

2026 California Employment Law Updates

- WHAT HR LEADERS
NEED TO KNOW



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What's New in 2026

Several new California employment laws and regulatory updates take effect in 2026, bringing changes that affect everything from AI-assisted hiring to employee notices and repayment agreements.

Here's a straight-talk summary of the employment law updates HR teams should have on their radar.

While this list covers the most searched and highest-risk mandates hitting your desk right now, it isn't exhaustive.

Because even small compliance changes can lead to big headaches, join our [quarterly HR webinars](#) to catch the most recent updates.



AI in Hiring & Recruitment

As of January 1, 2026, California has finalized the teeth of its AI laws. If you use automated systems to screen resumes or rank candidates, you must provide a pre-use notice and allow applicants to opt out in favor of a human review.



Next Steps: Audit your tech stack. If your ATS uses AI Ranking, ensure your job application flow includes the mandatory disclosure and opt-out link.

The “Stay or Pay” Ban

Effective January 1, 2026, California has enacted a comprehensive ban on stay-or-pay employment clauses.

These are contracts that require employees to repay “debts”—such as training costs, relocation fees, or bonuses—if they leave before a specified term.

The Risk: Violators face actual damages or a minimum of \$5,000 per affected employee.

Repayment is still generally permitted for certain retention bonuses not tied to:

- job performance
- tuition
- specific government-approved apprenticeship programs
- government loan repayment or loan forgiveness programs
- contracts related to financing residential property



Next Steps: Review all offer letters and contracts. Ensure any voluntary or misconduct-related terminations are meticulously documented to defend against potential debt claims.

Personnel Record Access

As of January 1, 2026, the definition of personnel records has expanded. It now expressly includes all education and training records.

What this includes:

- ✓ Training certificates
- ✓ Internal/external course completion records
- ✓ Skill competency tracking



Next Steps: Audit your digital files. Ensure every training record identifies the employee's full name, the provider, date, duration, covered core competencies or specific skills, and certifications earned.



● SB 294

Workplace “Know Your Rights” Notice

Created in response to immigration raids, employers were required to:

Next Steps:

Update your onboarding packets and company intranet to include this mandatory emergency contact designation.



By February 1, 2026: Deliver a standalone *Workplace Know Your Rights* notice to every employee via email or text in the employee’s primary language.



By March 30, 2026: Provide employees the opportunity to update their emergency contact information, specifically for the event of a workplace arrest or detention.

● AB 406

Expanded Victims of Violence & Jury Duty Sick Leave

Effective January 1, 2026, it is illegal to discriminate or retaliate against an employee who is a victim of violence (or a family member of a victim) for taking time off to attend judicial proceedings related to that crime.

It is also illegal to discriminate or retaliate against an employee who is taking time off to serve jury duty.

Next Steps: Update your employee handbook to clarify that paid sick leave can now be used for these victim proceedings, as well as for jury duty.



SB 617

CalWARN Expansion

If you are issuing a CalWARN notice for a covered mass layoff, relocation, or termination, the notice must now state whether you plan to coordinate “rapid response” services for affected employees through your local workforce development board, another source, or none at all.



Next Steps: Update your WARN notice templates to include the mandatory CalFresh and local workforce board contact info.

● SB 261

Triple Penalties for Wage Theft



California is cracking down on unsatisfied wage judgments to ensure workers receive the pay they are owed.

Penalties for unpaid judgements more than 180 days can now be tripled, and include repayment of attorney's fees and court costs.

Offending business will be listed in a publicly accessible database on the Labor Commissioner's Office website until all violations have been paid.

Next Steps: Conduct an internal audit of any outstanding wage claims. Ensure all judgments are remedied or abated to stay off the state's public blacklist and maintain your companies' reputation.

Lead with Confidence in 2026



California employment law moves quickly, and HR teams shouldn't have to decode every legal update on their own.

That's why Helpmates hosts quarterly HR webinars with compliance specialists who translate new and updated regulations into clear, practical guidance for employers.



[Reserve Your Seat at helpmates.com](https://helpmates.com)

Disclaimer: The provided information is for general informational purposes and is not legal advice. Because employment laws change frequently, employers should consult qualified legal counsel for guidance on specific compliance obligations.

