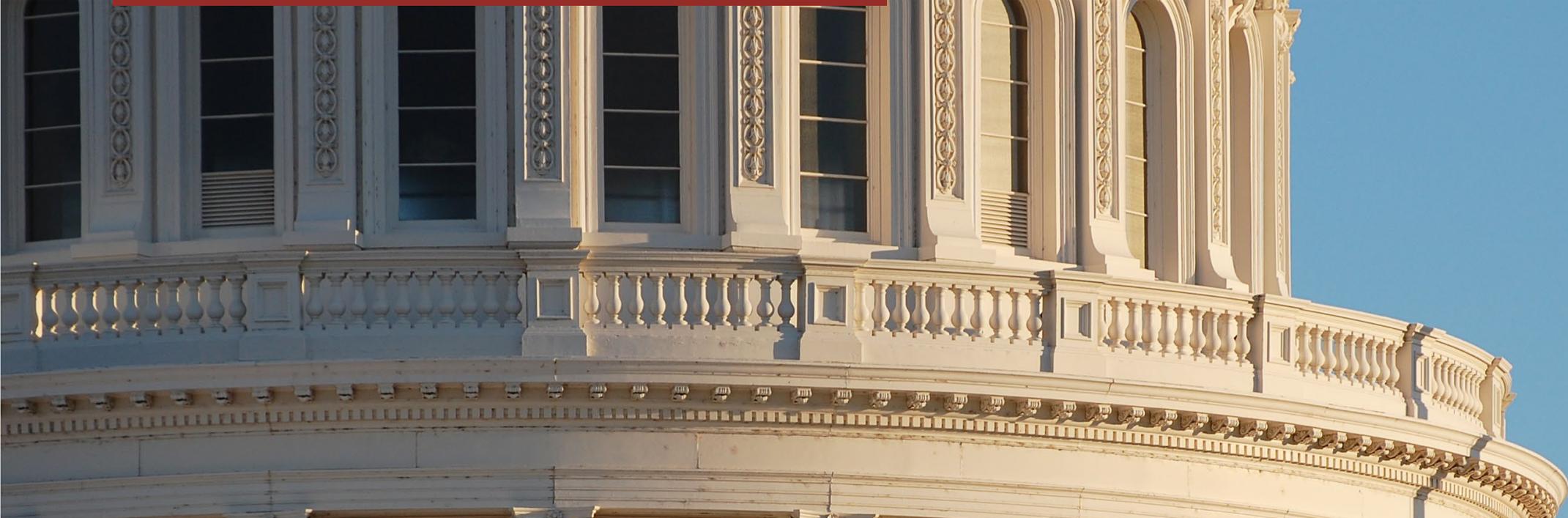
# Minimum Wage Increases on the Horizon

- The state minimum wage will go up to \$16.90 effective January 1, 2026
  - Minimum salary for exempt employees rises from \$68,640 to \$70,304.
  - Minimum hourly rate for inside sales exemption rises from \$24.75 per hour to \$25.35
  - Tool rate increases from \$33 per hour to \$33.80
  - Impact on employees currently making between \$16.90 and \$18.00 an hour who may ask for rate increase.
  - Also must be mindful of local minimum wage increases.

# Minimum Wage Increases – City Chart

| Location       | Min.    | Location      | Min.    | Location         | Min.    | Location   | Min.             |
|----------------|---------|---------------|---------|------------------|---------|--|------------------|
| Alameda        | \$17.46 | Half Moon Bay | +       | Oakland*         | +       | San Mateo (County)   | +                |
| Belmont        | \$18.95 | Hayward       | +       | Palo Alto        | \$18.70 | Santa Clara  | +                |
| Berkeley       | \$19.18 | Long Beach*   | \$16.90 | Pasadena         | \$18.04 | Santa Monica*  | \$17.81          |
| Burlingame     | \$17.86 | Los Altos     | \$18.70 | Petaluma         | +       | Santa Rosa   | +                |
| Cupertino      | +       | LA (City)*    | \$17.87 | Redwood City     | +       | Sonoma (City)  | +                |
| Daly City      | +       | LA (County)   | \$17.81 | Richmond         | \$19.18 | Sonoma (County)  | \$23.15 (Living) |
| East Palo Alto | \$17.90 | Malibu        | \$17.27 | San Carlos       | +       | S. San Francisco   | +                |
| El Cerrito     | +       | Menlo Park    | +       | San Diego        | \$17.75 | Sunnyvale  | +                |
| Emeryville     | \$19.90 | Milpitas      | \$18.20 | San Francisco    | \$19.18 | West Hollywood   | \$20.25          |
| Foster City    | +       | Mountain View | +       | San Jose         | \$18.45 | Indicates State/Local PSL                                      |                  |
| Fremont        | \$17.75 | Novato        | +       | San Mateo (City) | +       | * Indicates separate min. wage and/or PSL for hotel/concession |                  |

