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Your Guide to California's New 2027 Employment Laws

California has once again passed a significant number of new laws in the employment arena. The 2026 session was comparatively light on wage-and-hour and Private Attorneys General Act legislation; however, there has been a primary focus on artificial intelligence (AI) / automated decision-making in the workplace, surveillance limits, and targeted expansions to anti-discrimination, immigration-retaliation, and leave laws.

Employers should prioritize updates to:

- Handbooks and surveillance / monitoring policies;
- Harassment-prevention training materials (both for 2027 content updates and 2028 anti-hate-speech additions);
- California Worker Adjustment and Retraining Notification (Cal-WARN) notice templates;
- Arbitration agreement language;
- Stay-or-pay or training-repayment agreement templates; and
- Pay data reporting systems.

Below is a comprehensive high-level summary of the employment-related bills passed during the 2025-2026 legislative session and signed by Gov. Gavin Newsom. Unless otherwise noted, all laws take effect January 1, 2027.

Artificial Intelligence and Automated Decision Systems

SB 947 – "No Robo Bosses Act" prohibits employers from relying solely on an automated decision system (ADS) – broadly defined to include tools built on machine learning, statistical modeling, or data analytics, not just products marketed as AI – to make discipline or termination decisions. Where an employer "primarily

relies" on ADS output, a human must independently corroborate the decision (such as reviewing underlying data, supervisory evaluations, personnel files, work product, peer reviews, or witness interviews). Employers must give written post-use notice to the affected employee, and employees may request up to 12 months of their own data used by the system. ADS may not be used to: infer status protected under the Fair Employment and Housing Act (FEHA); facilitate noncompliance with labor, safety, or civil rights laws; or predict / punish employees for exercising legal rights. Enforced by the Labor Commissioner, with civil penalties of $500 per violation.

Action Item: Inventory any tools used in discipline or termination decisions. Add a human-review step and post-use process.

SB 951 – AI-Driven Layoffs / Cal-WARN Amendment amends the Cal-WARN Act (rather than creating a standalone statute). When a covered mass layoff, relocation, or termination is caused "in whole or in substantial part" by an AI system or other automating technology, the WARN notice must flag this as a "technology displacement" and describe the number, classification, and location of affected positions, the job functions being automated, and the type of technology responsible. The existing 60-day notice period remains unchanged.

Action Item: Update Cal-WARN notice templates to add "technology displacement" disclosures.

Workplace Surveillance

AB 1883 – Emotion Recognition and Neural Data bars employers from using AI-powered workplace surveillance tools that recognize, infer, or predict an employee's emotional state, or that collect "neural data." Neural data is defined as information generated by measuring the activity of an employee's central or peripheral nervous system, that is not inferred from non-neural information. Workplace surveillance tool is broadly defined as any system, application, instrument, or device that collects or facilitates collection of employee data, activities, communications, actions, biometrics, or behaviors by means other than direct human observation – expressly including video / audio surveillance, continuous incremental time-tracking tools, geolocation, electromagnetic tracking, and photoelectronic or photo-optical tracking systems.

This provision may be enforced by a public prosecutor or the Labor Commissioner, who may investigate, order temporary relief, issue citations, and file civil actions. It provides for a civil penalty of up to $500 per violation. A civil action may also be filed to seek temporary or preliminary injunctive relief, punitive damages, and reasonable attorney's fees and costs. Penalties may be recovered by an employee, the Labor Commissioner, or a public prosecutor as either a statutory penalty (paid to the employee) or a civil penalty – but not for the same violation.

However, it does not prohibit surveillance tools used for safety purposes that do not engage in these prohibited functions.

Action Item: Audit monitoring and surveillance tools for emotion-recognition or neural-data features and discontinue any that have them.

AB 1331 – No Surveillance in Bathrooms prohibits employers from using workplace surveillance tools (broadly defined to include wearables and any device collecting employee data other than through direct human observation) to monitor employees in workplace bathrooms. Employees may leave surveillance devices outside the bathroom. Exceptions exist for court orders and legally mandated monitoring. Civil penalties up to $500 per violation.

