

News & Types: Client Advisories

# Illinois Mandates Pay Transparency Effective 2025

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Practices: Employment, Labor & Benefits

## EXECUTIVE SUMMARY

- On August 11, 2023, Illinois Governor J.B. Pritzker signed a new law that amends the Illinois Equal Pay Act (“IEPA”) to require pay transparency in job postings by many Illinois employers.
- The requirements will take effect on January 1, 2025, and will apply to job postings published prospectively.

## **NEW REQUIREMENTS**

The amendments make it unlawful for employers with at least 15 employees to fail to include the pay scale and benefits for a specific job posting in Illinois. “Pay scale and benefits” information is defined as the “wage or salary, or the wage or salary range, and a general description of the benefits and other compensation, including, but not limited to, bonuses, stock options, or other incentives the employer reasonably expects in good faith to offer for the position, set by reference to any applicable pay scale, the previously determined range for the position, the actual range of others currently holding equivalent positions or the budgeted amount for the position.” Employers may include a link to a public website that lists the pay scale and benefits for a position instead of describing them within the job posting.

## **COVERAGE**

Notably, the amendments apply to any positions in Illinois or reporting to Illinois. The disclosure requirement applies to (i) positions that will be physically performed (at least in part) in Illinois and (ii) positions that will be physically performed outside of Illinois where the employee reports to a supervisor, office or other work site in Illinois. In other words, remote positions are covered under the amendments.

## **DISCLOSURES TO APPLICANTS REQUIRED EVEN WITHOUT A JOB POSTING**

The law specifies that it does not require an employer to make a job posting. However, suppose a public or private internal posting for a job, promotion, or transfer has yet to be made available to the applicant. In that case, an employer must disclose the position’s pay scale and benefits to an applicant prior to any offer or discussion of compensation and at the applicant’s request.

## **PROMOTIONAL OPPORTUNITIES MUST BE ANNOUNCED TO CURRENT EMPLOYEES WITHIN 14 DAYS OF EXTERNAL POSTING**

Employers must announce, post or otherwise make known all opportunities for promotion to all current employees no later than 14 calendar days after the employer makes an external job posting for the position (except for positions in the State of Illinois workforce).

## **PENALTIES FOR VIOLATIONS**

Violations of this new law may subject a covered Illinois employer to civil penalties of up to \$500 for a first offense, \$2,500 for a second offense, and \$10,000 for a third or additional offense. First offenses can include one or several concurrent postings for the same position. Second and third offenses are limited to a single unlawful job posting. Third parties used by employers to announce, post, publish or otherwise make job postings can be held liable for failure to include pay scale and benefits information unless the third party can demonstrate that the employer failed to supply such information.

Before penalties are issued, employers will be given a short notice and cure period for first offenses (14 days) and second offenses (seven days). However, employers will incur automatic penalties without a cure period for five years following a third offense.

## **RECORDKEEPING**

Employers must maintain records of the pay scale and benefits for each position and the job posting for each position.

## **NEXT STEPS**

Employers are recommended to take the following steps before January 1, 2025:

- Review existing job posting templates or create new ones to use after January 1, 2025.
- Document the pay scale and benefits for all positions where individuals (i) currently work, even in part, in Illinois or (ii) report to a supervisor, office, or other worksite in Illinois.
- Train supervisors and human resources personnel on the implications of the amendments, including appropriate communications with applicants and employees.
- If using third parties to announce, post, publish or otherwise make a job posting, provide the pay scale and benefits to such third parties for their use.

If you have any questions about this legal update or need assistance implementing its new requirements, please contact Naureen Amjad, Kevin S. Borozan or any other member of Masuda Funai's Employment, Labor and Benefits Group.