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New Jersey's New Pay Transparency Law Is on the Horizon

On November 18, New Jersey Gov. Philip D. Murphy signed into law a bill requiring New Jersey employers to include a wage or salary range in internal and external job postings and advertisements. New Jersey's new pay transparency law will take effect on June 1, 2025. This new law supplements the state's already strong pay equity laws that prohibit employers from inquiring about prospective employees' salary history and protect employees who discuss their compensation with each other. New Jersey will join several other states and localities, including New York and Washington, DC, that have adopted similar salary range requirements in job postings. Employers in New Jersey should also take note of the impending minimum wage increase, from $15.13 per hour to $15.49 per hour for most employees, effective January 1, 2025.

Covered Employers

New Jersey's new pay transparency law applies to businesses with 10 or more employees over 20 calendar weeks, including "job placement and referral agencies and other employment agencies." Not only does the law apply to entities that do business and employ individuals in New Jersey, but it also covers those businesses that "take applications for employment" in New Jersey.

Although the law does not require temporary help service firms and consulting firms that are registered with the Division of Consumer Affairs to include compensation ranges in job postings, those firms are required to provide such information at the time of interview or hire for a specific job.

Employer Obligations Under the Law

In all job postings for new jobs and transfer opportunities that are advertised either internally or externally, covered employers will be required to include the hourly wage or salary, or a range of the hourly wage or salary, and a general description of benefits and other compensation programs for which the employee would be eligible in the relevant position. While the wage or salary range creates a baseline for compensation in the position, the law does not prohibit employers from ultimately offering enhanced wages, benefits or other compensation at the time of offer to the applicant.

As to current employees, the law also requires employers to make "reasonable efforts" to notify those employees of opportunities for promotion within their department that are advertised either internally or externally through Internet-based advertisements, postings, printed flyers or other similar advertisements. Employers are not required to give notice to a current employee of any promotion that is awarded based on years of experience or prior performance.

Penalties for Violations of the Law

The new law empowers the New Jersey Commissioner of Labor and Workforce Development to collect civil penalties for violations in a summary proceeding. Employers that violate the law will be subject to a fine not exceeding $300 for the first violation and $600 for subsequent violations. The failure to comply with the notice or job posting requirements will be considered only one violation for all listings relating to a particular promotion or job opportunity, regardless of the number of platforms on which the job opening is posted.

Takeaways

In anticipation of the effective date of this new law, employers hiring or doing business in New Jersey should audit pay across their workforce and determine compensation ranges for various positions. New Jersey's new pay transparency law—like other similar laws sweeping the country—puts pressure on employers to ensure pay equity and fairness in compensation. Many of the new salary range mandates across the country, including soon in New Jersey, apply broadly to applicants in a state even if the position is elsewhere; to ensure compliance, it is essential that employers take note of pay transparency laws in all states from which candidates may apply.

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