Keeping Up With Compliance Quarterly

3rd Quarter 2026

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, please contact your CGO team.

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Recent Federal Developments

DOL Clarifies Employer Contributions to Trump Accounts Generally Do Not Create ERISA Plans

On June 17, 2026, the U.S. Department of Labor (DOL) issued guidance on whether Trump Accounts may be employee pension benefit plans subject to the Employee Retirement Income Security Act (ERISA), including when employers make contributions through an Internal Revenue Code (Code) Section 128(c) Trump Account Contribution Program. This guidance provides that employer contributions to Trump Accounts will generally not result in ERISA coverage when they occur during the growth period, which ends on Dec. 31 of the year prior to the calendar year in which the child reaches age 18.

EEOC Releases New National Enforcement Plan

On June 4, 2026, the U.S. Equal Employment Opportunity Commission (EEOC) released a new National Enforcement Plan (NEP) for fiscal years (FYs) 2025-29. The NEP officially replaces the agency's Strategic Enforcement Plan for FYs 2024-28. The NEP makes race and sex discrimination related to "diversity, equity, and inclusion" a top enforcement priority, targeting programs that factor race or sex into hiring, promotions, pay, bonuses, or access to training and advancement opportunities. The NEP deprioritizes "disparate impact" claims in favor of intentional discrimination cases. Additional priorities of the EEOC chair include protecting American workers from national-origin discrimination, defending women's rights to single-sex spaces at work and protecting religious accommodation rights.

IRS Announces HSA/HDHP Limits for 2027

On May 29, 2026, the IRS released Revenue Procedure 2026-24 to provide the inflation-adjusted limits for health savings accounts (HSAs) and high deductible health plans (HDHPs) for 2027. For 2027, eligible individuals with self-only HDHP coverage will be able to contribute $4,500 to their HSAs, while eligible individuals with family HDHP coverage will be able to contribute $9,000 to their HSAs. Individuals age 55 and older may make an additional $1,000 "catch-up" contribution to their HSAs. The minimum deductible for HDHPs is $1,750 for self-only coverage and $3,500 for family coverage, effective for plan years beginning in 2027. The HDHP maximum out-of-pocket expense limit is $8,700 for self-only coverage and $17,400 for family coverage for 2027 plan years.

DOL Civil Penalty Amounts Remain Unchanged for 2026

Following an Office of Management and Budget memorandum canceling penalty inflation adjustments for 2026, the DOL confirmed that it will make no adjustment for 2026 and will continue to use the 2025 civil monetary penalties as applicable. This applies to penalties that may be assessed on employers for violations of a wide range of federal laws, including the Fair Labor Standards Act (FLSA), ERISA, the Family and Medical Leave Act, and the Occupational Safety and Health Act. Although the DOL is required to adjust its civil penalty amounts for inflation each year, it was unable to make this adjustment for 2026 due to a lapse in appropriations and data during the government shutdown in late 2025.

EEOC Plans to Eliminate EEO-1 Reporting Requirements for Private Employers

On May 14, 2026, the EEOC submitted a plan to the White House to eliminate EEO-1 reporting requirements for private employers. The EEO-1 reporting is a federally mandated survey that collects workforce data categorized by race, ethnicity, sex and job category. Under Title VII of the Civil Rights Act, employers with 100 or more employees and certain federal contractors must report this data to the EEOC by March 31 of every year, although this deadline is usually delayed. By submitting the plan, the EEOC has initiated steps to end the annual EEO-1 Report for private employers. The EEOC's proposal would also rescind reporting requirements for EEO-2, EEO-3, EEO-4 and EEO-5, which apply to public employers and unions. The notice also seeks to terminate other reporting requirements under federal antidiscrimination laws, such as the Americans with Disabilities Act and the Pregnant Workers Fairness Act. Update: On July 23, 2026, the EEOC published a proposed rule to eliminate these EEO reporting requirements.

