

As Changes to HR Compliance Accelerate, Here's Where to Watch

HR Executive | Dawn Kawamoto | December 17, 2024

For HR leaders, 2025 cannot be a year for complacency when it comes to compliance. Instead, they should be working now to get ahead of what will be a hectic New Year with an expected wave of policy and regulatory changes, experts say.

For instance, there's the "AI legislation and regulatory revolution," as well as ongoing shifts to wage and hour worker definitions, says Helena Almeida, vice president, managing counsel, for ADP, which offers HR solutions, compliance, benefits administration and other services.

HR leaders would be wise to pay attention to the ever-changing legal landscape, given the whopping \$3 billion lawsuits filed against U.S. employers since 2000, alleging the organizations did not comply with employment and civil rights laws, reports the Academy to Innovate HR. Just last year, the Department of Labor levied more than \$26 million in fines to employers for compliance violations, according to a previous *HR Executive* interview with Tami Nutt, director of research and insights at Aspect 43, a strategy firm.

HR compliance trends to watch in 2025

With such immense financial repercussions, HR leaders need to monitor regulation changes closely, Almeida says.

Almeida recently sat down with *HR Executive* for a video interview to discuss the changing compliance landscape for 2025, including:

- An uptick in AI legislation, especially laws that protect the rights of employees at employers using the tech
- Changing definitions for wage and hour workers, including exempt, non-exempt and contract workers
- Increase in states passing pay transparency legislation
- Ongoing challenges regarding taxation of remote workers who operate in different states than where the company is based
- A broadening view of diversity beyond gender and race
- Expanding paid leave laws. Connecticut, for instance, is moving to require all employers to offer paid leave in the next several years, said Janell Stanton, an HR and employment attorney at Wagner, Falconer & Judd, in a previous interview with *HR Executive*.

- Increase in restrictions on non-compete and non-solicit agreements. Illinois and Pennsylvania are the latest states to limit their use, Stanton added.

As they address these shifts in the coming months, HR leaders should avoid taking a “whack-a-mole” approach, Almeida says. Instead, she suggests creating a comprehensive strategy to address HCM compliance so that only tweaks are needed rather than wholesale changes as laws evolve.