Pay Matters: The latest payroll compliance updates for summer 2026

Stay informed on summer 2026 payroll compliance updates, including changes to federal regulations, state laws, and new transparency requirements for employers.

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Staying current with payroll and workforce compliance continues to be a critical requirement for employers, particularly as federal and state agencies refine enforcement priorities and expand reporting obligations.

Across 2026, updates span employment eligibility verification, wage transparency, labor classifications, benefits thresholds, and multi-state payroll requirements. Taken together, these changes reflect a continued emphasis on documentation accuracy, pay equity transparency, and administrative precision in workforce systems.

In this blog, we share key federal and state developments impacting payroll and workforce management.

Federal updates

Form I-9 enforcement scrutiny increases

Form I-9 compliance requirements haven't changed, but ICE's approach to enforcing them has – and the practical impact for employers is significant.

U.S. Immigration and Customs Enforcement (ICE) issued updated enforcement guidance in March 2026, outlining a revised framework for Form I-9 inspections. Under this approach, a broader set of common completion errors has been reclassified as "substantive" and not just technical, thus increasing employer exposure during audits.

Previously, some errors could be corrected during an inspection. Under the updated enforcement posture, many of those corrections are no longer permitted once an audit begins, resulting in immediate penalty exposure per form. Current penalty ranges are approximately $288 to $2,861 per violation, depending on severity and classification.

In addition, ICE is now reclassifying errors in electronic I-9 systems. System issues such as failures of audit trails, electronic signature protocols, or security documentation that do not meet DHS standards will now be treated as substantive and not correctible once an inspection is in progress.

Recommended actions steps are to work with an immigration attorney or other I-9 experts to perform an internal audit, *before* ICE initiates an inspection.

Employers are also reminded to transition to the most recent Form I-9 version ahead of its July 31, 2026, expiration date.

EEO-1 reporting may be on the way out

Since 1966, employers with 100 or more employees have been required to submit workforce demographic data to the federal government. That obligation may be nearing its end, though the timeline remains uncertain.

The U.S. Equal Employment Opportunity Commission (EEOC) has submitted a proposal that would rescind the EEO-1 reporting requirement. If finalized, this would mark a potential end to more than 60 years of employer demographic reporting obligations.

Until rulemaking is completed, employers are still expected to prepare for and potentially file upcoming EEO-1 submissions as currently scheduled.

IRS announces 2027 HSA and HDHP thresholds

The Internal Revenue Service (IRS) announced updated Health Savings Account (HSA) and High Deductible Health Plan (HDHP) limits for 2027. Changes are incremental but affect both employer-sponsored offerings and employee contribution planning.

- HSA contribution limits increase modestly:
  - Self-only coverage rises from $4,400 (2026) to $4,500 (2027)
  - Family coverage increases from $8,750 to $9,000
- Catch-up contributions for individuals age 55+ remain unchanged at $1,000
- HDHP minimum deductibles increase slightly:
  - Self-only: $1,700 → $1,750
  - Family: $3,400 → $3,500
- Maximum out-of-pocket thresholds also increase:
  - Self-only: $8,500 → $8,700
  - Family: $17,000 → $17,400

These adjustments will apply to plan year offerings and payroll deduction calculations beginning in 2027.

National Labor Relations Board reinstates 2020 joint-employer rule

The National Labor Relations Board (NLRB) has restored the 2020 joint-employer framework-, replacing the broader 2023 standard that had expanded liability through indirect or reserved control considerations.

The 2023 Biden-era rule was vacated by a federal court in March 2024, leaving a regulatory gap with no codified standard on the books. The NLRB's February 2026 action formally closes that gap.

Under the reinstated rule, joint-employer status requires "substantial direct and immediate control" over essential employment terms – specifically, functions like hiring, firing, discipline, supervision, and wages. Merely retaining the contractual *right* to control these terms, without exercising that control, generally does not create a joint-employer relationship.

The change is particularly relevant for organizations that rely on staffing agencies, subcontractors, or franchise models. Under the restored standard, the key distinction is whether a company directs *how* a vendor's employees perform their work versus simply defining *what* work needs to be done.

Entities classified as joint employers continue to share responsibility for collective bargaining and labor obligations. Even under this narrower standard, employers should review service agreements and ensure onsite managers understand where operational oversight ends and direct control begins.

