



# Keeping Up With Compliance Quarterly

## 2nd Quarter 2024

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 its compliance risks.

For more information on these topics, please contact Franconia Insurance & Financial Services.

### Recent Federal Developments

#### **Final Overtime Rule Increases Salary Levels for White-collar Employees**

On April 26, 2024, the U.S. Department of Labor (DOL) issued a [final rule](#) to amend current requirements employees in white-collar occupations must satisfy to qualify for an overtime exemption under the Fair Labor Standards Act (FLSA). The final rule becomes effective on July 1, 2024. Employers should become familiar with the final rule and evaluate what changes they may need to adopt to comply with the rule's requirements. Legal challenges to the rule are anticipated, which may delay the final rule's implementation.

#### **U.S. Supreme Court Rules that Mandatory Job Transfer Can Be Discriminatory**

On April 17, 2024, the U.S. Supreme Court ruled in *Muldrow v. City of St. Louis* that a mandatory job transfer can constitute illegal discrimination under Title VII of the Civil Rights Act of 1964 (Title VII) if it causes harm with respect to an identifiable term or condition of employment, even if the harm is not significant. Due to this decision, employers should take greater care in mandating employee transfers, including lateral job transfers, to ensure that such decisions are not discriminatory and do not result in even insignificant harm with respect to identifiable terms and conditions of employment.

#### **EEOC Releases Final Rule Implementing the Pregnant Workers Fairness Act**

On April 19, 2024, the U.S. Equal Employment Opportunity Commission (EEOC) issued a [final rule](#) to implement the Pregnant Workers Fairness Act (PWFA). The PWFA requires most employers with 15 or more employees to provide reasonable accommodations, or changes at work, for a worker's known limitations related to pregnancy, childbirth or related medical conditions unless the accommodation causes the employer undue hardship. The final rule clarifies definitions and limitations under the PWFA and seeks to help employers understand their duties under the law. It becomes effective on June 18, 2024.

## **IRS Warns Taxpayers that HSAs, Health FSAs and HRAs Cannot Pay for Personal Health and Wellness Expenses**

On March 6, 2024, the IRS issued a [bulletin](#) to warn taxpayers that tax-advantaged medical savings accounts, such as health flexible spending accounts (FSAs) and health reimbursement arrangements (HRAs), cannot pay for personal expenses for general health and wellness. Similarly, health savings accounts (HSAs) cannot be used to pay for these personal expenses on a tax-free basis. The IRS is concerned that taxpayers are being misled by companies that misrepresent when these medical savings accounts can reimburse personal health expenses.

## **EEOC Announces EEO-1 Reporting Deadlines**

Under Title VII of the Civil Rights Act, employers with 100 or more employees and certain federal contractors must submit a report about their workforces to the EEOC every year. This report, known as the EEO-1 report, is a federally mandated survey that collects workforce data categorized by race, ethnicity, sex and job category. The EEOC has announced that it will open the [portal](#) for employers to submit 2023 EEO-1 information on April 30, 2024. The EEOC has also set a deadline of June 4, 2024, for employers to submit the 2023 reports.

## **Federal Court Blocks Implementation of New Joint-employer Final Rule**

On March 8, 2024, a federal judge in the U.S. District Court for the Eastern District of Texas vacated the National Labor Relations Board (NLRB) 2023 joint-employer rule. The rule had been set to take effect on March 11, 2024. Due to this court ruling, employers should continue to rely on the 2020 joint-employer standard to determine whether joint employment exists. Employers should also monitor the status of the 2023 joint-employer rule, as the NLRB could appeal the ruling.

## **New COVID-19 Isolation Guidance May Impact Employee Leave**

On March 1, 2024, the U.S. Centers for Disease Control and Prevention dropped its five-day isolation recommendation for COVID-19-positive individuals. It now advises people to stay home until they have been fever-free for 24 hours and their symptoms improve. This revised guidance may raise questions with employers about what leave they are required to provide to employees with the virus. Employers should familiarize themselves with any remaining state or local COVID-19 leave laws that apply to them. They should also ensure compliance with non-COVID-19 federal, state and local leave law mandates, as they may apply to workers with COVID-19.

# Recent State Law Developments

## **California's New Workplace Violence Prevention Requirements Take Effect July 1, 2024**

Most employers in California are subject to several workplace safety requirements under Cal/OSHA. These include a mandate to establish, implement and maintain an effective injury and illness prevention program (IIPP). As of July 1, 2024, California employers must include a written workplace violence prevention (WVP) plan as a component of their IIPPs. Employers must also provide annual WVP training to employees and keep a record of certain workplace incidents in a violent incident log.

## **Washington State Expands Paid Leave**

On March 28, 2024, Washington enacted a law expanding the definition of "family member" in the state's paid sick leave law to include grandchildren, grandparents and individuals whose relationship with an employee creates an expectation of care from the employee. The new law will also allow employees to take leave for public emergency closures. The changes take effect Jan. 1, 2025.

### **Changes to Oregon Leave Act Effective July 1, 2024**

On March 20, 2024, Oregon amended its Family Leave Act to eliminate many of the law's qualifying reasons for unpaid leave that are also covered by Paid Leave Oregon, the state's paid family and medical leave program. Effective July 1, 2024, this new law will, in most instances, prevent workers from taking separate leave time under each law for the same qualifying event, a practice known as "stacking."

### **Utah Voids Confidentiality Pacts for Sexual Assault and Harassment**

On Feb. 28, 2024, Utah enacted a new law that restricts employers from requiring employees to conceal information about workplace sexual assault or sexual harassment. The new law, which is retroactive to Jan. 1, 2023, also prohibits employers from retaliating against an employee for alleging sexual misconduct or refusing to enter confidentiality agreements.