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## California Workplace Law Blog

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# California Expands Pay Transparency and Reporting Obligations

By Christopher T. Patrick & Jacklin Rad on September 27, 2022

On September 27, 2022, California Governor Gavin Newsom signed **Senate Bill (SB) 1162**, which requires certain employers to provide more pay transparency on pay scales and expands pay data reporting obligations for other employers. The new obligations take effect on January 1, 2023.

## Pay Transparency

Previously, under California law, employers had to provide an applicant with the pay scale for a position upon reasonable request. But beginning January 1, 2023, California employers with 15 or more employees must include in any job posting the pay scale for a position.

Before SB 1162, California employers did not have to disclose to current employees the pay ranges for any position. But after SB 1162, California employers must provide current employees with the pay scale for their current position, when they ask.

Employers are also required to maintain records of a job title and wage rate history for each employee throughout the employment plus three years after the employment ends.

## Pay Data Reporting

SB 1162 also expands the pay data reporting obligation. Before SB 1162, employers with 100 or more employees had to submit a pay data report tabulating (A) the number of employees within each establishment (B) by race, ethnicity, and sex within each (C) job category (for example, Professionals, Technicians, Laborers, and Service Workers) (D) the number of employees within each of 12 specific pay band during the prior year.

Next year, employers with 100 or more employees will also have to:

1. Submit a separate pay data report for employees hired through labor contractors (i.e., covering temporary staffing agencies) that also discloses the “ownership names of all labor contractors used to supply employees”; and
2. Report the median and mean hourly rate for each combination of race, ethnicity, and sex for each job category for both traditional employees and those hired through labor contractors.

The first reporting deadline for these new pay data will be May 10, 2023.

Under SB 1162, the California Civil Rights Department (CRD) may ask a court to impose a civil penalty of up to one hundred dollars (\$100) per employee on any employer who fails to file the required reports. For any subsequent failures, the CRD may request a civil penalty of up to two hundred dollars (\$200) per employee.

Please contact a Jackson Lewis attorney with any questions on the new law.

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