CalChamber

New 2025 Labor and Employment Laws: What Employers Need to Know

By James W. Ward, Employment Law Subject Matter Expert/
Legal Writer and Editor

We're coming to the end of October, which means the annual legislative cycle has ended. California Governor Gavin Newsom signed hundreds of bills into law touching on a wide variety of issues, including labor and employment.

But employers are still catching their breath after the incredibly busy year we've already had, including California's new workplace violence prevention laws, Private Attorneys General Act (PAGA) reform, indoor heat illness prevention regulations and the recent federal Pregnant Workers Fairness Act regulations, to name a few. Still, employers need to be ready for new 2025 labor and employment laws so here's a quick look to help prepare. Unless otherwise stated, these new laws are effective January 1, 2025.

Minimum Wage

California's minimum wage isn't technically a new law, but it does increase on January 1, 2025 — plus local minimum wage ordinance updates, a recently triggered health care worker minimum wage and a November ballot proposition make it more complicated.

On January 1, 2025, the general California statewide minimum wage is scheduled to increase to $16.50 per hour. However, the November 2024 ballot has Proposition 32, which, if approved, would increase the minimum wage for employers with 26 or more employees to $17 per hour for the rest of 2024 and increase to $18 per hour on January 1, 2025. Proposition 32 would also raise the minimum wage for small businesses with 25 or fewer employees to at least $17 per hour on January 1, 2025, with another increase in 2026 to $18 per hour.

Employers should remember that any increase to the state minimum wage will trigger an increase in the salary test for employees classified under California's "white collar exemptions," which require employees to earn a minimum monthly salary of no less than two times the state minimum wage for full-time employment. Industry-specific minimum wages, such as the new health care worker minimum wage (discussed below) and the fast food worker minimum wage that went into effect in April 2024, impose separate salary tests for exempt employees in those industries.

In addition to statewide minimum wage changes, after several delays, the long-awaited California health care worker minimum wage law took effect on October 16, 2024. Signed last year and originally scheduled to take effect in June 2024, this law eventually had three potential start dates depending on certain triggers, and on October 1, 2024, it was triggered, creating a 15-day window for the health care worker minimum wage to be implemented.

Covering 20 different facility types, the health care worker minimum wage law implements different rates and scheduled rate increases depending on the facility type. Plus, covered health care employers must post a supplemental minimum wage notice in the workplace alongside the regular statewide minimum wage notice. Employers who are unsure whether their facilities are covered should consult with legal counsel.

Finally, employers should keep in mind any applicable local minimum wage ordinances increases. On January 1, the following jurisdictions are expected to increase their local minimum wage: Belmont, Burlingame, Cupertino, Daly City, East Palo Alto, El Cerrito, Foster City, Half Moon Bay, Hayward, Los Altos, Menlo Park, Mountain View, Novato, Oakland, Palo Alto, Petaluma, Redwood City, Richmond, San Carlos, San Diego, San Jose, San Mateo, Santa Clara, Santa Rosa, Sonoma, South San Francisco, Sunnyvale and West Hollywood. Some localities have already announced their new 2025

local minimum wage; for instance, Mountain View's will increase to $19.20/hour (up from $18.75/hour), Santa Clara's will increase to $18.20/hour (up from $17.75/hour) and West Hollywood's will increase to $19.65/hour (up from $19.08/hour).

Leaves of Absence

AB 2499 expands and moves crime victims' leave from the Labor Code to the Fair Employment and Housing Act (FEHA) meaning the California Civil Rights Department (CRD) will have enforcement authority. It also similarly moves jury and witness duty leave, but while that leave effectively remains the same, crime victims' leave expands on existing requirements.

For example, while employers with 25 or more employees must still provide employees who are victims of a crime with time off for treatment and various other reasons, the new law expands those reasons plus employers must provide employees with time off to help family members who are victims of a crime.

The new law also broadens the definition of "victim" to someone who suffers a "qualifying act of violence," encompassing everything covered by existing law and also includes, for example:

- When an individual brandishes a dangerous weapon at someone;
- Threatens to use force to injure someone; or
- An act that causes bodily injury or death to another.

Employers must provide employees with time off to help family members who are victims of violence.

