



TAKEAWAYS

SO YOU KNOW WHAT TO ASK TO AVOID EMPLOYER PITFALLS

New Jersey Takes a Turn with Employment Law Changes

In the final months of Governor Murphy’s administration, New Jersey passed several significant employment law changes. Effective July 17, 2026, the state is broadening the definition of who is eligible for job-protected leave under the state Family Leave Act (NJ FLA), without changing the circumstances when leave can be taken. The state also expanded its Employer-Employee Relations Act (NJEERA) to allow union organizing and related labor law protections for cannabis workers and others not covered by the National Labor Relations Act. Expansive regulatory actions related to worker classification and pay transparency that had been proposed under the Murphy administration have been temporarily placed on hold by new Governor Mikie Sherrill.

Expansion of NJ FLA

Beginning this summer, the NJ FLA benefits of job protected leave with continued health insurance will apply to all employees of a “covered employer” who have worked at least three months and a minimum of 250 hours during the preceding 12-month period. Current law limits eligibility to those employed for at least 12 months who worked at least 1,000 hours.

The size of employers “covered” by the law is also shrinking. As of July 17, 2026, it will be reduced from the current 30 employee minimum to employers with at least 15 employees over a 20-week period. Effective one year later on July 17, 2027, the threshold will be reduced to 10 employees, and effective two years later in 2028, the law will extend to employers with 5 or more employees. The employee headcount looks at all employees of the organization, not just those working in New Jersey (although only those employed in New Jersey are eligible for benefits).

NJ FLA leave is unpaid, but employees may qualify for temporary disability benefits (TDI) if they need leave for their own illness or injury, or family leave insurance (FLI) for reasons covered by NJ FLA. The new amendments provide that a “covered individual” who took TDI or FLI benefits is entitled to be restored to the same or an equivalent position upon expiration of the leave, without modifying the worker’s reinstatement rights under the NJ FLA. It is currently unclear, and may be addressed in regulations in the coming months, whether this is meant to grant greater reinstatement rights than the NJ FLA independently provides.

A third change is that the law requires employees to choose between paid sick leave and TDI or FLI benefits; an employee cannot receive more than one type of leave at the same time. This appears to preclude employees from topping off their TDI/FLI benefits with available paid time off.... **cont’d p. 2**

Helping Workplaces Thrive

Levy Employment Law, LLC leverages more than 25 years of experience to support employers with: employment law advice, workplace investigations, employment policies and agreements, and administrative agency charges.

This newsletter is provided for informational purposes only to highlight recent legal developments. It does not comprehensively discuss the subjects referenced, and it is not intended and should not be construed as legal advice or rendering a legal opinion. TAKEAWAYS may be considered attorney advertising in some jurisdictions.

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NJ Steps Up Its Own Employment Law Updates *(cont'd from p.1)*

Labor Law Protections for Cannabis Workers

New Jersey is granting cannabis workers the legal right to form unions and engage in collective actions with regard to terms and conditions of their employment. Effective May 12, 2026, amendments to the state's Employer-Employee Relations Act (NJEERA) will grant coverage to these employees and other private sector employees who are not otherwise covered under federal labor laws. The new law additionally establishes a union recognition process and timeline that is more accelerated and union friendly than the equivalent federal law provisions applicable to others in the private sector.

New Governor Reviewing Pending Regulations

New Jersey regulations on pay transparency and the test for classifying workers as independent contractors, both of which were proposed in 2025, are in limbo through April 23, 2026, as a result of a 90-day freeze on new and pending regulations set by Governor Sherrill. If allowed to proceed, the pay transparency regulations impose requirements that go beyond the express terms of the statute with respect to setting a pay range and posting requirements.

The modifications to the test for independent contractor status are particularly in jeopardy. The current proposal has drawn intense opposition, including a joint resolution issued by the legislature in November 2025 that declared the new rules to be inconsistent with legislative intent.

