

An Overview of New Jersey's New Pay Transparency Legislation for Employers

What You Need to Know

On November 18, 2024, New Jersey Governor Phil Murphy signed into law new pay transparency requirements. The legislation, which makes New Jersey the latest state to embrace pay transparency by requiring employers to include the range of the hourly wage or salary in postings for new jobs or transfer opportunities, will take effect on June 1, 2025.

Definition of Employers

The new legislation, [S2310](#), defines an employer as "any person, company, corporation, firm, labor organization, or association which has 10 or more employees over 20 calendar weeks" and:

The new law applies to both public and private employers, including governmental entities, as well as non-profit organizations. Job placement and referral agencies and other employment agencies, as well as multi-state employers with employees in New Jersey, are also covered under the legislation.

Requirements for Employers

The law requires pay transparency in employment listings and opportunities for promotion. Specifically, an employer that advertises a promotion, new position, or transfer opportunity - either internally or externally - must disclose the hourly pay rate or salary (or the range it would consider) for that position. The employer must also disclose generally the benefits or other compensation programs an applicant would be eligible to receive during their first 12 months in the position.

If an advertised position or promotion could be available to an existing employee, the employer must make "reasonable efforts" to make the opportunity known to current employees who might be eligible for it. However, such efforts are not required in the case of a decision to promote someone on an emergent basis due to an unforeseen event.

Under the legislation, employers will retain the ability to increase, beyond what was previously advertised, the salary, benefits, and compensation package when making an offer of employment.

Penalties for Violations

The New Jersey Commissioner of Labor and Workforce Development has enforcement authority over the new law. Violators will be subject to a fine of up to \$300 for an initial violation and up to \$600 for subsequent violations. It should be noted that if an employer errs when listing the same employment opportunity in multiple forums, that error will be considered only a single violation.

While these fines are not necessarily significant, it is important to consider that an employer's failure to comply with the new disclosure requirements might be interpreted as engaging in discriminatory employment practices

for which the resultant costs could be substantial.

Guidance for New Jersey Employers

In preparation for the new pay transparency legislation's effective date of June 1, 2025, it is prudent for employers to take the following steps:

Conclusion

Admittedly, it can be challenging to be an employer in New Jersey and worry about compliance with each new piece of employment legislation. Forward thinking employers, however, can use the changing legal landscape to their advantage.

By openly communicating to employees the steps they are taking to comply with the new pay transparency law's requirements, employers have an opportunity to demonstrate to employees that they are being treated fairly, and that any existing pay disparities are based on appropriate business criteria applied in a uniform manner. This message can engender trust and loyalty and can position an employer as an "employer of choice."

Please contact the author of this Alert with any questions concerning the new pay transparency legislation, or to discuss your particular business circumstances.



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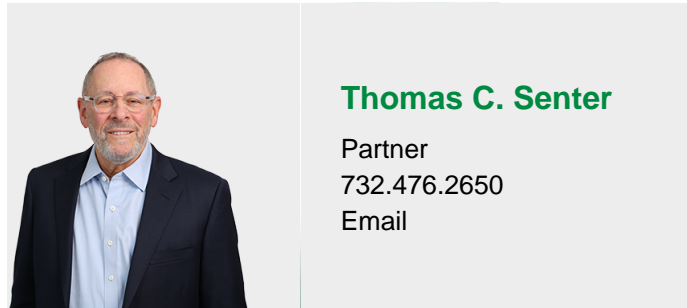
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