- Healthcare and fast-food employees min. wage increases depends upon type of employer
- If not included, the city/county follows CA state minimum wage



# *Passed Legislation and Regulatory Action*



# AB 2499 – Updated Notice For Victims Of Crime

- AB 2499 (2024) put new requirements on how California employers treat employees that are victims of crime. The bill expanded the definition of “victim” to include not only individuals directly subjected to domestic violence, sexual assault, or stalking, but also those who have experienced other qualifying crimes or abuse: including serious bodily injury, threat of injury or death, and crimes resulting in the death of a family member. The bill revised and expanded leave protections for those victims.
- The bill required that all employers provide employees with written notice of their rights under the statute. This means that it should be included in the new hire orientation packet or upon request by employees.
- **The CRD notice was published in July.** The notice can be found at:  
[https://calcivilrights.ca.gov/wp-content/uploads/sites/32/2025/07/Survivors-Right-to-Time-Off\\_English-B.pdf](https://calcivilrights.ca.gov/wp-content/uploads/sites/32/2025/07/Survivors-Right-to-Time-Off_English-B.pdf)

# AB 692 – No Stay or Pay

- Prior to AB 692, some employers used contracts commonly called "stay-or-pay" or Training Repayment Agreement Provisions (TRAPs), which obligated workers to repay the employer for costs such as training, tuition, or other fees if the worker left the job before a specified time.
- Under this bill, employers would be prohibited from entering into contracts that require an employee to repay the employer (or a training provider) for certain expenses when ending employment.
- This applies to employment contracts entered into on or after January 1, 2026 and does not apply retroactively.

# AB 692 – No Stay or Pay

- Key exceptions include: government loan repayment programs, **tuition repayment for a transferable credential**, contracts related to government approved apprenticeship programs, and sign-on **bonuses** with a built-in “stay” incentive which would be required to be paid back all or in part.
- There is a private right of action by a worker or worker representative effected by a violation, either individually or as a class action.
  - Employers found liable for violation will be subject to monetary damages in the amount of the worker’s actual damages or \$5,000, whichever is greater.

# AB 692 – Exception for Tuition Reimbursement

- Must be “transferable credential” (can take to any job)
- Must be a separate agreement
- Obtaining credential cannot be a condition of employment
- Agreement must specify repayment amount (and cannot exceed the employer cost)
- Prorated repayment amount if employment ends (and no accelerated payment schedule)
- No repayment if worker is terminated (except for misconduct)

