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Client Alert

Massachusetts Wage Transparency Law

WHAT'S NEW: On July 31, 2024, Massachusetts Governor Maura Healy signed the Salary Range Transparency Act, expanding the Commonwealth's 2016 Equal Pay Act which was previously updated in 2018 and broadly prohibits wage-based discrimination. The Act is designed to further promote wage equity for employees who work in Massachusetts.

The new law applies to all employers of 25 or more employees in the Commonwealth of Massachusetts, and outlines wage data reporting requirements for certain employers, outlined below.

In passing the Act, Massachusetts joins several other states that have enacted similar legislation in recent years, including Connecticut, New York and Rhode Island.

WHY IT MATTERS: The Act takes effect on **July 31, 2025,** and establishes new job posting requirements for employers and a requirement that employers report pay data to the Secretary of the Commonwealth.

Job Posting and Disclosure Requirements

- The Act requires disclosure of salary information in job postings, both internal and external.
- The pay range should be the pay that the employer in good faith believes at the time of the posting would pay for the advertised job, promotion or transfer opportunity.
- This Act requires salary information on job board postings, human resources information system (HRIS) job postings, outside recruiters' postings and social media postings. Employers may meet the Act's requirements with respect to social media postings by including a link to the formal job posting that includes the pay range.
- The Act also requires employers to provide the pay range for positions offered as part of a promotion or transfer to current employees.

Wage Data Reporting Requirements

- Beginning February 1, 2025, the Act requires private employers with 100 or more employees to submit an annual "aggregate wage data report," including workforce demographic and pay data categorized by race, ethnicity, sex, industry and job category. "Aggregate wage data" is payroll information that has been stripped of any information that would identify the employee or the employer.
- This report must also include the same required data as the U.S. Equal Employment Opportunity Commission (EEOC) Employer Information Report, commonly known as an EEO-1 report. To ease the administrative burden, private employers may submit their annual EEO-1 report, along with pay data, to satisfy the state reporting requirement.
- Unions, state and local governments, and elementary and secondary schools must submit similar information every other year.
- Following submission of these annual reports to the Secretary of the Commonwealth, the aggregate data from these reports will be published on the Massachusetts Department of

Labor website. Individual employer reports will not be considered public records, but employees could potentially seek to discover them in litigation.

- **Employers must submit their first round of EEO and pay data by Feb. 1, 2025, and may use the EEO web portal.**

WHAT EMPLOYERS SHOULD DO: Employers should review their policies and procedures as it pertains to job positions, job applications, and the hiring process, both internal and external, to ensure that applicants and employees posting for new positions or moving to new positions are made aware of salary ranges.

Employers should continue to allow employees to discuss their own wages, including any other benefits.

Please reach out to your Engage Human Resources Partner if you have any questions concerning this alert or other HR-related matters.