U.S. Department of Labor restores FLSA salary thresholds

After federal courts blocked the 2024 increase to the overtime exemption salary threshold, the U.S. Department of Labor (DOL) has now formally aligned the regulatory text with what's been the practical reality for employers.

On May 15, 2026, the DOL formally rescinded the 2024 overtime rule, reinstating the 2019 Fair Labor Standards Act salary thresholds.

The restored federal salary threshold for overtime exemption is:

- $684 per week ($35,568 annually) for most employees meeting the executive, administrative, or professional duties test, and
- $107,432 annually for highly compensated employees

The 2024 rule raised the salary threshold significantly and mandated automatic future increases. However, federal courts vacated the rule, leaving the regulatory text in limbo. The DOL's current action resolves that discrepancy, so the published regulations now match what's in effect.

Employers should note that several states maintain their own salary thresholds for overtime exemptions that exceed the federal floor. Employers must continue to meet the higher state-level requirements. The federal baseline matters most for employers in states without their own overtime salary tests.

State updates

Connecticut updates

Connecticut is significantly expanding its pay transparency requirements this fall.

Expansions to pay transparency and payroll disclosure rules

Beginning October 1, 2026, Connecticut will require all employers, regardless of size, to include wage ranges and benefits information in both internal and external job postings.

Employers must disclose:

- Wage or wage range information, defined as a “good faith” estimate
- A general description of benefits, including health insurance, retirement plans, paid leave, and other non-wage compensation

The law also expands coverage to certain out-of-state roles that report into Connecticut-based supervisors or worksites.

Payroll transparency guide requirement

A second Connecticut requirement, also effective October 1, 2026, applies to employers with 100 or more employees. Covered employers must develop a plain-language guide explaining overtime codes and pay differentials such as oncall pay, hazard pay, callback pay, or holiday or weekend pay.

Key requirements:

- Include at least 10 pay codes where applicable
- Update whenever codes change
- Publish on website in English, Spanish, and other commonly used employee languages
- Include contact information for payroll or timekeeping dispute resolution
- Distribute at hire and include in pay documentation or via link

If you are a Viventium client, more information on support for this new requirement will be forthcoming.

Delaware updates unemployment insurance billing structure

Beginning January 1, 2026, Delaware's unemployment insurance structure no longer includes the 0.2% operations and technology surcharge within the standard employer UI tax rate.

Instead, the surcharge is separated from the base UI rate but will continue to be calculated on the $14,500 wage base. Employers will receive quarterly billing for the surcharge directly from the Delaware Department of Labor.

Viventium clients should watch for their quarterly bill, as this surcharge will no longer be handled by our tax team and must be paid directly to the Department of Labor.

Illinois introduces neonatal intensive care leave

Illinois has added a new category of job-protected leave to its employment law landscape, requiring employers to accommodate employees whose newborns require intensive hospital care.

Effective June 1, 2026, Illinois requires covered employers to provide unpaid leave for employees whose child is admitted to a Neonatal Intensive Care Unit (NICU).

Leave requirements are based on employer size:

- Employers with 16–50 employees must provide up to 10 days
- Employers with more than 50 employees must provide up to 20 days

Employers are advised to review internal leave policies and manager training to ensure compliance with the new provisions.

Maine enacts wage transparency law

Maine joins the growing list of states requiring pay range disclosure in job postings, with new requirements taking effect this summer that also carry recordkeeping obligations.

Effective July 29, 2026, Maine's LD 54 requires wage transparency in job postings for employers with 10 or more employees.

The law requires:

- Inclusion of pay ranges in all job postings, including third-party listings
- Disclosure of commission-only structures where applicable
- Maintenance of pay history and job records during employment and for three years after termination
- Pay ranges based on reasonable employer expectations using internal pay scales or comparable roles

Employers must also provide current employees with their pay range upon request.

Virginia updates

Virginia is rolling out a series of significant employment law changes beginning this summer, spanning pay transparency, minimum wage increases, and a new statewide paid sick leave requirement that will phase in over the next three years.

Salary history ban and pay transparency rules

Effective July 1, 2026, Virginia prohibits employers from requesting or relying on a candidate's salary history during hiring or compensation decisions.