NYS “Trapped at Work Act” Delayed and Revised But Not Gone

Recently adopted amendments to the NYS “Trapped at Work Act” delay its effective date to December 19, 2026, and make several substantive changes to the

original version that we had discussed in the [Winter 2026](#) edition of TAKEAWAYS. Notably, the new version of the law will:

- apply only to employees and prospective employees (the original applied to all workers);
- permit employers to advance payments to employees for training, subject to various conditions for how to structure those programs; and
- very narrowly define the circumstances when an employer can seek repayment of an advance to an employee.

Employers will need to review and refine any programs they offer for advancing payments to employees, including tuition reimbursement, sign-on bonuses, visa and green card sponsorship, and relocation assistance, to the extent any of those programs currently require some amount of repayment if the employee leaves before a certain period of time.

More details on the new version of the law are discussed in this [blog post](#).

CT Regulates Performance Quotas for Warehouse Employees

Employers operating large (250 workers or more) warehouses in Connecticut will be required, effective July 1, 2026, to provide their non-exempt employees with a written description of any work performance quota to which the employee is being held accountable. The notice must specify the potential consequences for failing to meet the quota. Any quota set by the employer must reasonably allow for bathroom breaks and meal periods, must not measure performance over a shorter increment than a full work day, and may not simply measure performance based on a ranked comparison to the performance of other employees.

NYC Issues Protected Leave Notice

New York City employers should already have updated their sick leave policies to comply with the city's latest amendments, which took effect February 22, 2026. The city has also issued a new [Protected Time Off Notice](#) that needs to be distributed to all New York City employees, advising them of their rights to paid and unpaid leave for varied reasons that extend beyond historic health and safety reasons.

New DEI Executive Order Requires Federal Contractor Compliance

A March 26, 2026, Trump Executive Order prohibits discrimination based on race and ethnicity in federal contracts, specifically including racial preferences in hiring, promotion, and as a selection criterion for training, mentoring and other programs. Federal contractors will be required to sign a compliance certification, confirming they do not engage in such practices and acknowledging they will lose eligibility as a federal contractor if they fail to abide by the terms of the certification. As discussed in our most recent [blog article](#), this executive order aligns more closely with the Supreme Court's analysis in its 2023 decision invalidating racial preferences in university admissions decisions. It should be read in the context of other Trump administration pronouncements on "unlawful DEI".

EEOC Rescinds Harassment Guidance

The Equal Employment Opportunity Commission voted to rescind its comprehensive Enforcement Guidance on Harassment in the Workplace, which had been issued in 2024. Provisions in that guidance that broadly construed the Supreme Court's 2020 decision in *Bostock*, which recognized that Title VII prohibits discrimination based on sexual orientation, gender identity or gender expression, had been subject to judicial challenges. The Trump Administration also has

pointedly and repeatedly challenged the concept of gender diversity and the scope of the *Bostock* decision.

US DOL Issues New Minimum Wage for Some Federal Contracts

Effective May 11, 2026, the U.S. Department of Labor has announced that the minimum wage rate will increase to \$13.65 for contracts subject to the Davis-Bacon Act and the Service Contract Act that were awarded between January 1, 2015, and January 29, 2022, and not renewed or extended on or after January 30, 2022.

NLRB Reinstates 2020 Joint-Employer Rule

With a quorum finally back in place, the National Labor Relations Board has once again altered the analysis for determining when an organization is a joint-employer, reverting back to the standard that was adopted under the first Trump administration. That standard focuses on whether a business possesses and exercises "substantial direct and immediate control" over at least one essential term and condition of employment for the other employer's employees. The essential terms to be considered are wages, benefits, work hours, hiring, firing, discipline, termination, supervision or direction.

COURT WATCH

NJ Supreme Court Holds Undocumented Worker Still Entitled to Pay

The New Jersey Supreme Court unanimously held in *Lopez v. Marmic LLC* (Mar. 2026), that when an employer violates the federal Immigration Reform and Control Act by employing an individual who is not lawfully authorized to work in the United States, it is still required to pay for the work performed in compliance with state laws. The Court further held that the employer's barter of an apartment for the individual in exchange for work performed did not relieve the employer of its wage payment obligation.

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