



COMPLIANCE UPDATE



KEEPING UP WITH COMPLIANCE QUARTERLY—Q4 2025

Keeping up with compliance developments can be difficult and time-consuming. This quarterly update highlights recent legal developments to help your organization stay on top of new requirements and minimize compliance risks.

For more information on these topics, [contact us](#).

RECENT FEDERAL DEVELOPMENTS

IRS ANNOUNCES MORE EMPLOYEE BENEFIT PLAN LIMITS FOR 2026

On Oct. 9, 2025, the IRS released [Revenue Procedure 2025-32](#) (Rev. Proc. 25-32), which announces the 2026 inflation-adjusted limits for certain health and welfare benefits, including the contribution limit for health flexible spending accounts (FSAs). For plan years beginning in 2026, the adjusted dollar limit on employees' pre-tax contributions to health FSAs increases to \$3,400, up from \$3,300 for 2025 plan years. Rev. Proc. 25-32 also includes cost-of-living adjustments for qualified transportation fringe benefits. The combined monthly limit for transportation in a commuter highway vehicle and a transit pass increases to \$340 in 2026, up from \$325 in 2025. The monthly limit in 2026 for qualified parking also increases to \$340 from \$325. These limits are in addition to those announced by the IRS in May 2025 ([Revenue Procedure 2025-19](#)) for health savings accounts. The IRS is expected to issue the 2026 inflation-adjusted retirement plan limits soon.

EEOC INCREASES PENALTY FOR VIOLATIONS OF NOTICE-POSTING REQUIREMENTS

On Sept. 30, 2025, the U.S. Equal Employment Opportunity Commission (EEOC) published a [final rule](#) increasing the maximum civil monetary penalty for violations of federal requirements for employers to post notices about fair employment laws in their employees' workplaces. The new amount applies to penalties assessed on or after Sept. 30, 2025. The new maximum penalty amount is \$698, which is an increase from \$680. This penalty may be assessed against any entity that is required but fails to display notices mandated under Title VII of the Civil Rights Act (Title VII), the Americans with Disabilities Act (ADA), the Genetic Information Nondiscrimination Act (GINA) and the Pregnant Workers Fairness Act (PWFA). The EEOC last issued an updated poster on June 27, 2023, titled "[Know Your Rights: Workplace Discrimination is Illegal](#)" for employers to use to comply with these mandates.

SIGNIFICANT CHANGES PROPOSED TO THE H-1B VISA PROGRAM

On Sept. 24, 2025, the U.S. Department of Homeland Security announced a [proposed rule](#) amending its regulations governing the process by which the U.S. Citizenship and Immigration Services selects H-1B registrations. The proposed rule would implement a weighted selection process that would generally favor higher-skilled and paid foreign workers. The proposed rule follows a recent [presidential proclamation](#), signed on Sept. 19, 2025, announcing a new \$100,000 entry fee for each new H-1B visa recipient starting Sept. 21, 2025. According to the Trump administration, the increased fee aims to curb abuses of the H-1B system that may disadvantage the U.S. workforce and lead to wage suppression. The proclamation does not change any required fees in connection with H-1B renewals.

7TH CIRCUIT EMPLOYERS MAY HAVE TO LOOK BEYOND FMLA CERTIFICATION

Employers are permitted to require medical certifications from employees seeking leave under the federal Family and Medical Leave Act (FMLA). However, the U.S. Court of Appeals for the 7th Circuit recently [held](#) that employees may be entitled to FMLA leave even if the reason for that leave is not stated in the employee's medical certification. The case involved a pregnant employee who was terminated for taking FMLA leave for morning sickness, a condition her employer was aware of but which was not mentioned in her FMLA medical certification. The court also found that the employer's notice procedures for substituting paid leave did not comply with the FMLA. The 7th Circuit's jurisdiction covers Illinois, Indiana and Wisconsin, and employers operating in those states must follow the court's opinion.