Previously, the law defined victim largely in relation to crimes and domestic violence as defined by California Family and Penal codes. Employers should review this new law and update their policies as necessary.

Another new law, SB 1105, revises California's paid sick leave, expressly allowing agricultural employees to use accrued paid sick leave to avoid smoke, heat or flooding conditions created by a local or state emergency. The bill states that the revision doesn't constitute a change in the law; rather, it's a clarification of, or "declaratory of," existing law to the extent that the sick days are necessary for an employee's preventive care.

One more notable leave of absence change is AB 2011, which makes the CRD's Small Employer (5-19 Employees) Mediation Program permanent as it was scheduled to end this year. The program is also expanded to cover reproductive loss leave disputes in addition to California Family Rights Act (CFRA) and bereavement leave disputes.

Finally, California's State Disability Insurance (SDI) and Paid Family Leave (PFL) programs have two changes. First, AB 2123 eliminates employers' current ability to require employees use up to two weeks of accrued vacation before — and as a condition of — receiving PFL wage replacement benefits. Employers that maintained this practice should update their policies by January 1.

The second change is based on a 2022 law that revised the formulas for determining benefits under both the SDI and PFL programs for periods of disability beginning on or after January 1, 2025. So, beginning next year, the wage replacement rate will increase to between 70 to 90 percent of the wages the employee earned in the highest quarter of the base period (currently it's between 60 to 70 percent), depending on the individual's wages earned.

Employer Speech

One significant new law concerns employer speech; SB 399 seeks to end so-called captive audience meetings during work hours. Specifically, the law prohibits an employer from subjecting — or threatening to subject — an employee to discrimination, retaliation or any adverse action because the employee declines to attend an employer-sponsored meeting or affirmatively declines to participate in, receive or listen to any employer communications about the employer's opinion on religious or political matters.

"Political matters" is defined broadly as matters relating to elections for political office, political parties, legislation, regulations and the decision to join or support any political party, or political or labor organization. "Religious matters" is similarly broadly defined as matters relating to religious affiliation and practice, and the decision to join or support any religious organization or association.

The law provides that an employee who is working at the time of the meeting and elects not to attend must continue to be paid while the meeting is being held.

The law has a few narrow exceptions — like it doesn't apply to certain religious corporations and political organizations. Additionally, the law does not restrict employers from engaging in communications or training mandated by law or necessary for job performance.

CalChamber tagged SB 399 as a job killer bill this year.

Discrimination, Harassment and Retaliation Prevention

Two new bills add to California's anti-discrimination laws. First, SB 1100 continues the recent trend of regulating what employers can say during the recruiting and hiring process. This law prohibits employers from listing a driver's license as a preferred qualification for job candidates unless certain conditions are met.

Specifically, employers cannot include a statement in a job advertisement, posting, application or other materials that an applicant must have a driver's license, unless the employer both:

- "Reasonably expects" driving to be one of the job functions for the position; and
- "Reasonably believes" that using an alternative form of transportation would not be comparable in travel time or cost to the employer.

Thus, even if driving is a position's job function, employers still can't require a driver's license unless they carefully consider and conclude that alternative forms of travel, including using ride-share services, taxis and bicycles, carpooling, or walking, would not work.

Then, SB 1137 clarifies that the FEHA, the Unruh Civil Rights Act and the Education Code's anti-discrimination provisions prohibit discrimination not only based on individual protected characteristics, but also on any combination of protected characteristics — a concept often referred to as intersectionality. In this bill, the California Legislature specifically affirmed a Ninth Circuit Court of Appeals decision recognizing that when an individual alleges discrimination based on multiple protected characteristics, it may be necessary to determine whether discrimination occurred based on the combination of characteristics instead of in isolation (University of Hawai'i, 40 F.3d 1551 (9th Cir. 1994)).

Required Poster and Notice Updates

Current California law requires employers to post a notice that provides employees with their rights under workers' compensation laws. Under AB 1870, employers will need an updated workers' compensation poster that informs employees that they may consult with a licensed attorney to advise them of their rights under workers' compensation laws in addition to existing requirements.