Action Item: Confirm no monitoring devices operate in restrooms. Update the surveillance policy to say so.

Discrimination and Harassment

AB 2563 – Sex Discrimination Definition Harmonization creates a uniform definition of "sex discrimination" across California codes and amends FEHA's definition of "sex" to expressly include: assigned sex / gender category; degree of conformity (or non-conformity) to sex / gender stereotypes; access to and use of gender-affirming care; decision-making regarding pregnancy-related drugs / devices / services; and variations in sex characteristics (intersex traits). Directs that these provisions be liberally construed.

Action Item: Update EEO and antidiscrimination policies to reflect the expanded definition of "sex."

*AB 1803 – Anti-Hate Speech Training (**Effective January 1, 2028**)* adds an anti-hate-speech component to California's mandatory biennial harassment-prevention training (employers with five or more employees), requiring practical guidance on recognizing, reporting, and confronting workplace speech that "vilifies, humiliates, or incites hatred" based on FEHA-protected characteristics.

Action Item: Plan now to add anti-hate-speech content to harassment-prevention training before the 2028 effective date.

Immigration-Related Protections

AB 2495 – Unlawful Immigration-Related Retaliation expands Labor Code § 1019 to prohibit conduct related to a person's actual or perceived immigration status that would "reasonably tend to dissuade" an applicant, employee, or former employee from exercising legal rights, or induce them to engage in conduct they have a right to refrain from. Clarifies actual immigration status is irrelevant to liability and extends protections to applicants and former employees. Civil penalty up to $10,000 per person per violation, payable to the person harmed.

Action Item: Revise the anti-retaliation policy to cover actual or perceived immigration status. Train supervisors.

Leaves of Absence

SB 1149 – Bereavement Leave for a "Designated Person" expands existing bereavement leave (employers with five or more employees; up to five days, need not be consecutive) to cover the death of a "designated person," which is defined as an individual related to the employee by blood or whose association is the equivalent of a family relationship (e.g., extended relatives, chosen family). The designated person is identified by the employee at the time leave is requested; employers may limit employees to one designated person per 12-month period.

Action Item: Update the bereavement leave policy to add the "designated person" provision and the one-per-12-months-limit.

Arbitration Agreements

AB 2155 – Arbitration Agreements Aligned to Federal Arbitration Act Carve-Outs amends the California Arbitration Act to make a California arbitration agreement unenforceable to the same extent it would be unenforceable under the Federal Arbitration Act (FAA) – importing FAA carve-outs such as the interstate-transportation-worker exemption and the Ending Forced Arbitration of Sexual Assault and Sexual Harassment Act into state law.

Action Item: Review arbitration agreements for conflicts with the FAA carve-outs.

Employment Contracts / "Stay-or-Pay" Provisions

AB 1697 – Stay-or-Pay Effective Date Fix, which went into effect September 30, 2026, is described as a "fix-it" bill for AB 692 (California's 2025 Anti-Trap Act). It delays application of restrictions on stay-or-pay repayment provisions, so they now apply only to contracts entered into on or after January 1, 2027 (rather than January 1, 2026). AB 692 broadly prohibited employment contract terms that:

- Require a worker to repay an employer, training provider, or debt collector for a "debt" if the employment relationship ends;
- Authorize an employer to resume or initiate collection or end forbearance on a debt upon termination of employment; or
- Impose any penalty, fee, or cost on a worker because their employment terminates.

The previous law had exceptions to the above requirements, one of which applied to certain qualifying bonuses that were paid at the outset of employment. AB 1697 also removes the requirement that a qualifying discretionary bonus (e.g., sign-on or retention bonus) be paid only "at the outset of employment." Now, qualifying bonuses paid at any point during employment may fit within the exception, provided that the following conditions are met:

- Repayment terms are set out in a contract separate from the primary employment contract;
- The employee is notified of the right to consult an attorney and given at least five business days to do so before signing;

- Any repayment obligation is prorated based on the remaining retention period (capped at two years from receipt of payment) and not subject to interest accrual;
- The employee has the option to defer receipt of the payment to the end of the retention period with no repayment obligation; and
- Separation before the retention period ends must be at the employee's sole election, or at the employer's election for misconduct.

