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## New Year, New Rules: Turning Up the Heat on California's 2025 Employment Law Changes

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### **New Year, New Rules: Turning Up the Heat on California's 2025 Employment Law Changes!**

As the new year approaches, several critical legislative changes in employment law will take effect on January 1, 2025, unless specified otherwise. California employers face a dynamic regulatory landscape in 2025, with significant new requirements impacting wage laws, discrimination protections, freelance contracting, and workplace safety. Employers should prepare for compliance with these new requirements to avoid legal challenges and ensure smooth operational transitions. Here is an overview of key updates across major employment law areas.

#### **1. Private Attorney Generals Act (PAGA) Reform**

AB 2288 introduces major reforms to PAGA, adjusting civil penalty structures and offering new defenses for employers facing PAGA claims. AB-2288 requires employees to **prove standing** by demonstrating that they personally suffered from the alleged Labor Code violations before filing a PAGA claim, reducing the scope of potential lawsuits.

Employers who take "all reasonable steps" to comply with labor law requirements may receive reduced penalties. If violations are isolated, non-recurring, or corrected within 60 days of receiving notice, penalties may decrease by up to 85%. Employers can benefit from reduced penalties under PAGA reforms by conducting payroll audits, compliance training, and corrective actions. Courts also have greater discretion to approve settlements and adjust penalties to ensure fair outcomes.

**SB 92** introduces comprehensive reforms to the PAGA, establishing new processes that allow employers to resolve potential violations and reduce legal exposure. These changes include creating early evaluation conferences, expanding cure provisions, and providing new procedural rights for employers facing PAGA claims.

Employers facing PAGA lawsuits now have expanded compliance options through early evaluation conferences and cure provisions. Employers with at least 100 employees may request an early evaluation conference, where a neutral evaluator assesses claims, proposed remedies, and corrective actions, potentially allowing for court-approved settlements and reduced litigation. Smaller employers (fewer than 100 employees) can submit a cure plan within 33 days of receiving a PAGA notice, avoiding penalties if the Labor and Workforce Development Agency (LWDA) approves the correction. Employers must certify completed cures under penalty of perjury, and employees may proceed with legal action if the cure is deemed inadequate. The LWDA must verify employer submissions within 20 days and facilitate resolution conferences if needed. All evidence, cure plans, and early evaluation discussions remain confidential under California Evidence Code §1152.



Employers should immediately review and strengthen compliance policies, conduct regular audits, and implement supervisor training. Consulting legal counsel to navigate PAGA reforms and reduce potential liability is strongly recommended.

### **AB 1034: PAGA Exemption for Construction Industry Employees**

AB 1034 extends the current PAGA exemption for construction industry employees working under valid collective bargaining agreements (CBAs) until January 1, 2038. Previously set to expire on January 1, 2028, this extension ensures that qualifying construction employees remain exempt from PAGA claims if their CBA meets specific criteria. To qualify for the exemption, the CBA must clearly outline wages, working conditions, and overtime rates at least 30% above the state minimum wage; prohibit all violations covered under PAGA; and include a grievance and binding arbitration procedure to address labor disputes.

Employers should review and update their CBAs to ensure compliance with these requirements. Additionally, while the PAGA exemption applies, employees can still pursue legal claims related to discrimination, harassment, or violations under federal or state civil rights laws. Employers in the construction sector should consult legal counsel to ensure their CBAs comply with AB 1034 and verify that all labor agreements are updated accordingly.

## **2. Leave Entitlements**

### **Paid Family Leave (PFL) Law Update (AB 2123)**

Beginning January 1, 2025, California's paid family leave law will no longer require employees to exhaust two weeks of vacation leave before accessing state PFL benefits. This shift means employees may retain vacation time upon return, which may influence payroll and leave management planning.

### **AB 2011 and SB 1105**

Expanded leave entitlements now provide greater work-life balance protections. AB 2011 expands California's small employer family leave mediation program, which is applicable to employers with between five and 19 employees, to include disputes related to reproductive loss leave and extends the program indefinitely. The Civil Rights Department (CRD) is generally required to initiate mediation within 60 days of a request, tolling the statute of limitations on employee claims while prohibiting civil actions until mediation is completed or deemed unsuccessful.

SB 1105 grants agricultural workers paid sick leave during emergencies such as wildfire smoke, extreme heat, or flooding conditions.

## **3. Employment Discrimination Expansions**

Employment discrimination protections have expanded significantly.

### **Protections for Crime Victims (AB 2499)**

California's Fair Employment and Housing Act (FEHA) has been amended to enhance support for employees affected by crime. Under AB 2499, employers must grant protected leave to employees or their family members who are victims of qualifying acts of violence. Effective January 1, 2025, employers must grant leave for jury duty, witness duty, and time off for employees or their family members who are victims of certain crimes. The law also requires reasonable accommodations and specific employee notifications. Employers should integrate these changes into existing leave policies and ensure that HR teams are prepared to support affected employees.



