

Pay Transparency in Illinois Starts on January 1, 2025

Labor & Employment Law Update

By Kevin Kleine and Julie Proscia on October 15, 2024

Pay transparency laws are regulations that require employers to disclose salary information. These laws are designed to address issues like gender pay gaps, racial wage disparities, and overall wage inequality. They are becoming more common, particularly in the U.S. and parts of Europe.

Illinois's pay transparency law (HB 3129), as well as similar laws in states including Minnesota and Vermont, take effect on **January 1, 2025**.

What Information Do Employers Have to Disclose?

Beginning January 1, 2025, Illinois employers with 15 or more employees will be required to post the pay scale and benefits for a position on all job postings or disclose this information when requested by an applicant.

HB 3129 defines pay scale and benefits 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, as applicable. **This includes all retirement and health benefits offered for the position.**

Illinois employers can comply with the requirements of HB 3129 by providing a link to a public website that discloses the pay scale and benefits for a particular position.

Illinois's pay transparency law is unique compared to similar laws in other states because third party service providers, which advertise and post job opportunities, may also be liable for failure to include pay scale and benefits information on job postings and advertisements.

For Which Positions Must Employers Disclose Pay Scale and Benefits Information?

HB 3129 applies to essentially all job positions because it covers positions where an employee will only partially be performing work in Illinois. It even includes remote positions for employees who work outside Illinois but report into a

worksite or supervisor located in Illinois.

Notice Requirements

HB 3129 requires employers to notify their current employees of all opportunities for promotion no later than 14 calendar days after the employer makes an external job posting for the promotional opportunity.

How to Manage Expectations

It is important to manage an applicant's expectations regarding a position's pay range. The following are some tips:

- **First**, and most importantly, carefully draft job advertisements and related communications. Clearly state on all job postings and in all communications regarding an available position or promotional opportunity that any disclosed pay range is based on a consideration of neutral factors and criteria such as required qualifications, experience, education, skill, training, certifications, seniority, etc.
- **Second**, include a disclaimer on all postings and in all related communications informing applicants that the employer reserves the right to offer the selected candidate or applicant an hourly rate or salary at an appropriate level to be set and determined by the employer that is commensurate with the applicant's qualifications, experience, education, skill, training, certifications, or seniority.

Pay transparency laws are here to stay and will only become more common as additional states adopt the legislation. To ensure you are compliant by January 1, employers should begin the process now.

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