This bill also expands exceptions to cover grant-funded (funded by a federal, state, or local government grant) recruitment and retention bonus programs or repayment of advanced paid time off (PTO) upon voluntary separation, and certain securities / insurance affiliation agreements.

Action Item: Review stay-or-pay and bonus-repayment templates. Confirm they meet the separate-contract, attorney-consultation, proration, and deferral conditions.

Wage and Hour / Minimum Wage

General state minimum wage increases to $17.40 per hour via the annual inflation-adjustment mechanism, which also raises the minimum salary threshold for full-time exempt employees to $72,384 per year ($6,032 per month).

AB 2646 – Agricultural Minimum Wage establishes a new $19.75 per hour minimum wage for a broad category of agricultural employees (largely H-2A workers and California-resident workers performing substantially similar work), subject to annual cost-of-living adjustments.

Action Items: Update payroll rates and the exempt salary threshold to $17.40 per hour and $72,384 per year. If you employ agricultural workers, confirm they are paid at least $19.75 per hour.

Pay Data Reporting

SB 464 (enacted previously, taking effect 2027) increases the number of job categories employers must report in pay data submissions from 10 to 23.

SB 1237 – Pay Data Reporting Penalties raises the penalty for an employer's subsequent failure to file a required pay data report with the Civil Rights Department from up to $200 per employee to up to $1,000 per employee. The penalty for an initial failure remains up to $100 per employee.

Action Items: Make sure pay data systems can capture all 23 job categories. Calendar the pay data filing deadline. Late filing now costs up to $1,000 per employee.

Labor Commissioner Enforcement / Procedure

SB 1316 – Labor Commissioner Liens and Hearing Evidence authorizes the Labor Commissioner to renew a wage-judgment lien on an employer's real property for additional 10-year periods and bars an employer from introducing payroll or time records at a retaliation or discrimination hearing if those records were not timely produced when requested.

Action Item: Set up a process to produce payroll and time records promptly when requested.

Workplace Safety / Violence Prevention

AB 1961 – Workplace Violence Restraining Orders for Groups of Employees allows employers to seek a workplace violence restraining order on behalf of all employees at one single location – without naming an individual protected party – where violence or a credible threat is directed at the workplace generally.

Action Item: Add the group workplace violence restraining order option to the workplace violence prevention plan.

AB 2150 – Opioid Overdose Reversal Training mandates that any employer that requires CPR certification for employees must also require completion of an online module on naloxone administration approved by the Emergency Medical Services Authority. AB 2150 does not independently require employers to provide naloxone in the workplace.

Action Item: If you require CPR certification, add the naloxone module to the requirement.

Public Works

AB 1838 – Disclosure of Wage and Hour Violations in Public Works Bidding requires contractors bidding on local-agency public works contracts to disclose wage-and-hour violation history from the prior five years, with supporting documentation. Noncompliant bidders may be disqualified (subject to an appeal process). Exempts contracts with project labor agreements or separate prequalification requirements.

Action Item: If you bid on local public works, compile five years of wage-and-hour violation history and documentation.

Agricultural Labor

AB 2227 – Farm Labor Contractor Bonds and Licensing doubles required surety bond amounts for farm labor contractor licensure on a gross-receipts-based scale (up to $150,000 for larger contractors) and enhances Labor Commissioner fines up to $50,000 for violations.

Action Item: Farm labor contractors should confirm their bond amounts and licensing.

Privacy (California Consumer Privacy Act Intersection)

SB 923 – Right to Delete Expansion amends California Civil Code § 1798.105(a) to expand the right to delete under the California Consumer Privacy Act (CCPA), which now extends to personal information collected "from or about" a person, not just information collected directly from them – relevant to employee and applicant data held by employers.

Action Item: Update privacy notices and data-deletion procedures to cover data collected "from or about" employees and applicants.

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