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FTC DISMISSES NONCOMPETE BAN APPEAL

On Sept. 5, 2025, the Federal Trade Commission (FTC) [voted](#) to dismiss its appeals in two legal challenges to the FTC's 2024 [final rule](#) regarding noncompete clauses. In May 2024, the FTC published a final rule prohibiting employers from entering into or enforcing noncompete clauses with most employees and requiring employers to notify employees that their noncompetes would not be enforced (subject to limited exceptions). However, in legal challenges to the final rule, federal courts ruled against the FTC, including one decision that vacated the noncompete ban for all employers. Following the FTC's dismissal of its appeals, the noncompete ban remains vacated for all employers. Employers may continue to rely on state-level guidance regarding the enforceability of noncompetes.

DOL LAUNCHES SELF-AUDIT PROGRAMS

On July 24, 2025, the U.S. Department of Labor (DOL) [announced](#) several self-audit programs designed to help employers voluntarily assess and improve their compliance with federal labor laws. In its announcement, the DOL highlighted new, updated and preexisting programs employers may use to assess and voluntarily correct violations of federal labor laws and reduce the risk of formal investigations or litigation. The following DOL agencies offer selfaudit programs: Employee Benefits Security Administration, Mine Safety and Health Administration, Occupational Safety and Health Administration, Office of Labor-Management Standards, Veterans' Employment and Training Service, and Wage and Hour Division.

IRS ANNOUNCES ACA AFFORDABILITY PERCENTAGE FOR 2026

On July 18, 2025, the IRS released [Revenue Procedure 2025-25](#) to index the contribution percentage in 2026 for determining the affordability of an employer's health plan under the Affordable Care Act (ACA). For plan years beginning in 2026, employer-sponsored coverage will be considered affordable under the ACA's "pay-or-play" rules if the employee's required contribution for self-only coverage does not exceed 9.96% of their household income for the year. This is a significant increase from the affordability contribution percentage for 2025 (9.02%) and the highest this percentage has ever been.

RECENT STATE LAW DEVELOPMENTS

CALIFORNIA EXPANDS CALWARN NOTICE CONTENT REQUIREMENTS

On Oct. 1, 2025, California [amended](#) the California Worker Adjustment and Retraining Notification Act (CalWARN) to add additional content requirements for notices of mass layoffs, relocations or terminations. CalWARN requires employers that operate a covered establishment (a facility employing 75 or more employees in the preceding 12 months) to provide at least 60 days' advance notice to affected employees and certain government parties of any mass layoff, relocation or termination of a covered establishment. The notice must include all of the elements required under the federal WARN Act. Effective Jan. 1, 2026, covered employers must include additional state-required information in their notices, such as information regarding CALFresh, the statewide food assistance program.

DELAWARE ENACTS PAY TRANSPARENCY LAW

On Sept. 26, 2025, Delaware enacted a [law](#) requiring employers to include salary or wage ranges and benefits information in job postings. The law takes effect on Sept. 26, 2027, and applies to employers with 26 or more employees. The new law also requires employers to make, keep and preserve job descriptions and salary and wage rate history for each employee for at least three years. Employers that fail to comply with the law may be subject to a written warning for a first offense and civil penalties of between \$500 and \$10,000 for each subsequent violation or for any act of retaliation against an individual for asserting their rights under the law.





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COLORADO DELAYS NEW AI LAW

On Aug. 25, 2025, Colorado passed a [bill](#) delaying the effective date of the Colorado Artificial Intelligence Act. The new law, which will require businesses to avoid discrimination when using artificial intelligence for consequential decision-making (such as hiring, termination and other employment decisions), was scheduled to take effect on Feb. 1, 2026. It will now take effect on June 30, 2026.

