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NYS Governor Ends 2025 With New Employment Law Changes

Continuing a trend characterizing her administration, Governor Hochul chose the final weeks of December to sign into law several significant new employment law changes that had languished since they were passed by the legislature in the session that ended last June.

The **"Trapped at Work Act,"** which took effect on December 19, 2025, prohibits organizations from requiring any worker to sign a promissory note agreeing to repay the employer if the worker leaves before a certain period of time. The new law makes exceptions only for repayment of money advanced to the worker for purposes other than training related to the worker's employment, property sold or leased to the worker, or as provided under the terms of a sabbatical for education personnel or a program under a collective bargaining agreement. Upon signing the law, the Governor indicated she would work with the legislature to address concerns with its scope. A recently introduced Assembly bill would delay the effective date by a year, include exceptions for certain types of tuition reimbursement programs and relocation, sign-on and other bonuses, and limit application to employees (not all workers), but that bill still needs to make its way through the legislative process, which means the Trapped at Work Act is fully in effect for now.

New York **amended its Human Rights law to recognize the disparate impact theory of discrimination**, effective as of December 19, 2025. Rejected under federal law per a Trump Executive Order (as we discussed in this LEL blog article), disparate impact theory recognizes that an individual may support a claim of discrimination by proving a practice has a discriminatory effect, even without proof of discriminatory intent. The amendment to New York law codifies a legal test involving shifting burdens of proof, that ultimately turns on the question whether there is an effective way of achieving the underlying business objective that has a less discriminatory effect.

The Governor additionally signed an **amendment to the state's Fair Credit Reporting Act to prohibit consideration of a consumer's credit history in employment decisions**. Effective April 18, 2026, the state law is similar to the existing limitation on use of credit history reports under New York City law. The state law also parallels the city law's exceptions: to meet legal requirements; for hiring certain public officials; where bonding or security clearance is legally required; and for positions where the individual will have regular access to certain sensitive information, signing authority or fiduciary responsibilities over money in excess of $10,000, or responsibility for setting secure systems access.

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LEVY EMPLOYMENT LAW, LLC
411 Theodore Fremd Avenue, Suite 206 South, Rye, NY 10580
Tel: 914-834-2837 Fax: 914-637-1909
www.levyemploymentlaw.com info@levyemploymentlaw.com

NJ Codifies Disparate Impact Test

Paralleling the legislative action taken by New York State discussed on page 1, New Jersey's Division on Civil Rights (DCR) issued new rules effective December 15, 2025, under the state's Law Against Discrimination, that expressly recognize disparate impact theory as a means of proving a claim of discrimination. The rules now provide that:

- facially neutral policies that are shown by empirical evidence to have a disparate impact on members of a protected class will be considered unlawful discrimination under state law,
- unless (i) they are show to be necessary to achieve a substantial, legitimate, nondiscriminatory interest and (ii) there is no less discriminatory alternative that would achieve the same interest.

The new rules apply not only to employment claims, but also claims of discrimination in public accommodations and contracting.

In the employment context, the rules warn that the following employment practices could potentially result in an unlawful disparate impact on members of a protected class: language restrictions such as English proficiency or English-only rules; citizenship requirements; height or weight requirements; health or physical ability requirements; dress or appearance requirements including regarding men's hair length or facial hair or that proscribe employees from affirming their gender identity; driver's license requirements; dress code or break period requirements that impact pregnancy or related conditions; and criminal history exclusions that fail to consider relevance and rehabilitation. The DCR's new rules also address AI-driven hiring ("automated employment decision tools"), recognizing that such tools may have a disparate impact on applicants in various ways if they have not been adequately tested.

NJ Protects Employees' Right to Avoid Political/Religious Discourse by Employers

Following the lead of Connecticut and New York, effective December 2, 2025, New Jersey employers cannot require employees to attend employer-sponsored meetings related to "political matters," which the law defines to include meetings related to an employee's decision to join or support a union. Employers are required to post a notice of employee rights under this law, although the state has not yet released that notice.

NYS Mandates Additional Measures to Address Workplace Violence

Continuing a trend of mandating workplace violence prevention initiatives for select industries, a newly-signed New York State law requires most hospitals and nursing homes in the state to establish a Workplace Violence Prevention Program to protect health care workers, patients, residents and visitors. The program, which needs to be in place within one year of the law's September 18, 2026 effective date, needs to include an annual safety and security assessment and plan, staff training, and reporting procedures for staff. Records of incidents also need to be logged and analyzed with safety committees and employee representatives.

In addition, as part of the 2025 annual budget, the state had added a requirement that any employer competitively bidding for a public contract with the state subsequent to November 5, 2025, attest that it has a written Gender-Based Violence and the Workplace policy that it had distributed to its employees, directors and board members, or explain its lack of such a policy. The policy has to comply with the state's model gender-based violence and the workplace policy.

NY/NJ/CT Laws All Entitle Employees to Higher Wages for 2026

Minimum wage rates increased for the new year throughout the tri-state area of New York, New Jersey, and Connecticut. In New York, there remains a geographic differential in the wage rate, which increased to $17 per hour in New York City, Nassau, Suffolk, and Westchester counties, and increased to $16 per hour for the rest of the state. Connecticut's minimum wage increased to $16.94 per hour. In New Jersey the minimum wage for most employers is $15.92 per hour, and it is $15.23 per hour for employers with fewer than six employees.

