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Massachusetts' Pay Transparency/Data Reporting Law Imposes New Compliance Obligations Beginning February 2025

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On July 31, 2024, Massachusetts Gov. Maura Healey enacted a sweeping pay transparency law that imposes new requirements on covered employers with Massachusetts-based employees. As detailed below, An Act Relative to Salary Range Transparency includes pay data reporting requirements and salary range disclosures in job postings.

Massachusetts joins a growing tide of US pay transparency laws, including in Maryland (effective October 1, 2024), Minnesota (effective January 1, 2025), Vermont (effective July 1, 2025), Washington, DC, (effective June 30, 2024), and Illinois (effective January 1, 2025).

Pay data reporting requirements effective February 1, 2025

The act requires most employers with at least 100 Massachusetts-based employees at any time during the prior calendar year to file an annual report with the commonwealth that includes workforce demographic and pay data categorized by race, ethnicity, sex, and job category. Unions, state and local governments, and elementary and secondary school systems must submit wage reports every other year.

To ease the administrative burden of the legislation's filing requirement, private employers are permitted to submit their annual federal Equal Employment Opportunity Commission EEO-1 Employer Information Report to satisfy the state reporting requirement. The reports must be submitted to the state secretary by February 1, and the Massachusetts Department of Labor will publish anonymized aggregated data on its website by July 1 of each year.

Salary range posting requirements effective October 29, 2025

Additionally, employers with at least 25 Massachusetts-based employees must include a pay range with each new job posting and must disclose the pay range to employees who are offered a promotion or transferred to a new position with different responsibilities. The act also requires employers to provide the pay range for a particular position to an employee who currently holds the position, or to an applicant for the position, upon request.

"Pay range" includes the annual salary or hourly wage that the employer "reasonably and in good faith expects to pay" for the position. Employers are not required to disclose bonuses or other benefits.

"Posting" includes all advertisements intended to recruit job applicants whether made directly by the employer or through a third party.

Retaliation is prohibited

Finally, the act prohibits employers from retaliating or discriminating against employees or applicants who take action to enforce their rights under the legislation or make a complaint regarding an alleged violation of it.

Next steps

Although the act's requirements do not kick in until 2025, employers should start developing a strategy for compliance immediately, and conduct trainings so human resources and management teams are prepared to comply with the posting and reporting requirements. Ensuring a consistent approach to salaries across an employer's workforce and developing a communication plan to address pay issues with employees will be key. Employers may want to consider conducting market research to help inform proposed pay ranges for positions. Additionally, employers should audit their existing salary structures across their workforce and consider whether any adjustments need to be made to existing salaries to ward off internal issues when pay ranges for new positions are posted.

Employers should review their federal EEO reporting processes to ensure that their reports are compliant and are able to be submitted by the February 1 deadline. Relatedly, while pay reports will not be considered public records under the Massachusetts Public Records Law, the published aggregate wage and workforce data reports are considered public records, and they may still be subject to disclosure in litigation.

Unlike some other state pay transparency laws that provide for private lawsuits, this legislation does not include a private right of action for employees or applicants to sue for alleged violations – it provides for enforcement by the attorney general only. As a result, employers should not expect to see a major increase in litigation based on the legislation. Moreover, a first offense for a violation of the pay data reporting or the salary range posting requirements is subject only to a warning, while subsequent violations are punishable by fines from $500 to $25,000.

If you have any questions about the Massachusetts legislation or pay transparency issues more generally, please contact the Cooley employment team or one of the lawyers listed below.

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