Similarly, California law requires employers to display a list of employees' rights and responsibilities under the state's whistleblower laws. Now, AB 2299 requires the California Labor Commissioner to develop a model notice that otherwise complies with existing requirements. Employers posting the Labor Commissioner's model poster will be deemed in compliance with the law.

Finally, California employers must provide notice to employees of their rights under the state's laws providing leave for crime and abuse victims. With AB 2499's expansions to these leave provisions (discussed in Leaves of Absence above), employers will need to provide an updated notice next year. Specifically, AB 2499 directs the CRD to create a model form that employers may use to comply with notice requirements, but employers don't have to comply until the CRD's model form is posted. The CRD has a July 1, 2025, deadline for their model form, but it's unlikely CRD will wait that long so employers should prepare for a new notice by January 1, 2025.

Independent Contractors

Following a similar Los Angeles City law, SB 988 creates the Freelance Worker Protection Act, which imposes requirements on employers that form agreements with freelance workers providing "professional services" (limited to those listed in Labor Code section 2778) for the employer that are worth $250 or more.

If a contract falls under the Freelance Worker Protection Act's scope, the law requires that the contract be in writing and include certain information (e.g., names, dates, list of services and payment information). Additionally, payment must be made on the date specified in the contract or no later than 30 days after completion of services. Discrimination or retaliation against individuals exercising their rights under the law is prohibited.

Workplace Safety

First, on January 1, 2025, certain provisions from last year's SB 428 take effect; it expands the scope of the state's workplace violence temporary restraining order (TRO) laws. Currently, an employer can seek a TRO on behalf of an employee who has suffered unlawful violence or a credible threat of violence that was or could be carried out at the workplace. Beginning January 1, 2025, the employee's collective bargaining representative can also seek a TRO, not just the employer.

Also in January, workplace TROs may be sought when an employee suffers "harassment," which in this case means a "knowing and willful course of conduct directed at a specific person that seriously alarms, annoys, or harasses the person, and that serves no legitimate purpose." The conduct must be something that causes a "reasonable person to suffer substantial emotional distress and must actually cause substantial emotional distress."

New for this year are AB 2975 and AB 1976; both direct the Occupational Safety and Health Standards Board — the standards board within the California Division of Occupational Safety and Health (Cal/OSHA) — to address certain topics through rulemaking in the future.

Specifically, by March 2027, AB 2975 requires the board to revise the existing violence prevention in health care regulations to include a requirement that a hospital implement a weapons detection screening policy. By December 2027, AB 1976 directs the board to submit a draft rulemaking proposal to include opioid antagonists — medications that block the effects of opioids — with required first aid materials. These are in addition to existing directives to consider revising existing outdoor heat illness prevention and wildfire smoke regulations by December 31, 2025.

And keep in mind, the federal Occupational Safety and Health Administration (OSHA) is considering a national indoor and outdoor heat illness prevention standard, which could prompt Cal/OSHA to make conforming changes to its regulations next year.

Though these measures have no immediate impact, it's worth noting that employers will see some regulatory updates in these areas in the near future.

Lastly, Cal/OSHA's COVID-19 regulations will end next year: the two-year COVID-19 regulation that succeeded the COVID-19 Emergency Temporary Standards will remain in effect only through February 3, 2025.

Social Compliance Audits

Wrapping up next year's most notable new labor and employment laws is AB 3234, which is ultimately aimed at protecting minor employees. Employers that opt to voluntarily undertake a "social compliance audit" will be required to post a link on their website to a report detailing the audit's findings regarding the employer's compliance with child labor laws.

According to the new law, a social compliance audit is "a voluntary, nongovernmental inspection or assessment of an employer's operations or practices to evaluate whether the operations or practices are in compliance with state and federal labor laws, including, but not limited to, wage and hour and health and safety regulations, including those regarding child labor."

Though the audit may cover a variety of issues, the specified report must include certain information related only to child labor law compliance. Employers that undertake this type of audit should review the new law and consult legal counsel with any questions.

For more information about how these new laws will affect your workplace, join CalChamber's 2025 Employment Law Update seminars, where our legal experts delve into recent California and federal laws, regulations and court cases — registration opens soon for both in-person and virtual sessions taking place in January 2025!

Employers should consult with legal counsel to address any questions they may have and help ensure compliance with the laws covered here.

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