

2025

# EMPLOYMENT LAW 2025 LEGAL UPDATE

## STAY AHEAD OF 2025's LEGAL CHANGES

**Review your employee handbook  
and employment contracts for necessary updates on  
these changes to the law, effective January 1, 2025.**

### Employer Captive Audience Meetings are Banned (SB-399)

By Neha Shah

Effective January 1, 2025, SB 399 (or the California Worker Freedom from Employer Intimidation Act) amends the California Labor Code to impose limitations on Captive Audience meetings. SB 399 prohibits employers from subjecting, or threatening to subject, an employee to discharge, discrimination, or retaliation for declining to attend an employer-sponsored meeting or affirmatively declining to participate in, receive, or listen to communications, with employers about the employer's opinion about religious or political matters. Furthermore, an employee who is working at the time of the meeting, but declines to attend, must continue to get paid while the meeting is held. Employers who violate this section shall be subject to a civil penalty of \$500 per employee for each violation. This prohibition does not preclude, among other things, an employer from communicating to its employee information it required to communicate by law, or information necessary for those employees to perform their duties. Despite imposition of this ban, a question remains as to federal preemption by the National Labor Relations Act. Even so, employers should consider the need to make meetings mandatory or voluntary. Please consult with your counsel should you have questions.

### Minimum Wage

By Andrea Musicant

Minimum wage in California will once again increase by \$.50 to \$16.50 per hour starting January 1, 2025. The increase applies to all employers, regardless of size. In addition, the full-time exempt employee minimum salary will increase from \$66,560 per year to \$68,640 per year starting January 1, 2025. To be classified as exempt, an employee must earn at least twice the state's minimum wage for full-time employment, among other requirements. On April 1, 2024, the minimum wage increased to \$20 per hour for fast food workers. Potential minimum wage increases will be reviewed annually using the U.S. Consumer Price Index for Urban Wage Earners and Clerical Workers to account for inflation. Some cities and counties have higher minimum wages than the state's minimum.

San Diego City minimum wage is \$16.85/hour; Los Angeles City is \$17.28/hour; Los Angeles County (unincorporated) is \$17.27/hour; and San Francisco City and County is \$18.67 per/hour. Please be sure to review your city to determine the applicable minimum wage required.

### Expansion of Leave Rights: Victim Leave (AB 2499) and Paid Family Leave (AB 2123)

By Nadia Bermudez

California employees who are victims (or who have family members who are victims) of certain acts of violence will have expanded protections as of January 1, 2025, under AB 2499, which:

- Protects employees from discrimination or retaliation for taking leave for safety-related reasons, such as seeking medical care, participating in legal proceedings, or safety planning;
- Broadens protections to a new class of crime victims;
- Expands the definition of "family member" to follow the FEHA definition;
- Expands reasonable accommodation eligibility; and
- Allows employees to use paid sick leave for time taken off under the new law.



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Employers can limit the total amount of leave an employee can take to 12 weeks if they are the victim, or 10 days total if the employee's family member is the victim.

Under AB 2123, as of January 1, 2025, employers can no longer require employees to use up to two weeks of vacation time before accessing paid family leave (PFL) benefits. Employers can still allow employees to use their vacation time voluntarily.

### Expansion of Anti-Discrimination Laws: Local Enforcement of Employment Discrimination Rules (SB 1340) and Protected Characteristics: Intersectionality (SB 1137)

By Brenda Verduzco-Portillo

The California Civil Rights Department (CRD) will no longer be the only entity able to enforce the state's employment discrimination laws. SB 1340 allows local governmental entities to enforce local laws prohibiting discrimination in employment, if the enforcement is pursuant to a local law that is at least as protective as the act. The local entity can seek enforcement actions only after a complaint is filed with the CRD, a right-to-sue notice has issued, and the enforcement commences before the expiration of the time allotted to file a civil action. Notably, the time to file the civil action will be tolled during any local enforcement proceedings.

SB 1137 revises the state's Unruh Civil Rights Act, Education Code, and the Fair Employment and Housing Act (FEHA) to include remedies for unlawful discriminatory practices that may include "any combination" of two or more protected characteristics or traits ("intersectionality"). This law incorporates the idea that interlocking forms of discrimination can operate together and result in a violation of California's anti-discrimination laws.

### Social Compliance Audit (AB 3234)

By Omar Mustafa

This bill requires employers who voluntarily subject their business to a social compliance audit to post a link to the report detailing the findings of the most recent audit on their website. The bill defines "social compliance audit" as an inspection of any production house, factory, farm, or packaging facility of a business to verify its compliance with social and ethical responsibilities, health and safety regulations, and labor laws, including, but not limited to, wage and hour and health and safety regulations. The bill also requires that reports include, whether the business engages in, or supports using, child labor and a copy of written policies and procedures the business has regarding child employees.