DOL Rescinds Final Overtime Rule

On May 15, 2026, the DOL issued a technical amendment rescinding the department's 2024 final overtime rule. The 2024 final rule amended requirements that employees in white-collar occupations must satisfy to qualify for an overtime exemption under the FLSA. The DOL's technical amendment formally reinstates the pre-July 2024 salary threshold that white-collar employees must receive to qualify for the FLSA overtime exemption. The department's action does not change employers' compliance obligations, as the standard salary level of $35,568 per year for executive, administrative and professional employees and $107,432 per year for highly compensated employees has been in place since the U.S. District Court for the Eastern District of Texas vacated the final rule on Nov. 15, 2024.

Federal Agencies Issue Proposed Rules on Offering Fertility Benefits

On May 10, 2026, the DOL, HHS and the Treasury Department (the Departments) issued a proposed rule that would create a new category of limited excepted benefits that employers can use to offer fertility benefits. The proposed rule builds on the Departments' October 2025 guidance, which clarified that employers could offer fertility benefits through three existing excepted benefit pathways: (1) a fully insured independent, noncoordinated excepted benefit policy; (2) an excepted benefit health reimbursement arrangement; and (3) an employee assistance program offering coaching and navigator services. The new category is proposed to be effective for plan years beginning on or after Jan. 1, 2027. It would apply principles similar to those already in place for other limited excepted benefits.

Federal District Court Upholds Process for Assessing Pay-or-Play Penalties

A federal district court recently upheld the current process for assessing employer shared responsibility (or "pay-or-play") penalties under the Affordable Care Act (ACA). The U.S. District Court for the Southern District of Florida ruled that the IRS may assess pay-or-play penalties without the U.S. Department of Health and Human Services (HHS) first providing the employer with a certification (Supreme Linen Services Inc. v. United States). Currently, the IRS uses Letter 226-J to notify employers that they may be liable for a pay-or-play penalty without prior certification from HHS. In April 2025, the U.S. District Court for the Northern District of Texas reached the opposite conclusion. It held that the IRS cannot assess pay-or-play penalties without HHS first providing the employer with a certification (Faulk Company Inc. v. Kennedy et al.). These rulings have created a split at the District Court level regarding which agency has the authority to issue the penalty certification. Both decisions have been appealed to higher courts.

IRS Releases Pay-or-Play Penalties for 2027

On May 4, 2026, the IRS released updated penalty amounts for 2027 related to the ACA's pay-or-play rules. The ACA requires applicable large employers (ALEs) to offer affordable, minimum-value health coverage to their full-time employees (and dependents) or potentially pay a penalty to the IRS. An ALE is an employer with at least 50 full-time employees, including full-time equivalent employees, during the preceding calendar year. Depending on the circumstances, one of two penalties may apply under the pay-or-play rules. For calendar year 2027, the adjusted $2,000 penalty amount is $3,780, and the adjusted $3,000 penalty amount is $5,670. This is an increase from the penalty amounts for the 2026 calendar year, which are $3,340 and $5,010, respectively.

IRS Updates FAQs on Educational Assistance Programs

The IRS has updated its frequently asked questions (FAQs) on educational assistance programs under Code Section 127 to reflect amendments made by the One Big Beautiful Bill Act. Under a Section 127 educational assistance program, employers can provide their employees with up to $5,250 per year (indexed for inflation annually beginning in 2027) toward qualified educational expenses without the benefits becoming taxable income to the employee. In addition, amounts paid under a Section 127 educational assistance program are generally deductible by the employer as a business expense. To provide this benefit to employees, employers must have a written educational assistance plan that meets certain content requirements.

Recent State Law Developments

South Carolina Passes Civil Air Patrol Leave

On June 30, 2026, South Carolina enacted a law requiring employers to provide employees with leave for Civil Air Patrol service. The new law requires at least 30 days per calendar year of leave for employees to respond to an emergency service operation of the Civil Air Patrol. Employers must also provide at least 10 days of leave per calendar year for training and proficiency activities. Leave is paid for public employees and may be paid or unpaid for employees of private employers, at the employer's discretion. Unused leave is not paid out when the employee leaves employment. The law takes effect on Oct. 1, 2026.