For New York employers, as a counterpart to the increases in the state minimum wage, employers must confirm they are paying employees who are classified as exempt at the state's minimum salary level. That rate increased to $1,275 per week ($66,300 per year) for employees who are working in New York City or Nassau, Suffolk, or Westchester counties, and at least $1,199.10 per week ($62,353.20 per year) for employees working anywhere else in the state. Except with respect to employees whose duties fall within the professional exemption (which does not have a minimum salary requirement), employers must either increase salaries for their New York employees to meet the new salary thresholds or reclassify their employees as non-exempt.

NYC Expands Sick Leave Law – Yet Again

New York City has amended its paid sick leave law effective February 22, 2026, in three key respects:

- it has added 32 hours of unpaid sick leave that needs to be available to all employees as of their first day of employment, to be used for any of the reasons for leave provided under the city law;
- it adopted the state's requirement of 20 hours of paid prenatal leave; and
- it expanded the reasons that an employee can use job-protected sick leave to include school and child care provider closures due to a natural disaster, care of a minor child or disabled family member, and taking time to obtain subsistence or housing benefits.

As a trade-off for these latest changes, the city scaled back its Temporary Schedule Change law to eliminate most of that law's requirements. We provided a detailed analysis of the new city law in a recent LEL blog post.

NYC Council Adopts Former EEO-1 Reporting Requirements for City Employers

Employers with 200 or more employees in New York City face future annual pay data reporting requirements, segmenting the workforce by job category, gender, race, and ethnicity, similar to the former EEO-1 Component 2 reporting that had been mandated in 2017 and 2018 by the federal Office of Federal Contract Compliance Programs. The law provides that the mayor has one year from the law's December 4, 2025, effective date to designate an agency to conduct a pay equity study of the private workforce and develop a system to collect the required information. The agency will then have up to another year to complete a standardized fillable form for covered employers to submit pay reports, and completed forms will be due beginning no later than one year after the agency publishes the standardized form, and annually thereafter. Beginning one year after pay reports are first submitted by employers, the designated agency is required to conduct a pay equity study and make recommendations regarding employer actions for addressing any disparities the agency has identified. Reported pay data is to be published in the aggregate and in a manner that does not identify any particular employer.

NYS Seeks to Expand Its Labor Relations Act to Private-Sector Employers

Responding to the lack of a quorum that had paralyzed the National Labor Relations Board (NLRB), on September 5, 2025, Governor Hochul signed into law an expansion of the state's Labor Relations Act to cover private-sector employers in limited circumstances related to inaction by the NLRB. The NLRB promptly sued, claiming federal law preempts the state law. Days later, the Amazon Labor Union filed a charge with the state labor relations board under the expanded law, and Amazon sued to stop the law's enforcement. On November 26, 2025, a federal district court granted Amazon's motion for a preliminary injunction that currently blocks enforcement of the New York State law, pending a final determination. On December 18, 2025, the U.S. Senate confirmed three nominees to the NLRB. As the NLRB now has a quorum, the underlying trigger for the law's private sector expansion does not currently apply.

Certain School Employees Added to CT FMLA/PFL

Through its most recent budget bill, Connecticut extended coverage of the Connecticut Family Medical Leave Act and Paid Family Leave programs effective October 1, 2025 to include employees of nonpublic elementary or secondary schools who hold positions that do not require a state professional certification. The expansion thus covers most non-teaching and non-supervisor/administrator positions in grade schools.

New EEOC Guidance Warns Against Anti-American Employment Decisions

Recent guidance from the Equal Employment Opportunity Commission (EEOC) warns employers that expressing job preferences or taking employment actions that favor foreign workers is unlawful as a form of national origin discrimination against Americans. The guidance specifically cited recruiting candidates from a particular country, expressing a preference for H-1B or other visa status, or making it more difficult for U.S. workers to apply for positions than H-1B visa holders.

Executive Order on AI Threatens State Laws

A December 11, 2025, Trump Executive Order declares a national policy "to sustain and enhance the United States' global AI dominance through a minimally burdensome national policy framework for AI." The order directs the creation of an AI Litigation Task Force to challenge state laws deemed inconsistent with this policy, and sets a 90-day deadline for the Secretary of Commerce to publish an evaluation of existing State AI laws that it identifies as onerous. While not directly referenced in the Executive Order, state laws requiring bias testing of AI hiring tools may be a target of this new federal initiative, which threatens withholding of certain federal funds for states that are found to be noncompliant.

COURT WATCH

NY Wage Law Protects Even Highly-Paid Employees

In *Patel v. Maybank Kim Eng Securities USA Inc.* (Sept. 2025), the NYS Appellate Division First Department held that there is no exclusion from the protections of the state wage law for highly paid executives. The court reasoned that 2021 amendments to the state Labor Law were intended to make absolutely clear that all employees are entitled to be paid their full wages, benefits and wage supplements that they have earned. The court distinguished between the civil remedies of section 198 of the Labor Law wage protections, including liquidated damages and attorney's fees, which it said even a highly paid executive can seek to recover, and the criminal remedies under Labor Law §198-c, which the court said do not apply to exempt employees who earn in excess of $1,300 weekly.