HRCalifornia
powered by CalChamber

2026 Midyear Employment Law Update

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

We are halfway through 2026, which is a good time for employers to review this year's notable employment law developments and make sure their policies and practices remain up to date.

So far, several midyear minimum wage updates, workplace violence prevention requirements, federal agency actions and regulations, and federal and state court decisions impact employers — so let's get started!

Here's a brief recap of the notable 2026 midyear employment law developments.

On July 1, 2026, multiple cities and counties implemented their local minimum wage rate increases.

Minimum Wage Increases

On July 1, multiple cities and counties implemented their local minimum wage rate increases. California employers with employees working in these jurisdictions (including remote workers) should review these new rates and ensure they make any necessary adjustments to their payroll.

Effective July 1, 2026, the following localities increase their minimum wage as follows:

- Alameda: $17.76 per hour;
- Berkeley: $19.61 per hour;

» Emeryville: $20.34 per hour;

» Fremont: $18.05 per hour;

» Los Angeles (City): $18.42 per hour;

» Los Angeles (County): $18.47 per hour;

» Malibu: $17.91 per hour;

» Milpitas: $18.50 per hour;

» Pasadena: $18.57 per hour;

» San Francisco: $19.61 per hour; and

» Santa Monica: $18.47 per hour.

Additionally, effective July 1, 2026, Glendale, the City of Los Angeles, Long Beach, the City of San Diego, Santa Monica and West Hollywood have industry-specific minimum wages increasing:

» Glendale: $25 per hour for hotel workers;

» Los Angeles (City): $25 per hour for hotel and airport workers. Note: Employers who do not provide the required health benefits must pay additional wages.

» Long Beach: $26.50 per hour for hotel workers;

» San Diego (City): $19 per hour for hotel and amusement park workers; $21.06 per hour for workers at certain event centers;

» Santa Monica: $25 per hour for hotel workers (Santa Monica matches the City of Los Angeles hotel workers' minimum wage rate); and

» West Hollywood: $20.87 per hour for hotel employees.

Effective July 1, 2026, Glendale, the City of Los Angeles, Long Beach, the City of San Diego, Santa Monica and West Hollywood have industry-specific minimum wages increasing.

On July 1, 2026, California's healthcare worker minimum wage rates are increasing for all covered facilities.

The following facilities increase from $24 per hour to $25 per hour:

» Hospitals or integrated health systems with 10,000 or more full-time employees, including skilled nursing facilities operated by these employers;

» Dialysis clinics; and

» Covered healthcare facilities run by large counties with more than five million people as of January 1, 2023.

The following facilities increase from $18.63 per hour to $19.28 per hour:

» Hospitals with 90% or more of their patients paid for by Medicare or Medi-Cal;

» Independent hospitals with 75% or more of their patients paid for by Medicare or Medi-Cal;

» Rural independent covered healthcare facilities; and

» Covered healthcare facilities run by small counties with fewer than 250,000 people.

The following facilities increase from $21 per hour to $22 per hour:

» Intermittent clinics;

» Community clinics;

» Rural health clinics; and

» Urgent care clinics associated with community or rural health clinics

In addition, covered healthcare facilities run by medium-size counties (250,000 to 5 million people) and all other covered facilities not identified above increase their minimum wage from $21 to $23 per hour. The DLSE's Health Care Worker Minimum Wage FAQs identifies all covered facilities.

On July 1, healthcare worker minimum wage rates increase, which also increases some exempt employee salary thresholds.

Keep in mind that the healthcare worker minimum wage alters how exempt covered healthcare employees are paid. Unlike state law, where an exempt employee is paid a salary at the equivalence of two times the standard statewide minimum wage, exempt covered healthcare employees must be paid the higher of either two times the standard statewide minimum wage or 1.5 times the applicable healthcare worker minimum wage.

Starting July 1, employers covered by the increase to $23 per hour must pay their exempt employees an annual salary of at least $71,760, and employers covered by the increase to $25 per hour must pay exempt employees an annual salary of at least $78,000.

