

## Labor & Employment Legal Update: Upcoming Compliance Dates Under the MA Pay Transparency Act

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On July 31, 2024, Governor Maura Healey signed into law <u>An Act Relative</u> to <u>Salary Range Transparency</u> (the "Pay Transparency Act"), to increase salary transparency and equity for both current and potential employees. To comply with the Pay Transparency Act, employers should prepare to meet the following new obligations in 2025:

Employers with more than 100 employees are currently required to file EEO reports with the U.S. Equal Employment Opportunity Commission (EEOC) that contain data about gender, race, and ethnicity by job category. Pursuant to the Pay Transparency Act, such employers will now be required to file their most recent EEO reports with the Secretary of the Commonwealth of Massachusetts.

Private employers must submit a copy of their federal EEO-1 Employer Information Report to the state on an annual basis. State and local government agencies must file their EEO-4 data reports with the state each even-numbered year, while local unions and public school districts must file their EEO-3 and EEO-5 data reports, respectively, with the state in odd-numbered years. While the deadline for these filings will typically be February 1 of each year, if the deadline falls on a weekend or holiday, it will be extended to the next business day. Accordingly, the initial deadline for EEO-1, EEO-3, and EEO-5 reports will be Monday, February 3, 2025, while the initial deadline for EEO-4 reports will be February 2, 2026. Covered employers can submit these reports through a web portal, available here.

Notably, although the Pay Transparency Act refers to the EEO filings as "wage data reports," the EEO reports have not included wage data ("Component 2") since 2018. The Executive Office of Labor and Workforce Development recently published <a href="Frequently Asked Questions">Frequently Asked Questions</a> that clarify



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that employers do not need to make any changes to their existing EEO reports before filing with the state. However, if the EEOC reimplements Component 2 in the future, it will become part of the required filing in Massachusetts.

The Executive Office of Labor and Workforce Development will compile the submitted data across each industry and publish the aggregated data by June 1 each year. Only aggregated data will be published, and individual reports are not considered public records.

In addition, effective October 29, 2025, all employers with 25 or more employees must implement the following three practices: (1) include pay ranges in all job postings; (2) provide current employees with pay ranges when offering a promotion or transfer to a new position; and (3) upon request, make the pay range available to any applicant or current employee. The pay range is defined as the annual salary range or the hourly wage range that the employer reasonably and in good faith expects to pay for such position at that time, and need not include other forms of compensation such as bonuses, benefits, or commissions. According to the FAQ, additional information regarding the pay range disclosure requirement will be published at a later date.

Though the Pay Transparency Act does not include a private right of action, it does provide anti-retaliation protections for employees and applicants who assert their rights under the Act. The Act also provides for penalties, ranging from a warning for a first offense to \$7,500-\$25,000 for a fourth or subsequent offense; however, for the first two years after the effective date of the Act, employers will have two business days after notice of a violation to cure any defect before a penalty is imposed.

Employers should take steps to ensure compliance with their obligations under the Pay Transparency Act. If you have any questions about the upcoming requirements, please contact any member of our Labor, Employment and Employee Benefits Group.

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