Colorado Enacts New Extreme Temperature Protections for All Workers

On June 4, 2026, Colorado enacted House Bill (HB) 26-1272, the Extreme Temperatures Worker Protections Act. The law creates a statewide framework for addressing workplace exposure to extreme heat and cold, extending protections beyond agricultural workers to employees in all industries. The law goes into effect on Aug. 12, 2026.

Colorado Enacts State-level EEO-1 Reporting

On June 4, 2026, Colorado enacted House Bill (HB) 26-1207, which requires certain private-sector employers to report EEO-1 workforce demographic data to the Colorado Secretary of State beginning July 1, 2027. The law explicitly states that the Colorado state reporting will be required even if the EEOC ends federal EEO-1 reporting. Covered employers will be required to submit workforce demographic data in the same form as the federal EEO-1 reports. The law applies to private-sector entities conducting business in Colorado that employ 100 or more workers and that were required to submit federal EEO-1 data to the EEOC as of March 1, 2026.

Iowa Imposes Penalties on Employers for Accepting False Social Security Numbers

On June 2, 2026, Iowa enacted Senate File (SF) 2218, which, among other things, prohibits employers from employing individuals who provide false Social Security numbers (SSNs). This law became effective on July 1, 2026. Under SF 2218, employers are prohibited from hiring or continuing to employ an employee who the employer knows to have provided an SSN that does not belong to the employee on any employment documentation. Employers that violate the law are subject to a civil penalty of $10,000. In addition to the civil penalty, for a fourth or subsequent violation, the employer must cease operations at the location where the violation occurred until any individual who holds a majority interest in the business and all managerial staff at that location participate in training.

Connecticut Adopts New AI Requirements for Employment Decisions

On May 27, 2026, Connecticut enacted the Connecticut Artificial Intelligence Responsibility and Transparency Act, a comprehensive artificial intelligence (AI) law that establishes a new framework governing employers' use of AI in employment decisions. The employment provisions focus on "automated employment-related decision technology" (AEDT), requiring transparency for applicants and employees, clarifying employer liability for discriminatory outcomes arising from AEDT, and creating new reporting obligations related to certain workforce reductions. The law establishes a disclosure-focused framework governing the use of AEDT in employment decision-making and imposes new notice, transparency and reporting obligations on employers. The new law takes effect on Oct. 1, 2026, although certain requirements go into effect on Oct. 1, 2027.

Connecticut Passes Tax Credit for Commuter Benefits

On May 27, 2026, Connecticut enacted a state tax credit for employer-provided transportation benefits. Starting Jan. 1, 2027, and continuing for five years, eligible employers may take a credit against Chapter 207, 208 or 228z taxes for a qualified commuter transportation benefit they provide to participating employees under an approved commuter benefit plan. The amount of the credit diminishes over the five years it is allowed, starting at 25% of expenditures in the first year and ending with 5% of expenditures in the fifth year. A "qualified commuter transportation benefit" means any benefit provided by an eligible employer to an employee for the purpose of commuting between the employee's residence and place of employment. It includes participation in the CTpass program and any other transportation benefit that qualifies as a qualified transportation fringe under Code Section 132(f).

New Jersey Court Holds That CREAMMA Allows Private Lawsuits for Cannabis-based Employment Discrimination

The New Jersey Appellate Division recently held that the Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act (CREAMMA) gives job applicants and employees an implied private right to sue employers who take adverse action against them solely over a positive cannabis test or lawful off-duty cannabis use. CREAMMA prohibits employers from refusing to hire, discharging or otherwise taking adverse employment action against an individual because they lawfully use cannabis or solely because cannabinoid metabolites are present in their bodily fluids, subject to limited exceptions such as compliance with federal contracts or funding requirements. The law also preserves an employer's right to maintain a drug-free workplace, conduct drug testing in authorized circumstances, and discipline employees for workplace impairment.