Workplace Safety

July 1, 2026, marks the two-year anniversary of California's workplace violence prevention standards, so employers must ensure that they complete the law's annual requirements, including reviewing their workplace violence prevention plan's effectiveness, making modifications, if necessary, and retraining their employees.

When reviewing their plans, employers should review all procedures included in their plan to determine their effectiveness; that includes reviewing any procedures that didn't get used in real-life circumstances to determine if they would still be effective if needed. During the review process, employers must obtain the active involvement of their employees.

In addition to these annual workplace violence prevention requirements, employers should take note of a new workplace safety rule making its way through the regulatory process. This year, the California Division of Occupational Safety and Health (Cal/OSHA) published a proposed rule broadly defining who may accompany Cal/OSHA representatives during workplace safety inspections, commonly referred to as the "walkaround rule." This rule allows an employee representative to accompany Cal/OSHA during an inspection, who may be an employee, a third party or a collective bargaining representative. This proposed rule follows a similar federal Occupational Safety and Health Administration (OSHA) rule that went into effect in 2024.

Cal/OSHA also updated its Safety and Health Protection on the Job notice. Required under Cal/OSHA regulations (Title 8 CCR section 340), this notice provides basic information about California's workplace safety requirements and Cal/OSHA's contact information for all its offices across the state. This recent revision updated the contact information for the Santa Barbara and San Francisco offices. Cal/OSHA didn't change any substantive information on the poster.

Cal/OSHA updated its Safety and Health Protections on the Job notice with contact information for the Santa Barbara and San Francisco offices.

Federal Employment Law Developments

Like last year, federal agencies have made changes this year that impact employers. In general, federal employment laws are not as impactful on California employers as California law is typically more strict than federal law. However, certain federal developments impact California employers directly while others may be more relevant to multi-state employers with workers outside of California.

U.S. Department of Labor

In 2026, the U.S. Department of Labor (DOL) has been busy, proposing new rules and publishing opinion letters on various topics related to the Fair Labor Standards Act (FLSA) and the Family and Medical Leave Act (FMLA).

In February 2026, the DOL proposed a new independent contractor rule. This proposed rule will rescind the agency's 2024 rule and return the federal independent contractor analysis to something closer to its prior standard from 2021.

Under the proposed rule, a worker is an employee if they are "economically dependent on the employer for work." This rule lists several factors to determine if the individual is economically dependent on the employer but prioritizes two core factors above the others:

- The nature and degree of control over the work; and
- The worker's opportunity for profit or loss.

For California employers, this proposed federal rule doesn't change the independent contractor analysis because California applies the stricter ABC test for determining employment status.

Next, the DOL proposed a new joint-employer rule setting the standard for when two or more employers may be considered "joint employers" under three federal laws — the FLSA, FMLA and the Migrant and Seasonal Agricultural Worker Protection Act (MSPA). Covered employers should carefully review the proposed rule and its potential impact on their business relationships. California employers, however, should remember that the state has its own set of joint-employer rules.

Most recently, on May 14, 2026, the DOL announced the publication of a technical amendment that officially rescinded its 2024 overtime rule, which sought to increase the exempt salary threshold under the FLSA. The amendment reinstated the agency's 2019 rule, under which the federal white-collar exempt salary threshold is $684 per week (equivalent to $35,568 per year). California employers are already subject to a higher standard under state law. California's exempt employee standard requires employers to pay at least two times the current applicable statewide minimum wage, which is currently $5,858.67 per month, or $70,304 per year.

Apart from its rulemaking activities, the DOL also released new opinion letters. While not binding on courts, agency guidance can be helpful in employers' compliance efforts.

In Opinion Letter FMLA2026-1, the DOL considered how an employer should count an employee's FMLA time when the employer closes for part of a week due to bad weather. The agency concluded that when an employee is approved to take FMLA leave for less than a full workweek, and the employer closes for part of the week, the closure time should not be deducted from the employee's FMLA leave entitlement. If, however, the employee is using FMLA leave for a full workweek, then a closure for part of the week doesn't impact the employee's FMLA usage and the employer may deduct a full week's worth of leave from the employee's leave entitlement.