# AB 692 – Exception for Retention Bonuses

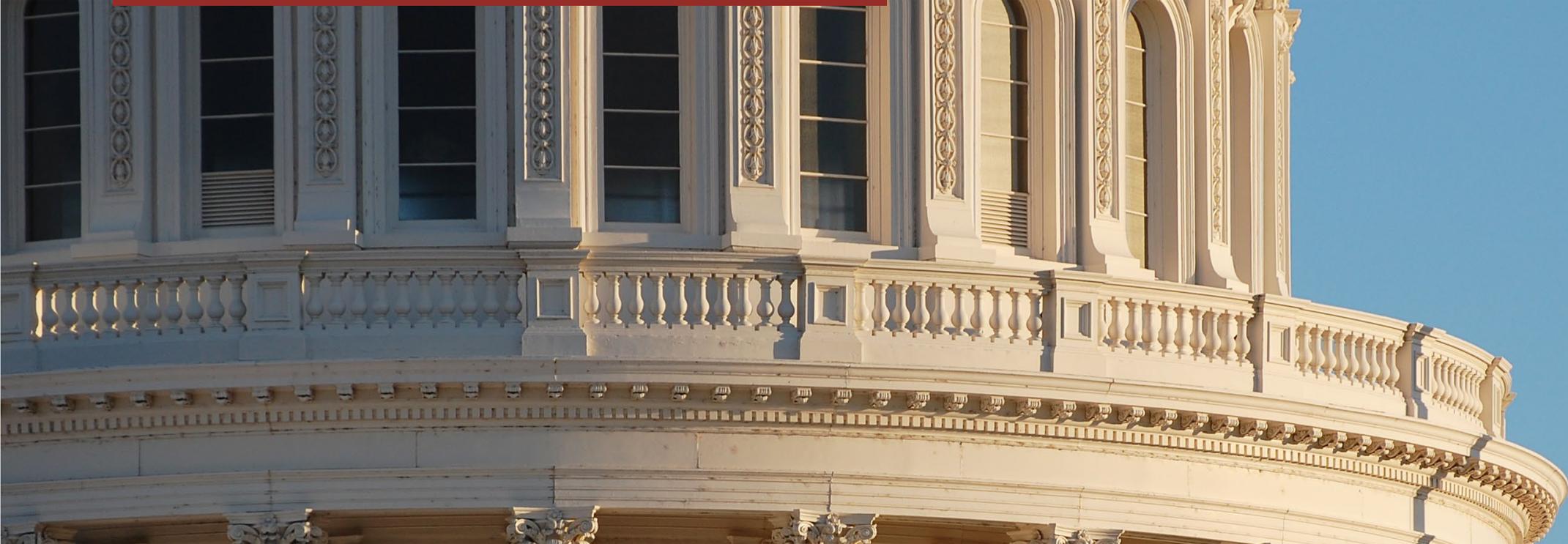
- Must be a separate agreement
- Employee must be told they can consult with an attorney and be given 5 days to do so before signing
- Any repayment obligation is prorated and not subject to interest
- Retention period shall not exceed two years
- Worker must have option to defer receipt of payment to the end of the retention period
- Repayment only required if employee chooses to leave (or is terminated for misconduct)

# SB 294 – Know Your Rights Notice (“Workplace Know Your Rights Act”)

- This bill which establishes new workplace written notice requirements advising workers about their rights under the law – including protection against unfair immigration-related practices and constitutional rights when interacting with law enforcement in the workplace.
- The notice must communicate workers’ rights in areas including:
  - Wage and hour laws
  - Health and safety protections
  - Workers’ compensation
  - Unemployment insurance
  - Paid sick days
  - **Immigration inspections**
  - **Protection against retaliation**
  - Union organizing rights
  - Data privacy
  - Emergency and disaster protections,
  - **Constitutional rights when interacting with law enforcement at work**

# SB 294 – Know Your Rights Notice (“Workplace Know Your Rights Act”)

- Employers must provide the notice in the language normally used to communicate employment information to the employee, or English if a translation is unavailable.
- It also requires an employer (if requested by the employee) to notify their **designated emergency contact** in the event the employee is arrested or detained at work.
- Noncompliance with requirements can result in civil penalties up to \$500 per employee per day, with a maximum of \$10,000 per employee.
- Template notice to come out before 1/1/2026.



# PAGA Reform

# PAGA Reform

- PAGA Reform Legislation, passed last summer, provided significant reduced penalties for employers who engaged in “all reasonable steps” to ensure compliance with California law. Penalties can be reduced up to 85%
- **“All reasonable steps” include:**
  - Disseminated lawful written **policies**
  - **Trained** supervisors on legal compliance
  - Conducted periodic **payroll audits** and took action in response
  - Took **appropriate action** with regard to supervisors

# PAGA Reform - Updating Policies

- Employee handbook
- Arbitration Agreement
- Confirm “the log” for the arbitration agreement execution.
- Payroll administration rules and instructions
- Bonus and Commission plans.
- Standalone policies that deal with wage and hour matters.

