



UNDERSTANDING THE BASICS OF PAY TRANSPARENCY IN 2023

The tight labor market has led employees to make new demands. One of the newest expectations of employers is pay transparency. Despite many employers' reluctance to embrace pay transparency, the practice has gained a stronger foothold in 2023. In fact, pay transparency laws are impacting more employers as a growing number of states and localities require them to share pay information with applicants and employees.

WHAT IS PAY TRANSPARENCY?

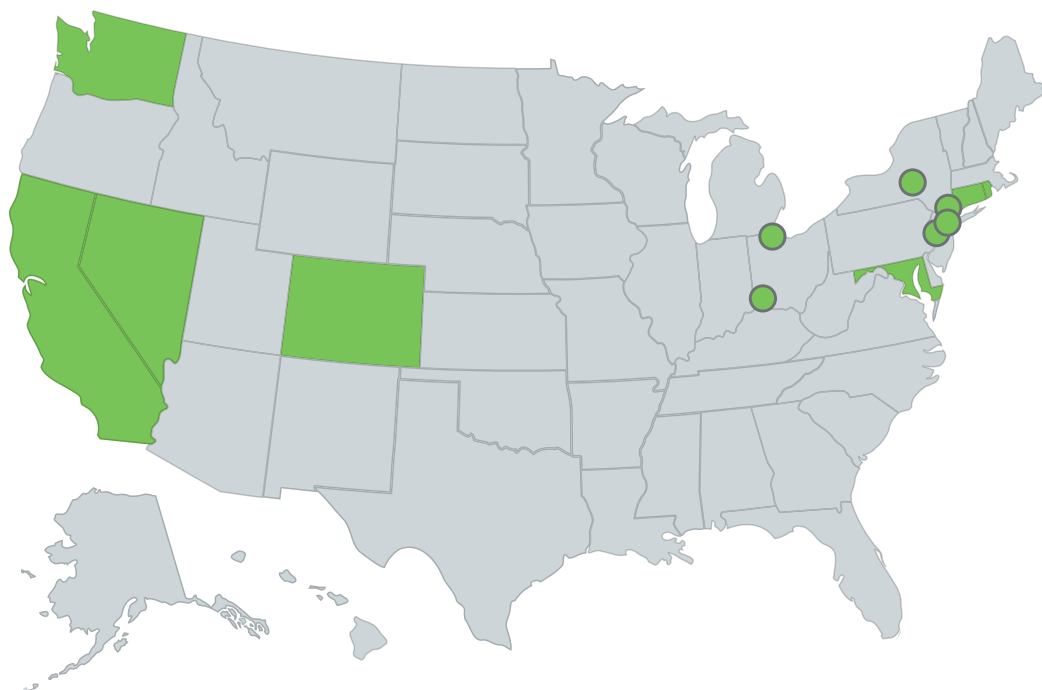
Pay transparency is the practice of openly sharing pay-related information with current and potential employees, aiming to help ensure fairness and equity in the workplace. This information generally includes pay scales or salary ranges.



PAY TRANSPARENCY LAWS

Colorado was the first jurisdiction to enact pay transparency laws in 2021. Since then, 14 states and localities have enacted their own pay transparency laws. In fact, one-fifth of all U.S. workers were covered under pay transparency laws at the start of 2023.

- CALIFORNIA
- CINCINNATI, OHIO
- CONNECTICUT
- ITHACA, NEW YORK
- JERSEY CITY, NEW JERSEY
- MARYLAND
- NEVADA
- NEW YORK CITY, NEW YORK
- RHODE ISLAND
- TOLEDO, OHIO
- WASHINGTON
- WESTCHESTER COUNTY, NY



Pay transparency laws vary depending on the jurisdiction. For example, covered employers in California must provide pay scale information in any job posting, and covered employers in New York City must provide the minimum and maximum annual salary or hourly wage for all job postings, promotions and transfer opportunities.

In addition to requiring employers to provide pay range information, some jurisdictions, such as Colorado and Washington, require employers to disclose benefits information.

COMPLIANCE CHALLENGES

Pay transparency laws present compliance challenges for employers subject to them since they vary based on the state or locality. Employers who fail to comply with these laws can incur costly penalties ranging from **\$300 to \$250,000**, depending on the jurisdiction. Employer compliance difficulties are often greater for organizations that recruit and hire employees across state lines, since hiring remote workers can trigger legal obligations in states where employers do not have a physical presence.

ATTRACTION AND RETENTION CONSIDERATIONS



Employers can benefit from providing pay-related information even when not required. For example, employers who provide pay transparency information tend to receive more applicants and save time and money in recruitment. According to recent data from global employment website Monster, more than **50% of employees** said they'd refuse to apply for jobs that do not disclose pay ranges, even in states where pay transparency isn't legally required. Employees value pay transparency because it can help them to avoid applying for jobs they wouldn't accept due to low pay, negotiate for better salaries and build trust with their employers.

EMPLOYER TAKEAWAY

As a growing number of states and localities have embraced pay transparency, more will likely do so over the next few years. Even if employers are currently unaffected by pay transparency mandates, they must begin developing strategies to address this issue since pay transparency likely already impacts them directly or indirectly.

Since this infographic only provides a broad overview of pay transparency laws, employers should consider conferring with local legal counsel if they have any questions or concerns.