

NEWS BRIEF

Provided by: Employco USA, Inc.

California Law to Require Pay Transparency Beginning in 2023

California Gov. Gavin Newsome recently [signed](#) a pay transparency law that requires covered employers to disclose pay scale information to job applicants and current employees starting next year. According to the [governor's office](#), it also expands employer salary reporting requirements in an attempt to better identify pay disparities based on race, ethnicity and gender. By enacting this law, California is the latest state to join the growing nationwide pay transparency movement.

California's new pay transparency law requires employers with 15 or more employees to disclose pay scale information in all job postings and to current employees upon request. This law will cover approximately 200,000 employers, according to Bloomberg Law.

Additionally, under the groundbreaking California law, employers must report employee pay information to the state. It requires employers with 100 or more employees to publicly report mean and median salary information for their employees by race, ethnicity and gender in each job category to the state's Department of Fair Employment and Housing. This data must include the number of employees and contractors by race, ethnicity and gender whose annual wages fall within each of the pay bands used by the U.S. Bureau of Labor Statistics in the Occupational Employment Statistics survey. The state will publish annual employee salary reports on a website for the general public. Employers who fail to submit employee salary data to the state each year may be fined \$100 per employee and up to \$200 per employee for any subsequent failure.

Employer Takeaways

California joins other states—including Colorado and Washington, as well as New York City and other municipalities—in legally mandating salary ranges be provided in job listings in an effort to make employee pay more equitable. Since California is the largest state to pass a transparency law, some experts expect other states and localities to follow suit.

As the pay transparency trend continues to grow, many employers throughout the United States feel pressured to provide salary information even when they are not legally required to do so. This pressure has been compounded by the increase in companies that post pay estimates and data for job postings, such as Indeed.com and Glassdoor Inc., which can often be inaccurate. As such, employers who are not legally required to provide pay information to job applicants and employees may now want to weigh the benefits and drawbacks of voluntarily doing so.

Employers in California and other states and municipalities with pay transparency laws should ensure they comply with all applicable pay-related laws and regulations. Employers will want to continue to monitor pay transparency trends closely. We will keep you apprised of any notable updates.

For more workplace resources, contact Employco USA, Inc. today.