# PAGA Reform - Training

- Every employee should receive some form of training on wage-hour matters similar to harassment, discrimination and retaliation prevention.
- The training can be live, web-based or through alternative learning management tools.
- Consider the best way to do it and “refresher” courses throughout the year.
- One of the key trends for HR professionals in 2026 will be leveraging AI based training modules for compliance, cost reduction and efficiency.

# PAGA Reform - Audits

Think of it as the “100-point checkup” that you may get when taking your car in for service.

1. Review all policies and procedures.
2. Review past four pay periods of time and payroll records.
3. Review pay code legend.
4. Review supplemental compensation.
5. Review reimbursements, timekeeping, exemption and other related issues.



# Current Events in Immigration

# OBBB Act = Boosted ICE Budget = Increased Immigration Enforcement

- ICE's annual budget is tripled to nearly \$30 billion, totaling \$170 billion allocated over the next 10 years for immigration enforcement and border security
- Funding includes hiring 10,000 new ICE employees over the next five years – effectively doubling the current workforce
- Expect increased deportations, expanded detention facilities, and greater new financial barriers to legal immigration processes

## *Impact on Employers*

- ICE is intensifying workplace enforcement efforts, including I-9 audits, inspections, and on-site raids

# AB 450 – Immigrant Worker Protection

- Protect immigrant workers and regulate employer cooperation with federal enforcement.
  - **Judicial warrant required:** Employers cannot allow ICE agents into non-public areas without one
  - **Employee notice:** workers must be informed if ICE plans to inspect I-9 forms or records
  - **No voluntary re-verification:** Employers cannot reverify employment eligibility unless required by federal law
  - **Penalties:** Civil fines for violations, protecting both workers and employers from unlawful practices

# Current Events

- Federal immigration enforcement has sharply increased in 2025, with new executive orders allowing workplace enforcement actions to resume at all locations, including previous safe zones
- Updated regulations and increased audits demand immediate attention to I-9 practices, with steep penalties of up to \$28,619 per unauthorized worker and \$2,861 per paperwork violation enforced as of mid-2025
- New restrictions on H-1B and temporary worker programs include a beneficiary-focused lottery, higher prevailing wage requirements, and effective September 2025, a \$100,000 application fee for H-1B petitions initiated from abroad, which could limit access to skilled labor and increase project staffing costs
- Consideration of a H-1B weighted lottery. Those with a higher salary have a better chance of being selected in the H-1B lottery.
- Termination of automatic extensions of Employment Authorization Documents (EADs) for most applicants
- Revocation of Temporary Protected Status (TPS) and Parole programs for certain countries

# Current Events Cont'd

- “The Gold Card”: directs agencies to stand up an expedited immigrant-visa pathway tied to a \$1M gift to Commerce (implementation steps ordered within 90 days)
- Travel ban applies to foreign nationals from 12 countries, with heightened restrictions for 7 more countries
- Increased data sharing between DHS, IRS, Medicare
- DOL announced “Project Firewall” where for the first time Secretary of Labor can personally certify H-1B investigations using interagency coordination.
- Enhanced foreign worker registration requirements and social media screening are now part of the onboarding process for foreign workers, extending processing times and requiring additional documentation for compliance



# **Employers' Rapid Response Team: Who We Are and How We Can Help**

# Employers' Rapid Response Team

- **24/7 Emergency Hotline:**
  - In the event of an active ICE enforcement action, call us at **877-483-7781** for immediate assistance
  - [DHSRaid@fisherphillips.com](mailto:DHSRaid@fisherphillips.com)
- Complimentary checklist available on Fisher Phillips' **Employers' Rapid Response webpage**
- **Toolkit available for purchase through fpSolutions**
  - Discounted price of \$1,000 for toolkits purchased through November with code: **FALLRRT150**



The background of the slide is a photograph of the California State Capitol building. The top half shows a row of windows with decorative moldings. The bottom half shows a series of classical columns supporting a portico. The building is illuminated by warm, golden light, suggesting late afternoon or early morning. A white semi-transparent banner is overlaid across the middle of the image, containing the title text.

