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Countdown to Compliance: Getting Ready for the New Jersey Pay Transparency Law's June 1 Effective Date

As a follow-up to our earlier coverage, employers must now prepare to comply with New Jersey's Pay Transparency Act, which takes effect on June 1. Like laws in states such as New York, California, and Colorado, the new law is intended to promote openness, fairness, and equity in employee compensation and requires wage disclosures and internal promotion notifications.

Specifically, beginning in June, employers with 10 or more employees over 20 calendar weeks that operate, employ, or take applications for employment in New Jersey must include the hourly wage or salary (or a range) and a general description of benefits and other compensation (including bonuses or commission) in every internal or external job posting or transfer opportunity. Additionally, such employers must make reasonable efforts to notify current employees in affected departments about promotional opportunities before filling a position, with limited exceptions for emergent promotions or those based solely on experience or performance. The law supplements other laws prohibiting retaliation against employees for discussing or asking about wages. Although the New Jersey law does not provide a private right of action, employers face civil penalties of up to $600 per violation, enforceable by the Department of Labor.

New York's pay transparency law, which took effect in 2023, provides a helpful comparison point. Like New Jersey, New York requires the disclosure of compensation information in job postings. However, New York mandates that employers provide a good faith salary range they are willing to pay (which was a challenge for some employers given the wide salary ranges for certain positions), while New Jersey only requires employers to provide a *minimum compensation floor* and allows employers to exceed the posted amount. Employers that are recruiting for positions for which employees may work in New York and/or New Jersey, including in a hybrid remote arrangement, must ensure that their practices comply with the pay transparency laws of both states.

With the effective date of New Jersey's new law quickly approaching and enforcement just around the corner, employers should:

- review pay ranges for their positions to ensure such ranges are competitive and equitable;
- conduct pay audits to ensure that there are no improper wage disparities between existing employees who perform similar work, especially those within protected classifications, since employers must continue to comply with the Diane B. Allen Equal Pay Act;
- ensure the inclusion of accurate compensation information in internal and external job postings;
- plan for the proper communication of promotional opportunities to existing employees; and
- train recruiters and hiring managers on how to comply with the new law.

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