

# HR in 2026: KEY TAKEAWAYS

*A PRACTICAL GUIDE TO NAVIGATING HR COMPLIANCE, EMPLOYEE RELATIONS, AND WORKFORCE MANAGEMENT IN 2026.*

*Ashley Culliver (PBS) welcomed Rebecca Tipton (BMSS) and Valerie Guy (PBS) to discuss key HR developments for 2026, including compliance updates, employee behavior and documentation, retention and engagement, remote workforce considerations, leave management, and termination best practices.*

## **What's Driving HR Strategy in 2026**

### **1. Compliance Changes Require Close Attention**

- Alabama adopted a limited tax exemption for certain nonresident employees working in the state for 30 days or fewer.
- The Dependent Care FSA limit increased to \$7,500 per household.
- The 1099 reporting threshold increased to \$2,000.
- Certain health plans must provide broader mental health and substance abuse coverage.

Takeaway: Properly classify employees and contractors, accurately track wages and hours, maintain I-9 documentation, and correctly administer employee leave (including FMLA).

### **2. AI Can Improve Efficiency, but Needs Guardrails**

AI is creating both opportunity and risk in the workplace.

- AI can support drafting, analysis, and productivity.
- AI may create confidentiality, accuracy, and bias concerns if not reviewed carefully.
- HR-related AI tools should always include human review.

Takeaway: Employers should adopt a written AI policy, require human review, and train employees on appropriate use.

### **3. Employees Still Care Most About Pay, Benefits, and Burnout**

- Employees continue to prioritize practical support.
- Top concerns include salary, health insurance, retirement, leave, and work-life balance.
- Burnout, stress, mental health, and pay fairness remain major workplace issues.
- Employers who voluntarily provide paid family and medical leave may qualify for a federal tax credit if they offer at least two weeks of paid leave for FMLA-qualifying reasons and meet IRS requirements.

Takeaway: Employers should communicate benefits clearly and support employee well-being.

## ***Managing People Effectively***

### **Behavioral Issues Should Be Addressed Early**

Poor behavior can quickly damage morale and culture.

- Employees notice when disrespectful conduct goes unchecked.
- Leaders should model expectations and address issues promptly.

Takeaway: Clear standards and early intervention help prevent larger workplace problems.

### **Documentation Matters**

One of the biggest themes of the webinar was simple: If it is not documented, it may be difficult to defend the decision later.

- Documentation should be factual, timely, and tied to policy or expectations.
- Regularly review payroll practices and HR policies, update employee handbooks, and conduct periodic audits to reduce compliance risks.
- Discipline should be clear, consistent, and current.

Takeaway: Strong documentation protects the organization and supports fair decision-making.

## ***Retention, Remote Work, and Leave***

### **Retention Starts Early**

The first 90 days matter.

- Strong onboarding, clear expectations, and regular check-ins improve retention.
- Recognition and perceived pay fairness also play a major role in engagement.

Takeaway: Retention is shaped by both onboarding and day-to-day management.

### **Remote Work Requires Clear Expectations**

Hybrid and remote work arrangements need structure.

- Employers should define schedules, response times, meeting expectations, and eligibility.
- Multistate remote work may also create payroll, tax, and registration obligations.

Takeaway: Flexibility works best when expectations and compliance responsibilities are clearly defined.

### **Leave and Terminations Require Extra Care**

Leave administration and terminations remain high-risk HR areas.

- Managers should be trained to recognize leave-related issues and involve HR early.
- Terminations should follow documentation, policy review, and risk assessment.
- Final pay, COBRA, unemployment notices, and multi-state requirements all matter.

Takeaway: These decisions should be handled consistently and carefully to reduce legal risk.



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