

Artifact 2: Legal Relationship & Chaining Blueprint (40–60 Employees)

This artifact identifies how mandates stack upon one another to create "chains" of compliance, specifically for mid-sized organizations hitting the 50-employee threshold.

1. The Leave Administration Chain (FMLA / CFRA / PDL)

In California, leave laws do not simply exist; they sequence and stack based on specific triggers.

The Stacking Logic (Pregnancy & Bonding)

1. **Mandate 1: PDL (5+ Employees):** Provides up to 4 months of disability leave. This is the **Primary Trigger** for pregnancy.[32, 27, 33]
2. **Mandate 2: FMLA (50+ Employees):** Runs **concurrently** with PDL. If your organization is at 47 employees and hits 50, this now applies. It draws from the same 12-week bank as medical leave.[32, 33, 34]
3. **Mandate 3: CFRA (5+ Employees):** Runs **consecutively** to PDL. CFRA bonding leave (12 weeks) only begins *after* the pregnancy disability ends.[32, 27]
4. **Nature of the Record:** This creates a "Protected Leave Packet" containing two distinct record types:
 - *Medical:* Certifications (kept in Confidential Medical File).[35, 33]
 - *Status:* Tracking logs/dates (kept in General Personnel File).[33, 36]

The Paid Interaction Chain (PSL / PFL / SDI)

- **Trigger:** SB 616 mandates 40 hours/5 days of Paid Sick Leave (PSL).[5, 37]
- **Relationship:** PSL may be used to cover the "unpaid" portion of CFRA or FMLA. However, employers **cannot** require the use of sick leave for family care under CFRA unless receiving state benefits.[33, 38]
- **2026 Update (AB 406):** PSL is now explicitly linked to "Safe Time" for crime victims to attend judicial proceedings.[39, 40, 41]

2. The Compensation Chain (Wage Floors & Exempt Status)

- **Relationship Identification:** The statewide minimum wage increase (\$16.90/hr in 2026) is the **Parent Mandate** that controls the **Exempt Threshold**.[42, 43, 44]
- **Nature of the Record:**
 - *Non-Exempt:* Timecards showing meal/rest breaks must be generated weekly.[45, 11, 46]

- *Exempt*: An "Exempt Duties Worksheet" must be generated to prove the **California 50% Duties Test** (Supervisor spent >50% of time on management).[47]
- **Nature of the Record**: Failure to align these creates a "Misclassification Chain Reaction," leading to overtime penalties and inaccurate wage statements (Labor Code 226).[8, 48]

3. The Custodial Prohibition Relationship

There is a legal firewall between people data (HR) and financial math (Finance).

Area	HR Must Control (Gatekeeper)	Finance Must Control (Operational)	Prohibition (Legal Barrier)
Leave	Approving the <i>reason</i> for absence based on medical docs.[27, 3]	Calculating the <i>payout</i> or unpaid dock hours.[27, 13]	Finance is Prohibited from seeing the medical diagnosis/PDL notes.[27, 49]
I-9	Verifying identity and authorization to work.[4, 1]	N/A	Finance is Prohibited from accessing the I-9 folder to avoid disparate treatment claims.[8, 5, 13]
Demographics	Managing SB 464 data for CRD pay data reporting.[50]	Exporting total compensation data by job category.[50]	SB 464 Mandates that demographic data be stored separately from the personnel file.[50, 51]

4. NATURE OF THE RECORD: Encompassing high-level research

- **Personnel File**: Now an "Omnibus Performance Record" including all training (SB 513) and annual rights notifications (SB 294).[52, 2]
- **Medical File**: A "Privacy Vault" protected by CMIA and ADA, accessible only to the HR Manager.[3, 2, 30]
- **Payroll Record**: A "Tax/Wage Substantiation Log" that must be kept for 3-4 years and be available for employee inspection within 21 days.[8, 53]