### **Intersectional Discrimination Protections (SB 1137)**

SB 1137 recognizes intersectional discrimination claims, meaning employees can allege bias based on combined protected characteristics. For instance, an employee could file a discrimination claim based on the combined impact of age and gender. Additionally, AB 1815 broadens the definition of race to include hair texture and protective hairstyles by removing the term "historically." Employers should update anti-discrimination policies and train staff to consider multiple factors when investigating discrimination claims.

### **Driver's License Requirements in Job Postings (SB 1100)**

SB 1100 restricts employers from requiring a driver's license in job postings unless driving is a key job function and no reasonable alternatives (such as biking or public transit) are feasible. Employers should review job descriptions and postings to ensure they only require licenses where truly necessary.

### **4. Wage and Hour Regulations**

New wage and hour regulations provide clarity on worker classification and transparency. AB 224 extends the exemption for newspaper carriers from employee classification until 2030, ensuring continuity in the industry. Effective March 1, 2025, AB 375 requires food delivery platforms to display drivers' names and photos when notifying customers of deliveries, enhancing safety and transparency in the food delivery process.

### **5. Freelance Worker Protection Act (SB 988)**

The Freelance Worker Protection Act mandates written contracts for freelancers earning \$250 or more per engagement, outlining payment terms, project scope, and timelines. Employers should formalize freelance agreements to meet this requirement and maintain records to avoid compliance issues.

### **6. Captive Audience Meeting Restrictions (SB 399)**

Under the "Worker Freedom from Employer Intimidation Act," employers cannot mandate attendance at meetings focused on political or religious topics. Known as "captive audience meetings," these sessions are now voluntary, and employers should document voluntary attendance. Updating policies on meeting attendance and employee rights regarding participation is advised. Violations may result in significant fines and potential civil litigation.

### **7. Social Compliance Audit Disclosure (AB 3234)**

Employers who voluntarily conduct social compliance audits, including those assessing child labor compliance, must now publicly post audit findings. This regulation aims to boost transparency around ethical and safety standards. Employers choosing to perform these audits should ensure results are accessible on their websites.

### **8. Retaliation Poster Requirement (AB 2299)**

AB 2299 requires employers to display a poster outlining employees' rights against retaliation, particularly for whistleblower protections. This [poster](#), available from the Division of Labor Standards Enforcement, should be placed in visible areas of the workplace to inform employees of their rights. Employers have the option to create their own version of the required notice, as long as it contains all mandatory details, features text in at least 14-point font, and includes the state's whistleblower hotline number: 1-800-952-5225. The notice must be displayed starting January 1, 2025.



### 9. San Diego County Fair Chance Ordinance

Effective October 10, 2024, San Diego County's Fair Chance Ordinance limits employer consideration of criminal history during hiring. Employers in San Diego must revise hiring procedures, particularly those involving background checks, to comply with this ordinance and avoid penalties.

### 10. Indoor Heat Illness Prevention Standard

In response to rising temperatures and workplace safety concerns, California's Occupational Safety and Health Standards Board has introduced an indoor heat prevention standard (Cal. Code Regs. Title 8, Section 3396). Effective July 2024, this standard mandates that workplaces maintain temperatures below 87°F (82°F if employees perform moderate to heavy work) and provide access to water, rest breaks, and cool-down areas. Employers must also implement cooling methods and provide heat illness prevention training.

### 11. Minimum Wage and Salary Threshold Increases

Effective January 1, 2025, California's minimum wage will increase to \$16.50, for all employers, regardless of size. However, certain industries have higher minimum wage requirements. For example, fast food restaurant employees, defined as an employee working in a limited-service restaurant that is part of a national fast food chain with more than 60 locations nationwide, must be paid at least \$20.00 per hour under AB 1228 (effective April 1, 2024), and certain healthcare facility employees are entitled to a higher minimum wage based on newly enacted wage standards (effective October 16, 2024). Additionally, the salary threshold for exempt employees will increase to \$68,640. Some cities and counties have enacted local ordinances mandating wages above the state minimum. Employers should review both state and local minimum wage rates to ensure full compliance.

### 12. Workers Compensation Notice Requirements

Assembly Bill No. 1870 requires employers subject to the state's workers' compensation system to update workplace injury notices to include information about employees' rights to consult a licensed attorney regarding workers' compensation claims. The notice must be easily understandable, posted in both English and Spanish where applicable, and clearly explain the availability of legal counsel, typically at no upfront cost, as part of the workers' compensation process. Failure to post this updated notice may result in penalties and legal consequences for employers.

### Preparing for Compliance in 2025

Employers should proactively update company policies, revise employee handbooks, and ensure compliance with new requirements regarding whistleblower protections, leave entitlements, and workplace safety. We provide tailored legal counsel and training on discrimination, safety, and whistleblower laws to address industry-specific compliance challenges. Staying ahead of these updates will help businesses minimize legal risks and maintain a productive workplace in 2025 and beyond.



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