# *California Chamber of Commerce v. Bonta*

# *California Chamber of Commerce v. Bonta*

- Senate Bill 399, codified in California Labor Code section 1137, took effect January 1, 2025. It prohibits employers from threatening or taking adverse action against employees who refuse to attend employer-sponsored meetings or receive communications concerning the employer’s religious or political views. “Political matters” under the statute include discussions about elections, political parties, legislation and regulation, and labor-union organizing.
- The California Chamber of Commerce filed suit, arguing that SB 399 violates the First and Fourteenth Amendments by unlawfully restricting employer speech and “chilling” communication on lawful topics relating to union organizing . CalChamber also claimed the law is preempted by the National Labor Relations Act (NLRA), which governs labor-related communications at the federal level.
- The court agreed with CalChamber that SB 399 improperly regulates speech under the guise of regulating conduct. The court also concluded that the portion of SB 399 dealing with labor-organizing communications is preempted by the NLRA, which gives the National Labor Relations Board (NLRB) exclusive jurisdiction over such matters.
- Preliminary injunction issued but it is now on appeal with the 9<sup>th</sup> Circuit.



***Kruitbosch v. Bakersfield  
Recovery Services, Inc.***  
**Cal. App. 5 Dist. 1, (2025)**

# *Kruitbosch v. Bakersfield Recovery Servs., Inc.*

- Kruitbosch, an employee at a substance abuse treatment center, took one month's leave after his long-term partner passed away. The week before his leave was to end, a coworker began sending Kruitbosch unsolicited sexually explicit text messages. This coworker then went to Kruitbosch's home uninvited and continued sexually harassing Kruitbosch in person.
- When Kruitbosch returned to work a week later, he reported his coworker's sexual harassment to the defendant's acting program director and an HR representative. He was told there was nothing his employer could do about his coworker's behavior and no actions were taken to separate the coworker from Kruitbosch. Though Kruitbosch and his coworker did not have any further interactions, after one week back at work, Kruitbosch resigned, as his employment with defendant had become unbearable.

