

data released on Equal Pay Day, March 14, 2023, shows that, among more than 1,300 human resources professionals surveyed, more than 42% of their organizations operate in a location that requires job postings to include pay ranges.<sup>8</sup> The survey data also shows that more than 2 in 3 human resource professionals say that, even when pay transparency is not required by law, their organizations still will list starting pay in job postings.<sup>9</sup>

### What Pay Transparency Means for Employers and Employees

Lawmakers have enacted pay transparency laws in an attempt to help reduce gender and racial wage gaps. Women working full time in the United States are paid about 84% as much as men, according to the Department of Labor.<sup>10</sup> Moreover, Black, Hispanic, and Native American workers earn 73 to 77 cents for every dollar earned by White workers. Experts say that requiring employers to set out their salary ranges helps to demystify a job search.<sup>4</sup>

The details of when and where the salary range must be shared vary in each state, county, or city. Typically, this information must be provided upon request, in the job posting, and after an interview. Employees may file complaints for an employer or prospective employer's failure to comply with local or state department of labor offices.

#### Employers

Pay transparency laws are jurisdictionally specific, but some of the common requirements include the following:

- Employers are required to disclose wage rates and salary ranges upon request by a job candidate or employee
- Employers are required to file annual reports that disclose salary and wage compensation to a state or local agency
- Employers must list pay ranges internally to existing employees and externally in job postings
- Employers who violate pay transparency laws are subject to a fine and must rectify the violation<sup>2,11</sup>

Salary range transparency can benefit employers in a significant way.<sup>1</sup> A study found that including salary information in job postings reduced recruiting costs by lowering postings' cost per click.<sup>12</sup> In addition, upfront information about salary helps employers recruit talent: A recent survey found that 4 out of 5 applicants would likely stop "applying for the given profession" if a job posting did not contain salary information.<sup>13</sup>

#### Employees

Studies show that if employees know how their salary compares to that of their colleagues, it may motivate them to work harder to prove their worth.<sup>14</sup> If workers learned their managers earned more than they expected, they worked harder because they then saw an avenue toward career advancement.<sup>14</sup>

#### Examples

As part of the general trend toward recognizing the importance of transparency in strengthening wage equality overall, these laws require employers to disclose salary ranges to job applicants—in job postings, during the hiring process, or upon request. Here are some specific examples.

##### California

In September 2022, the California legislature passed Senate Bill 1162.<sup>15</sup> The bill amended an existing law and expanded on previous employee pay data reporting obligations. As of January 1, 2023, employers with 15 or more employees must disclose the "salary or hourly wage range that the employer reasonably expects to pay for the position" in any job posting and disclose the pay scale to a current employee who requests to see the pay scale for their current position.<sup>15</sup> In addition, the new law requires businesses with more than 100 employees to report more detailed information to the state on what they pay employees, breaking down the pay by job category, sex, race, and ethnicity.<sup>16</sup>

##### Illinois

Illinois Governor J.B. Pritzker signed into law a pay transparency bill that will mandate employers in the state with at least 15 employees to include in job postings the "pay scale and benefits" that employers reasonably believe they will pay for the positions.<sup>17</sup> The law will apply to jobs performed at least in part in Illinois as well as jobs where the employee will report to a supervisor, office, or other work site in Illinois. This law will go into effect on January 1, 2025.<sup>18</sup>

##### Virginia

On April 22, 2020, the state General Assembly passed a new pay transparency law that prohibits employers from discharging or otherwise retaliating against an employee for discussing wages or compensation with another employee.<sup>19</sup> The statute provides, in pertinent part:

No employer shall discharge from employment or take other retaliatory action against an employee because the employee (i) inquired about or discussed with, or disclosed to, another employee any