Key provisions include:

- Ban on salary history inquiries and reliance in compensation decisions
- Prohibition on retaliation for refusing to disclose salary history or requesting pay ranges
- Allowance for voluntary disclosure of salary history only if initiated by the candidate
- Requirement for good-faith wage ranges in job postings, promotions, and transfers

Wage ranges must be based on structured compensation factors such as pay scales, comparable roles, and internal budgeting practices.

Minimum wage increases

Virginia's scheduled minimum wage increases continue through 2029, with incremental annual adjustments:

Effective period	Minimum wage
Jan 1, 2026 – Dec 31, 2026	$12.77/hour
Jan 1, 2027 – Dec 31, 2027	$13.75/hour
Jan 1, 2028 – Dec 31, 2028	$15.00/hour

From January 1, 2029, and onward, the legislation calls for additional annual increases set by Virginia's DOLI.

Paid sick leave is coming

Virginia has enacted a statewide paid sick leave law that applies broadly across private employers and public entities, with phased implementation based on employer size.

Accrual begins at one hour of sick leave per 30 hours worked, with an annual usage cap of 40 hours unless employers set higher limits. Employers may also choose to frontload 40 hours annually in lieu of accrual tracking.

Existing PTO programs may satisfy requirements if they meet statutory usage conditions.

Phase-in schedule:

- 50+ employees: July 1, 2027
- 25+ employees: January 1, 2028
- All employers: January 1, 2029

Philadelphia introduces first municipal retirement savings mandate

Philadelphia has enacted the first city-level mandatory retirement savings program in the United States. The program, PhillySaves, applies to employers operating in the city for at least 24 months that do not already offer a qualified retirement plan.

Key program features include:

- Automatic employee enrollment with opt-out option
- Default contribution rate between 3% and 6%, with annual increases up to 10%
- Contributions directed to IRAs (Roth or traditional), with no employer contribution requirement
- Contributions scheduled to begin July 1, 2027

Several administrative details, including custodial arrangements and implementation procedures, remain under development by the Philadelphia Retirement Savings Board.

Minimum wage updates (July 1, 2026)

A number of state and local minimum wage adjustments take effect July 1, 2026.

Jurisdiction	Minimum wage
Alaska	$14.00
California (General)	$16.90 (No Change)

-Alameda	$17.76
-Berkeley	$19.61
-Emeryville	$20.34
-Fremont	$18.05
-Glendale (Hotels)	$25.00
-Long Beach (Hotels)	$26.50
-Los Angeles (General)	$18.42
-Los Angeles (Hotel)	$25 to $29.25, depending on health benefits offered
-Los Angeles County (Unincorporated)	$18.47
-Malibu	$17.91
-Milpitas	$18.50
-Pasadena	$18.57
-San Diego (Amusement Parks & Hotels)	$19.00
-San Diego (Event Centers)	$21.06
-San Francisco	$19.61
-Santa Monica	$18.47
-Santa Monica (Hotels)	$25.00
-West Hollywood (Hotel-Related)	$20.87
District of Columbia	$18.40
Illinois	$15.00 (No Change)
-Chicago	$17.05
-Cook County	$15.40
Maryland	$15.00 (No Change)

-Howard County (14 or Fewer Employees, Food Service Facility & Others)	$16.00
-Montgomery County (51 or More Employees)	$18.00
-Montgomery County (11-50 Employees & Others)	$16.50
-Montgomery County (10 or Fewer Employees)	$15.95
Minnesota	$11.41 (No Change)
-Saint Paul (6-100 Employees)	$16.37
-Saint Paul (5 or fewer employees)	$14.25
Oregon (General)	$15.55
Oregon (Urban)	$16.80
Oregon (Nonurban)	$14.55
Washington	$17.13 (No Change)
-Everett (15-500 Employees)	$19.77
-Renton (15-500 Employees or Annual Gross Revenue Exceeds $2 Million)	$21.57
EFFECTIVE JULY 18, 2026 Lincoln, Nebraska	$15.00

Keeping pace with compliance

This summer's updates highlight the growing complexity of workforce compliance, particularly for employers operating across multiple states. Proactive planning, regular policy reviews, and ongoing monitoring of regulatory developments can help organizations navigate changes as new requirements take effect.

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