Virginia Enacts Paid Sick Leave, Effective July 1, 2027

On May 20, 2026, Virginia enacted a law requiring employers to provide up to five days of paid sick leave (PSL) per year for employees to care for their own illness or an ill family member or to take leave necessitated by domestic abuse, sexual assault or stalking. Starting July 1, 2027, the paid leave requirement will be phased in over three years for successively smaller employers, until employers of all sizes are covered by 2029. Employers with paid time off policies that provide the amount of paid leave required by the PSL law are not required to provide additional paid sick leave, as long as the paid time off provided may be used for the same purposes and under the same conditions as PSL under the PSL law.

Hawaii Amends Family Leave Law to Cover Military Exigencies

Hawaii has amended the Hawaii Family Leave Law to add military exigencies as a permitted reason for leave. The change became effective on July 1, 2026. The Hawaii Family Leave Law requires employers with 100 or more employees to provide eligible employees with up to four weeks of unpaid, job-protected leave per year for the birth or adoption of a child or to care for specific family members with a serious health condition. To be eligible, an employee must have been employed for at least six consecutive months. The amendment adds to the law's reasons for leave a qualifying exigency related to active-duty service by an employee's child, spouse, reciprocal beneficiary, sibling, grandchild or parent in the United States armed forces. The amendment also alters the law's certification requirements, allowing employers to require a copy of official military orders as documentation of the need for leave for a military exigency.

Virginia Enacts Law Protecting Employees from Coercion Based on Immigration Status

On May 14, 2026, Virginia amended the state's employment laws to protect employees from coercion in the workplace based on immigration status. The amendment became effective on July 1, 2026. Virginia law generally prohibits employers from discharging or otherwise discriminating against an employee because the employee has exercised their rights under the law. The amendment bans employers from using coercion or issuing threats to employees based on immigration status in furtherance of violating the Virginia Minimum Wage Act or provisions related to the payment of wages, including rules issued by the Virginia Department of Labor and Industry (VDOLI). Employees who believe their employer coerced or threatened them based on immigration status may file a complaint with the VDOLI within 180 days of the alleged conduct.

Louisiana Amends Law Regarding Employment Certificates for Minors

Louisiana has amended its law regarding employment certificates for minors. The amended law became effective on May 11, 2026. Louisiana generally requires employers to obtain and keep on file an employment certificate for each minor under 18. Previously, these certificates were issued by certain school officials upon application by a minor, who had to submit written permission from their parent or legal guardian and certain statements from the employer, as well as proof of age. Under the amended law, minors must submit an employment certificate form (and proof of age) directly to an employer for approval. The state of Louisiana will provide the employment certificate form on its website or at local field offices. In addition, employers are no longer required to sign a statement stating their intention to employ a minor, the specific nature of the occupation in which the minor will be employed, the number of hours per day and per week they will work, and the amount of wages they will receive.

Maine Enacts Pay Transparency Law

On April 24, 2026, Maine enacted a law that requires covered employers to include a pay range in job postings, disclose the pay range upon request, and maintain pay history records. The law takes effect on July 29, 2026. Under the new law, employers with 10 or more employees must include a pay range in all job postings (including physical and electronic postings and recruitment conducted indirectly through a third party). In addition, upon an employee's request, employers must disclose the range of pay the employer offers for such employee's position. Employers must also maintain a record of each position held by an employee and the employee's pay history for the duration of their employment and three years thereafter.

Nebraska Enacts Mini-WARN Act

On April 14, 2026, Nebraska enacted the Nebraska Worker Adjustment and Retraining Notification Act (Act), which requires covered employers to give 90 days' advance notice before a mass layoff or business closing. The Act became effective on July 18, 2026. Under the Act, employers with 100 or more full-time employees (i.e., employees employed for an average of 20 or more hours per week and for six or more of the preceding 12 months, unless subject to a collective bargaining agreement that adopts a different definition of full-time employees) must provide at least 90 days' advance notice to affected employees, their representatives and the Nebraska Department of Labor before certain business closings and mass layoffs.