MINNESOTA RELEASES SAMPLE PFML NOTICES

The Minnesota Department of Employment and Economic Development has published sample notices for employer use on the [website](#) for Paid Leave Minnesota, the state paid family and medical leave (PFML) program that begins Jan. 1, 2026. Virtually all Minnesota employers are covered by the PFML program, which will provide up to 20 weeks of paid, job-protected family and medical leave for eligible employees. The law requires employers to display a workplace poster about the program by Dec. 1, 2025. In addition, employers must provide each employee with a notice containing specific information about their right to the leave within 30 days from the start of their employment or 30 days before premium collection begins. For existing employees, this deadline is also Dec. 1, 2025.

ILLINOIS REQUIRES EMPLOYERS TO PROVIDE PAID LACTATION BREAKS

On Aug. 1, 2025, Illinois [amended](#) the Illinois Nursing Mothers in the Workplace Act to require employers to compensate employees at their regular rate of compensation during lactation breaks. State law requires employers with five or more employees to provide reasonable unpaid break time each day to employees who need to express breast milk for their infant child for one year after the child's birth, unless doing so creates undue hardship for the employer. The amendment, which takes effect on Jan. 1, 2026, requires covered employers to compensate employees during the break time to express breast milk at the employee's regular rate of compensation. Additionally, employers cannot require employees to use paid leave during the break time or reduce the employee's compensation during the break time in any other manner.

ILLINOIS REQUIRES UNPAID LEAVE FOR PARENTS OF NICU BABIES

Illinois has enacted the [Family Neonatal Intensive Care Leave Act](#), requiring employers to provide unpaid leave to employees with a child in a neonatal intensive care unit (NICU), effective June 1, 2026. The law applies to all employers with at least 16 employees and requires unpaid leave while the employee's child is a NICU patient. The amount of leave required differs depending on the size of the employer. Leave may be intermittent or continuous, but the employer may require that it be used in increments of at least two hours.

MARYLAND AGAIN DELAYS PAID FAMILY AND MEDICAL LEAVE PROGRAM

Maryland has enacted a [law](#) establishing new implementation dates for the state's [paid family and medical leave insurance program](#), known as FAMILI. The new law pushes the start of payroll deductions back to Jan. 1, 2027, from the previous start date of July 1, 2025. The amendments also delay the start of FAMILI benefits claims to a date chosen by the Maryland Secretary of Labor, sometime between Jan. 1, 2027, and Jan. 3, 2028. Before the bill's enactment, the benefit availability date was July 1, 2026. Previous amendments to the law had already pushed back the planned start of the program from its initial implementation schedule, under which contributions would have begun in 2023 and benefits would have become available in January 2025.

NEW HAMPSHIRE TO REQUIRE LEAVE FOR CHILDBIRTH, BABY MEDICAL CARE AND SPOUSE MILITARY MOBILIZATION

Effective Jan. 1, 2026, New Hampshire will require employers to provide unpaid employee leave for childbirth, postpartum care, pediatric appointments for a new baby and deployment of a military spouse. Contained in a [budget bill](#), the requirement for childbirth and new child-related leave applies to employers with at least 20 employees. Another recently enacted [law](#) requires employers with at least 50 employees at the same location in the state to provide unpaid, job-protected military family leave. The leave covers employees whose spouses are military service members who are involuntarily mobilized for up to one year and one day in support of war, national emergencies or contingency operations.





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RHODE ISLAND ENACTS CROWN ACT LEGISLATION

On July 1, 2025, Rhode Island [amended](#) the Rhode Island Fair Employment Practices Act to prohibit employers from discriminating against individuals on the basis of traits historically associated with race, including hair textures and hairstyles. The law took effect immediately. Such legislation has gained popularity in recent years and is commonly referred to as Creating a Respectful and Open Workplace for Natural Hair (CROWN Act) legislation.

OHIO ENACTS MINI-WARN ACT

On June 30, 2025, Ohio enacted a [law](#) that generally incorporates the federal WARN Act, which requires employers to provide notice prior to conducting plant closings or mass layoffs. However, the new law also requires employers to provide additional information in such notices, such as a detailed statement explaining the reason for the closing or layoff. The law became effective on Sept. 29, 2025.

