California Amends Pay Transparency and Equal Pay Laws

Provided to you by **Employco USA, Inc.**

On Oct. 8, 2025, California amended its pay transparency law and the California Equal Pay Act (CEPA). The amendments clarify the pay scale that is to be included in job postings under the pay transparency law and extend the statute of limitations, amend damages calculations and create new definitions under the CEPA. The amendments take effect **Jan. 1, 2026**.

Pay Transparency Amendment

California employers with 15 or more employees must include the pay scale for a position in all job postings. All employers must disclose the pay scale to employees and applicants upon request.

The amended law clarifies that the pay scale must be a **good-faith estimate** of the salary or hourly wage range that the employer reasonably expects to pay for the position **upon hire**.

CEPA Amendments

Among other provisions, the CEPA prohibits all employers in the state from discriminating in the payment of wages based on sex, race or ethnicity for substantially similar work.

Statute of Limitations

Currently, individuals alleging violations of the CEPA must bring a civil action to recover wages within two years of the alleged violation or within three years for willful violations. Under the amended law, the statute of limitations is within **three years** of the alleged violation, regardless of whether it was willful.

Damages Calculations

The amended law clarifies that employees are entitled to obtain relief for the entire period in which a violation of the equal pay provisions exists, up to **six years**. The amendment further clarifies that a cause of action occurs when:

- An alleged unlawful compensation decision or other practice is adopted;
- An individual is subject to an alleged unlawful compensation decision or other practice; or

Highlights

Oct. 8, 2025
California amends its pay transparency and equal pay laws.

Jan. 1, 2026
The amendments take effect.

Effective Jan. 1, 2026, California employers must comply with updated pay transparency and equal pay laws.

- An individual is affected by the application of an alleged unlawful compensation decision or other practice, including each time wages, benefits or other compensation are paid, resulting in whole or in part from the decision or practice.

New Definitions

The amended CEPA adopts the definition of "**sex**" used in the California Fair Employment and Housing Act (FEHA). Under the FEHA, sex includes but is not limited to pregnancy, childbirth, breastfeeding or related medical conditions, and gender (including gender identity and gender expression).

The amended CEPA also defines "**wages**" and "**wage rates**" to include all forms of pay, including but not limited to salary, overtime pay, bonuses, stock, stock options, profit-sharing and bonus plans, life insurance, vacation and holiday pay, cleaning or gasoline allowances, hotel accommodations, reimbursement for travel expenses, and benefits.

Employer Takeaways

To ensure compliance with the amended laws by the effective date, employers may begin reviewing existing job postings to ensure that they reflect the amount to be paid upon hire and other equal pay practices to ensure they comply with the updated CEPA definitions of "sex," "wages" and "wage rates."