### Additional Expansion of Anti-Discrimination Laws: Driver's License Discrimination (SB 1100)

By Robyn Sembenini

Employers are prohibited from advertising or stating that a job applicant must possess a driver's license unless the employer can meet two criteria. First, the employer must be able to reasonably demonstrate driving is one of the job functions for the position. Second, the employer must also reasonably believe the job function cannot be comparably performed in terms of cost and time by using an alternative form of transportation. The new law defines the alternative forms of transportation that an employer must consider in assessing the second criteria as including, but not limited to, using a ride hailing service or taxi, carpooling, bicycling or walking.

### Race Discrimination Hairstyles (AB 1815)

By Robyn Sembenini

Assembly Bill 1815 revises how traits associated with race are defined in California's Fair Employment and Housing Act as well as the Unruh Civil Rights Act. Now in addition to stating that traits associated with race, include, but are not limited to, hair texture and protective hairstyles, it provides examples of "protective hairstyles" which include, but are not limited to, such hairstyles as braids, locs, and twists. Previously, the definition referred to traits "historically" associated with race, including hair texture and protective hairstyles and did not provide the guidance now available.

For more information on recent legislative changes, or for a review of your employee handbook for compliance, [contact us](#).

This is a summary of new laws and is not intended to be comprehensive. Please consult with your legal counsel in regards to applications of these laws to your workforce.

## PAGA Reform Overview

By Nadia Bermudez

In 2024, Governor Newsom signed AB 2288 and SB 92, bringing significant reforms to PAGA to address concerns over excessive litigation and improve the fairness of the process for both employees and employers. The most important reform is that under these amendments, a PAGA plaintiff must have “personally suffered” the alleged violation to pursue a theory of recovery under PAGA based on it. Previously, as long as the PAGA plaintiff suffered one Labor Code violation, the plaintiff could pursue any and all other potential violations.

OTHER KEY CHANGES:

### Help for Small Employers

Employees still need to give written notice by filing online with the Labor and Workforce Development Agency (LWDA) of the nature of the alleged Labor Code violations. Within 33 days of receiving this LWDA notice, employers with fewer than 100 employees may submit a confidential proposal to address the alleged violations. Successful curing of claims is achieved with adherence to a strict schedule of interactions with the LWDA. This aspect of the reform seeks to ease the burden on small businesses while still holding them accountable for labor law violations.

### Early Evaluation Conferences for Large Employers

The reform provides that employers (with at least 100 employees) may file a request for an early evaluation conference in the proceedings of the claim and a request for a stay of court proceedings prior to or simultaneous with that defendant’s responsive pleading. Requests for early evaluations need to be coupled with a statement responding to alleged violations and plans to cure, if any, among other requirements. This is intended to provide an opportunity for quicker resolution, which benefits both parties by avoiding costly litigation.

### Penalty Reductions

Penalties are reduced under these reform bills if certain mitigating factors apply, including that the alleged violation resulted from an isolated event that did not extend beyond the lesser of 30 consecutive days or 4 consecutive pay periods. In those situations, the civil penalty would be \$25 for the initial violation or \$50 for the subsequent violation per pay period. Additionally, civil penalties prescribed by PAGA can be limited to 15% or 30% based on an employer’s response before or after notice of alleged Labor Code violations, with the highest reduction for pre-notice remediation. Therefore, prompt action by employers can yield the biggest discount on penalties.

### Employees to Receive Increased Portion of Penalties

Under these amendments, civil penalties recovered by aggrieved employees shall be increased from 25% to 35% with the LDWA’s share being reduced from 75% to 65%.

### Immediate Application

Importantly, many aspects of AB 2288 and SB 92 affect ongoing PAGA cases. Additionally, depending on the size of the employer, more can be done on the onset of LDWA notices to reduce overall liability.

### Impact on Employers

For employers, these reforms are expected to result in fewer frivolous PAGA lawsuits, reduced litigation costs, and more opportunities to resolve labor disputes through non-litigious means. While the reforms do not eliminate PAGA claims, they are designed to make the process more equitable and less prone to abuse.

A few appellate cases decided in late 2024 also underscore the importance of arbitration agreements in limiting potential liability in PAGA cases. Those cases emphasize the requirement of arbitrating employee claims to decision with only meritorious claims then being pursued on behalf of others in collective actions.

Employers should be aware of the revised procedures, particularly the new mediation requirements, and stay vigilant about complying with California labor laws to avoid triggering PAGA claims. These changes mark a significant shift in California’s approach to balancing employee protections with minimizing legal burdens on employers.



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