# *Kruitbosch v. Bakersfield Recovery Servs., Inc.*

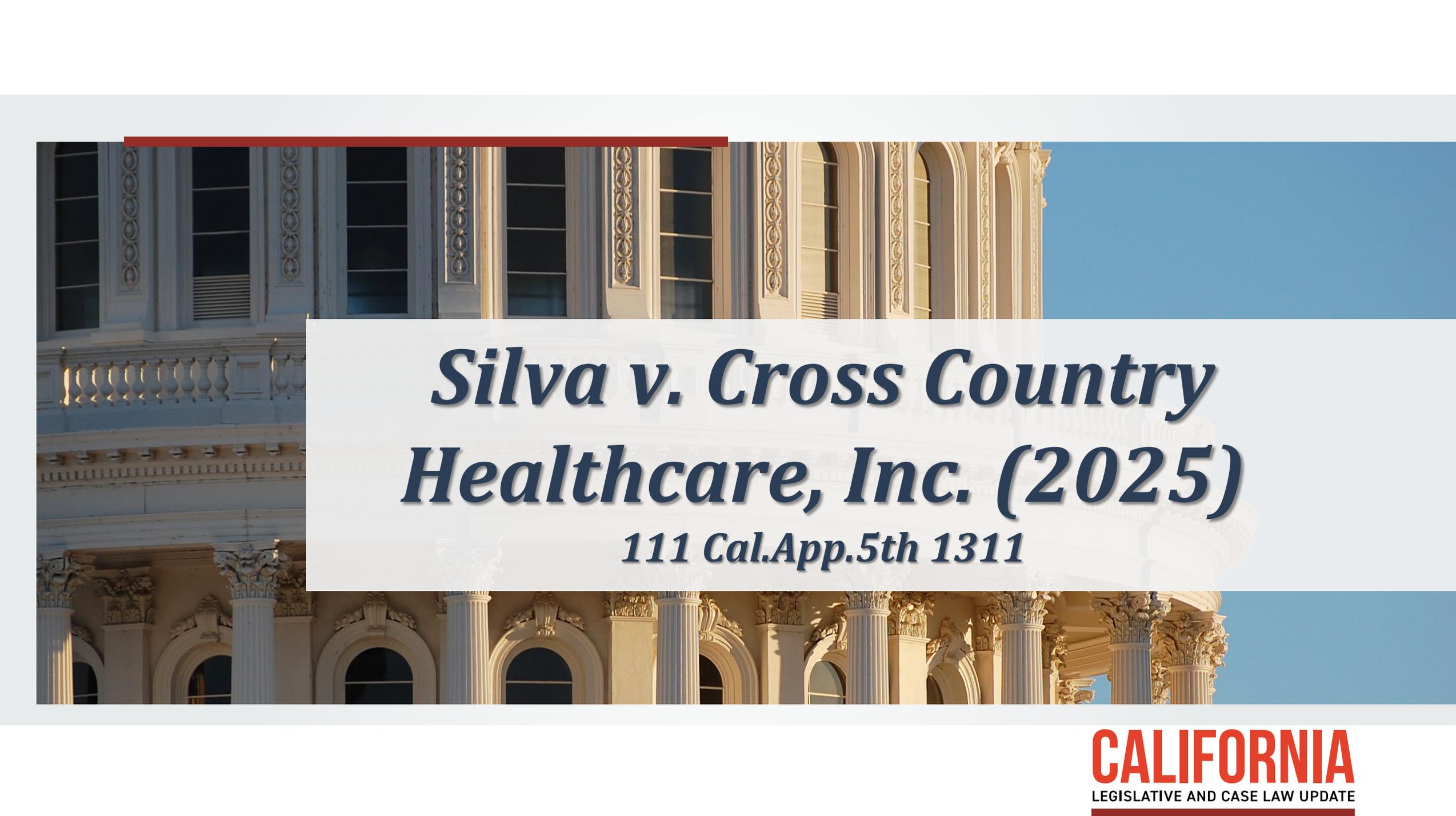
- Kruitbosch filed suit alleging a hostile work environment; sex/gender discrimination; retaliation; failure to prevent harassment, discrimination, or retaliation; whistleblower retaliation; constructive termination; and negligent hiring, supervising, or retention. The case was initially dismissed after the trial court granted defendant's demurrer, so Kruitbosch appealed.
- To prevail on a claim of a hostile work environment under FEHA, an employee must establish he or she was subjected to harassing conduct that was unwelcome, because of sex or gender, and sufficiently severe or pervasive to alter the conditions of his employment and create an abusive work environment. The plaintiff employee must also show that the harassing conduct is work related in some way and imputable to the employer under the applicable standard.
- The hostile work environment claim was viable based on the theory that the defendant's response to plaintiff's complaint about his coworker's off-site conduct changed Kruitbosch's working environment in an objectively severe manner, but not on the theory that his coworker's off-site conduct was imputable to defendant.



***Hirdman v. Charter  
Communications, LLC***  
**113 Cal. App 5th 376, (2025)**

# *Hirdman v. Charter Communications, LLC.*

- Hirdman filed a lawsuit against his former employer (Charter Communications, LLC) alleging a violation of the Private Attorneys General Act (PAGA) based on Charter's alleged misclassification of Hirdman as an exempt outside salesperson for purposes of calculating his paid sick leave pursuant to Cal. Lab. Code § 246(l)(3).
- The trial court and the Court of Appeal in this opinion determined that Hirdman had been an exempt employee and, as such, his paid sick leave was properly calculated pursuant to Section 246(l)(3) – in short, holding that that Section does not apply only to exempt administrative, executive and professional employees, but also includes exempt outside salespersons.
- Outside salespeople must be paid sick leave pay in the same manner as the employer calculates other forms of paid leave time such as PTO.



