

SB 1162

REQUIREMENTS FOR CALIFORNIA EMPLOYEE AND CONTRACTOR PAY

THE PAY TRANSPARENCY FOR PAY EQUITY ACT

Senate Bill 1162, also known as the Pay Transparency for Pay Equity Act, is a California state bill signed into law on September 27, 2022.

The act aims to promote pay equity and transparency in the workplace by:

- Prohibiting employers from requiring employees to sign confidentiality agreements or waivers that prevent them from discussing their wages or benefits with other employees.
- Prohibits retaliation against employees who disclose or discuss their wages or benefits.
- Requires employers to provide equal pay for substantially similar work.
- Requires employers to post information about pay scales and job titles within the workplace. This information must be made available to employees upon request.

These requirements are intended to promote pay equity and transparency in the workplace and to protect employees from wage discrimination.

Starting from May 10, 2023, employers will have to start submitting reports which disclose pay data for their employees and contractors. Reports will be due on the second Wednesday of every May thereafter.

PAY SCALE TRANSPARENCY REQUIREMENTS

- Employers with 15 or more employees must include salary scale ranges in job postings, both internal and external, and on third-party websites.
- Employers must provide current employees with pay scale information upon request.
- All employers must keep records of employee job titles and wage rate histories for 3 years after employment ends and make them available for inspection by the Labor Commissioner.
- If the employer fails to provide these records, there is a presumption in favor of an employee's claim in instances where a violation has been alleged.
- The court may impose a civil penalty of up to \$100 per employee for the first violation and up to \$200 per employee for subsequent violations for employers who fail to file the required report. The court may also order employers to comply with reporting requirements and recover associated costs.

PAY DATA REPORTING REQUIREMENTS:

- Private employers with 100 or more employees must submit pay data reports annually, including those hired through labor contractors.
- Pay data reports must include median and mean hourly rates by race, ethnicity, sex, and job category.
- Employers with multiple businesses or locations must submit a separate report for each, without the need for a consolidated report.
- Pay data reports must be made available in a searchable and sortable format.
- The Labor Commissioner may investigate complaints and order employers to pay civil penalties for violations. Individuals may also pursue civil action for relief in case of violations.

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