The U.S. DOL has been busy, proposing new rules and publishing opinion letters on various topics related to the FLSA and the FMLA.

In Opinion Letter FMLA2026-2, the DOL confirmed that an employee may use FMLA-protected leave for the time spent traveling to and from a medical appointment for a serious health condition. According to the DOL, traveling to a healthcare provider's location is "part and parcel of obtaining care," and the FMLA covers such travel time.

More recently, the DOL published Opinion Letter FLSA2026-5, confirming that an employee who is otherwise exempt under the FLSA can perform additional work in a secondary nonexempt role at an hourly rate without losing their exempt status so long as the employee is primarily engaged in the performance of exempt duties. California employers should keep in mind that this opinion relates to the FLSA and should ensure they are properly classifying their exempt employees under California law.

Equal Employment Opportunity Commission

For decades, private employers with 100 or more employees have submitted their EEO-1 reports with workforce demographic data, including data by job category, sex and race or ethnicity to the Equal Employment Opportunity Commission (EEOC). On May 14, 2026, however, the EEOC submitted a proposed rule to the Office of Information and Regulatory Affairs (OIRA) indicating that the agency intends to end these longstanding EEO data reporting requirements.

Though it looks like the EEOC may end EEO-1 reporting requirements, covered employers should still take steps to prepare their reports this year because finalizing a new rule will take time, and EEO-1 reports are still required under current regulations. Currently, the EEO Data Collections website simply states that updates regarding the data collection will be posted on the page as they become available.

On June 4, 2026, the EEOC released a new five-year National Enforcement Plan, replacing the prior Strategic Enforcement Plan. In its new plan, the EEOC focuses on enforcing federal anti-discrimination laws through litigation. The plan offers valuable insights around the EEOC's enforcement priorities, but California employers should remember they are also subject to California's anti-discrimination laws, enforced by the California Civil Rights Department.

On March 17, 2026, ICE indicated it was taking a more agressive approach to *Form I-9* violations.

Form I-9 Inspections and Enforcement

On March 17, 2026, U.S. Immigration and Customs Enforcement (ICE) revised the *Form I-9* Inspection Under Immigration and Nationality Act § 274A fact sheet, indicating it is taking a more aggressive approach to *Form I-9* violations.

The fact sheet describes ICE's I-9 inspection process, including what happens if it finds violations. ICE classifies violations as either a "technical" or "substantive," depending on the specific issue. Importantly, if ICE identifies a technical violation, employers have ten business days to correct the problem without penalties. Substantive violations are subject to penalties with no opportunity to correct them.

ICE's recent change reclassified certain violations from "technical" to "substantive," effectively eliminating the 10-day cure period for many common errors in *Form I-9* paperwork. The fact sheet also identifies new technical violations. With heightened enforcement efforts, it's important for employers to review their *Form I-9* practices to ensure they are complying with the law and avoiding hefty penalties for minor errors.

H-1B Visa Program

In 2025, the federal administration began reforming the H-1B visa program, and developments have continued into this year. The program allows American employers to temporarily employ foreign workers for positions that require highly specialized knowledge. In the past, due to the limited number of H-1B visas available each year, the government has used a random lottery selection process. Effective February 27, 2026, however, a new rule went into effect switching to a weighted selection process, which weighs the lottery entries differently based on wage levels.

Most recently, on June 8, 2026, a federal district court vacated the $100,000 fee for H-1B visa petitions that President Trump established by proclamation. Originally issued last year, the proclamation required that employer petitions for H-1B visas include a $100,000 payment for each new visa petition, which must be paid before the petition is filed. A coalition of states filed a lawsuit challenging the new fee and related agency guidance implementing the new policy. The court ultimately concluded that the fee constituted an impermissible tax and vacated the fee. The administration appealed the decision on June 11, 2026.

The court's decision conflicts with a different federal court decision that upheld the fee in a similar legal challenge. That case has also been appealed. Since litigation is ongoing in multiple lawsuits, the H-1B visa payment requirements may continue to change. Employers should monitor developments and work with legal counsel on how to proceed with H-1B petitions.