***Silva v. Cross Country  
Healthcare, Inc. (2025)***

***111 Cal.App.5th 1311***

# *Silva v. Cross Country Healthcare, Inc.*

- Isabel Silva and two other employees sued Cross Country Staffing, Inc., a healthcare staffing company, which moved to compel arbitration. The employees executed two documents:
- Arbitration Agreement: required binding arbitration for all employment claims, waived class actions, and required each party to bear their own costs and fees.
- Employment Agreement: declared violations of confidentiality, non-compete, and non-solicitation caused irreparable harm, required litigation in LA courts, superseded all prior and contemporaneous agreements, and entitled the employer to fees and injunctive relief without bond or costs

## *Silva v. Cross Country Healthcare, Inc.*

- Court of Appeal affirmed denial of motion to compel arbitration. The employer could not evade unconscionability by splitting terms between two contracts that, when read together, render the arbitration unconscionable.
- Although employer brought the motion based only on the Arbitration Agreement, the trial court properly construed both together as part of the same employment transaction. The substantive unconscionability heavily favored the employer, and the court was not required to simply sever the offending provisions.
- Reminder to check dispute resolution provisions of other stand-alone agreements you have to make sure they don't override the arbitration agreement.



***Velarde v. Monroe Operations,  
LLC***

**111 Cal.App.5th 1009 (2025)**

# *Velarde v. Monroe Operations, LLC*

- As part of her onboarding, Velarde signed an arbitration agreement, which she alleged was nonbinding because it was procedurally and substantively unconscionable based on these facts:
  - On her first day of work, Velarde was given 31-pages of onboarding paperwork, with the arbitration agreement amongst the stack of documents.
  - The HR manager remained present the entire time Velarde reviewed the documents and told Velarde she could only start work once everything was signed.
  - Velarde explicitly told the HR manager she did not understand the arbitration agreement and did not want to sign it. The HR manager told Velarde that signing the arbitration agreement was necessary to begin employment and that the agreement would “help resolve disputes without lawyers.”
  - The agreement required all disputes to be resolved via arbitration, prohibited judicial review of arbitration awards, and required complex procedures such as discovery and evidence rules.

# *Velarde v. Monroe Operations, LLC*

- The trial court found this arbitration agreement was procedurally and substantively unconscionable and thus unenforceable. Newport Healthcare appealed. The Court of Appeal affirmed the trial court's decision finding that because Velarde was expected to swiftly review and sign a large stack of documents in the presence of the HR manager, this amounted to undue pressure and deprived her of meaningful opportunity to review the agreement or consult an attorney, thereby rendering the contract an unenforceable adhesion agreement.
- The court also held that the false representations by the HR manager that the arbitration agreement would “help resolve disputes without lawyers” was misleading about the nature of the agreement. Lastly, the court found the agreement was substantively unconscionable because its terms were unfairly one-sided and did not match Velarde's reasonable expectations as an employee without legal expertise.
- Stresses the importance on how agreements are presented to employees.



***Review Granted:  
Camp v. Home Depot U.S.A. Inc.,  
84 Cal.App.5th 638 (2022).***

# *Camp v. Home Depot U.S.A., Inc.*

## **Facts:**

- Two Home Depot employees sued for unpaid wages due to the company's practice of rounding rather than using the actual minutes tracked by their electronic timekeeping system. The trial court granted Home Depot's summary judgment, ruling the rounding policy was neutral and lawful under *See's Candy* and *Auto Equity*.
- Plaintiff's appealed and the court of appeal reversed finding the employer could track precise work minutes but still relied on rounding.

## **What's to Come?**

- The Court is expected to clarify whether the well-established *See's Candy* framework, which permits neutral rounding if it does not systematically underpay employees, applies when the employer can precisely record work minutes but still rounds time.
- There shall be no rounding as to meal period punches and employers are encouraged to cease any rounding practices at the beginning or end of a shift.



***Review Granted:  
Leeper v. Shipt, Inc.,  
107 Cal.App.5th 1001 (2024). Review Granted.***

# *Leeper v. Shipt, Inc.*

## **The Issue:**

- The Court of Appeal held that every PAGA action necessarily includes an individual claim under the statutory language and thus, where an arbitration agreement covered any individual claim, the entire PAGA proceeding must be stayed pending arbitration of that claim.

## **What's to Come?**

- The California Supreme Court has granted review to address whether every PAGA action necessarily involves both an individual claim and a representative claim, regardless of whether the complaint expressly alleges individual claims.
- This review may redefine the scope of PAGA's arbitration provisions and whether the "inherent" individual claim must be compelled to arbitration.
- Note: It is unlikely the court also addresses whether a plaintiff can voluntarily exclude individual claims and proceed only with the representative component.



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# Thank You!

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