> **Executive Order 14398 requires covered federal contractors to include clauses in their contracts stating that the contractor will not engage in any "racially discriminatory DEI activities," among other requirements.**

Federal Contractors

On March 26, 2026, President Trump issued Executive Order 14398, creating new obligations for federal contractors. This order requires covered federal contractors to include clauses in their contracts stating that the contractor will not engage in any "racially discriminatory DEI activities" and requires contractors to agree to:

- Provide information and reports to the contracting agency.
- Report potential violations by subcontractors.
- Inform the contracting agency or department if a subcontractor sues the contractor and the suit puts the validity of the clause at issue.
- Recognize that compliance with the clause's requirements are material to the federal government's payment decisions for purposes of the False Claims Act, which makes it easier for individuals to "blow the whistle" and report violations against contractors.

Lastly, the contract must include a provision stating that if the contractor doesn't comply, the contract may be canceled, terminated or suspended, and the contractor or subcontractor may be declared ineligible for further government contracts.

While the order doesn't change federal or state anti-discrimination laws, it creates new obligations for federal contractors with significant consequences for noncompliance. A legal challenge to this order is pending in court. Covered federal contractors should consult with legal counsel moving forward.

2026 Court Decisions

On top of local ordinances, regulations and agency actions, the courts have published several employment law decisions this year.

Reasonable Accommodations

California law prohibits discrimination because of disabilities and requires employers to engage in the interactive process and provide reasonable accommodations to employees and job applicants with known disabilities. Recently, a California Court of Appeal considered whether an employer knew about an employee's disability when the employee never told the employer about it.

In *Husband v. Target Corporation*, the court concluded that, absent direct notice from the employee or a third party, an employer can be charged with knowledge of an employee's undisclosed disability only when the disability is the only reasonable interpretation of the employer's observation of the underlying facts. In the circumstances of this case, the court determined that the employer couldn't be charged with knowledge of an employee's bipolar disorder based on two instances of aggressive behavior and irrational comments because bipolar disorder was not the only reasonable interpretation of the facts. The court noted that such behavior could have been caused by sleep deprivation, side effects of medications and other circumstances. As such, the court ruled for the employer.

> **California's anti-retaliation protections apply even when an employee's complaint of alleged employer wrongdoing turns out to be mistaken.**

Retaliation

Many federal and California employment laws have anti-retaliation provisions that protect employees when they exercise their rights under the law, such as raising concerns about harassment or discrimination in the workplace. In *Contreras v. Green Thumb Product, Inc.*, a California Court of Appeal found that California's anti-retaliation protections apply even when an employee's complaint of alleged employer wrongdoing turns out to be mistaken.

In this case, the employee thought his employer might be violating the Equal Pay Act (EPA) and raised the issue with his employer. The employer subsequently terminated him for various reasons. The employee filed a whistleblower retaliation lawsuit arguing that the employer terminated him for raising wage disparity issues.

The jury found that the employer retaliated against the employee for engaging in protected activity. The employer, however, established that the employee was mistaken about the alleged EPA violations and argued that he wasn't blowing the whistle on any violations. The trial court agreed, reducing the judgment against the employer.

On appeal, the court found that where the employee has an objectively reasonable belief that the employer was violating the law, even if mistaken, California law still protects the employee from retaliation for raising the issue as a protected activity. In this case, the court concluded that a jury could have found the employee's belief that the EPA violations occurred was objectively reasonable and reinstated the initial judgment.

Job applicants and employees can recover a statutory sum when an employer violates California's background check rules without needing to show that the violation caused any harm.

Background Checks

In *Parsonage v. Wal-Mart Associates, Inc.*, a California Court of Appeal ruled that job applicants and employees can recover a statutory sum when an employer violates California's background check rules without needing to show that the violation caused any harm.

Under California's Investigative Consumer Reporting Agencies Act (ICRAA), employers obtaining an applicant's investigative consumer report must provide a clear and conspicuous written disclosure in a separate, stand-alone document that consists only of the disclosure, which must inform the applicant of certain information. The law allows consumers to sue for violations and recover "any actual damages sustained by the consumer as a result of the failure, or, except in the case of class actions, ten thousand dollars ($10,000), whichever sum is greater."

In this case, the employee claimed that the employer violated ICRAA's disclosure requirements. Though the employee didn't suffer any harm from the violations, the court ruled in favor of the employee. According to the court, the California Legislature, through the damages provision, "made clear the agency or user should be held liable regardless of whether the consumer suffers any actual damages." The case highlights the importance of complying with ICRAA's technical and procedural rules.

Worker Classification

In *Spilman, et al. v. The Salvation Army*, the court considered whether individuals working at a religious nonprofit organization as part of a drug and alcohol rehabilitation program were properly classified as volunteers.

The participants, in addition to attending the mandatory classes and meetings as part of the rehabilitation program, were required to engage in what the employer refers to as work therapy, which consists of various tasks performed in support of the employer's thrift stores. The plaintiffs filed a class action alleging that the work made them employees, not volunteers, and that the employer failed to pay minimum wage and overtime. The trial court agreed with the employer, finding that the plaintiffs were volunteers because there was no express or implied agreement for compensation.

The appellate court determined that the trial court applied the wrong legal standard. Instead of focusing on the lack of agreement, courts should evaluate a volunteer's motivation and ensure that nonprofits are not unfairly exploiting volunteer labor.

The court announced a two-part test for courts to use to determine whether these factors are met. First, a nonprofit must demonstrate that the worker freely agreed to work for a personal or charitable benefit, not for compensation. Second, it must demonstrate that its use of volunteer labor is not an effort to avoid having to comply with wage-and-hour laws. The appellate court sent the case back to the trial court to apply this test.

Nonprofits with questions about the classification of any workers should consult with counsel to ensure they meet the new two-part test established by the Court of Appeal.

Consult legal counsel with any specific questions about how the employment law developments discussed above impact their specific business practices.

Meal and Rest Breaks

For several years, California and other interested parties have argued in court whether California's meal and rest break laws can be enforced for drivers operating certain vehicles covered by the Federal Motor Carrier Safety Administration (FMCSA) regulations. Recently, the Ninth Circuit Court of Appeals denied California's petition for review of an FMCSA order concluding that federal rules preempted the state's meal and rest break laws.

The dispute began in 2018 when the FMCSA ruled that federal motor carrier regulations preempted California's meal and rest break laws, which the Ninth Circuit upheld in 2021. The FMCSA specifically cited California's meal and rest break rules as unenforceable for drivers subject to the FMCSA's "hours-of-service" (HOS) rules because they:

- Provide no additional safety benefits to drivers beyond the HOS rules;
- Are incompatible with the FMCSA regulations; and
- Would cause an unreasonable burden on interstate commerce.

In 2020, FMCSA issued an order with similar rationale for passenger carrying drivers. California petitioned for review of this order. The Ninth Circuit relied on its 2021 decision in denying California's petition. After the Ninth Circuit's ruling, it seems settled that drivers subject to FMCSA's HOS rules are not subject to California's meal and rest break requirements.

Employer Takeaways

Though new laws typically take effect in January, employment law and compliance requirements continue to evolve throughout the year. As we reach the halfway mark in 2026, employers should take the following steps:

- Review their payroll to ensure they make any necessary adjustments for the increased minimum wage rates in the healthcare industry and local jurisdictions.

- Satisfy their annual workplace violence prevention requirements — review their workplace violence prevention plan's effectiveness, make necessary changes and retrain employees.

- For multi-state employers with workers outside of California, pay special attention to federal regulatory developments and agency actions, and consult with legal counsel on the impact they might have on their business.

- Consult legal counsel with any specific questions about how the employment law developments discussed above impact their specific business practices.

Lastly, new employment laws are currently working their way through the legislative process. CalChamber will provide updates as legislation develops to help ensure employers are ready when new employment laws take effect in 2027.

v063026