



# **Pay Transparency Legislation Best Practices for 2025**

# Today's Presenters:



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# Today's Agenda

- Q1 2025 legislative recap
- Trends and insights from the recently released compensation best practices report
- How organizations are approaching emerging pay transparency legislation
- Q&A

# Q1 2025 Legislative Recap

A blue-tinted photograph of the United States Capitol building, showing the iconic dome and the surrounding neoclassical architecture. The image is used as a background for a title slide. The text 'Q1 2025 Legislative Recap' is overlaid in a large, white, sans-serif font, centered horizontally across the middle of the image. The Capitol building is partially obscured by trees on the left and right sides.

# What happened in Q1 2025?



14

US states proposed new  
Pay Transparency laws



2

Pay Transparency laws  
came into effect in the US

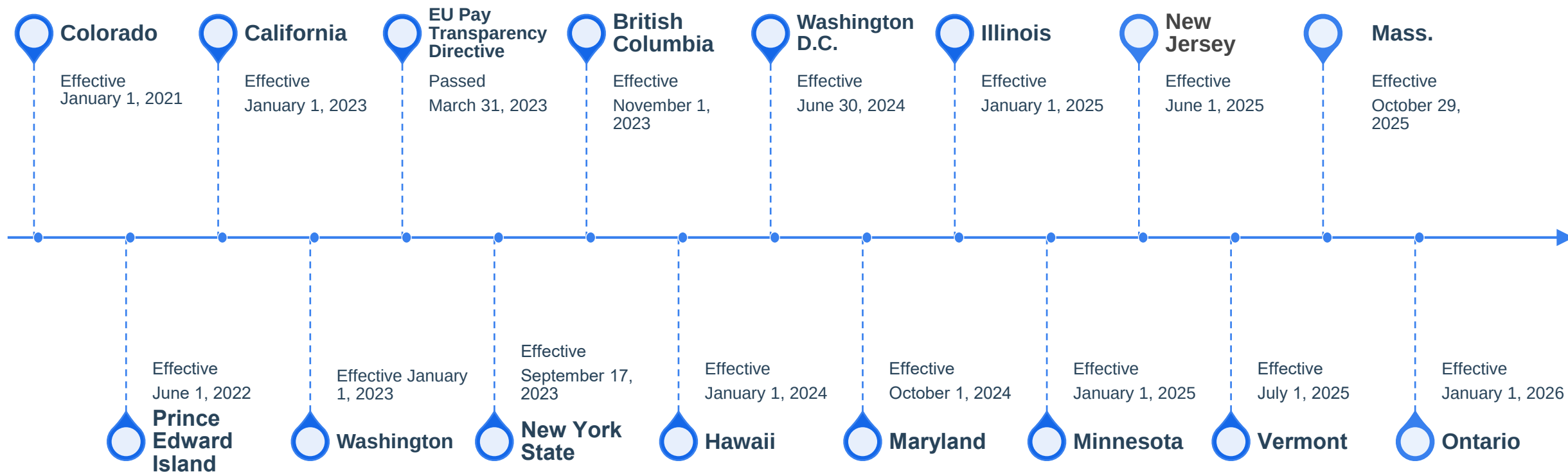


4

Countries proposed draft  
legislation for the EU pay  
transparency directive



# The pace of pay legislation is building and is a force for change



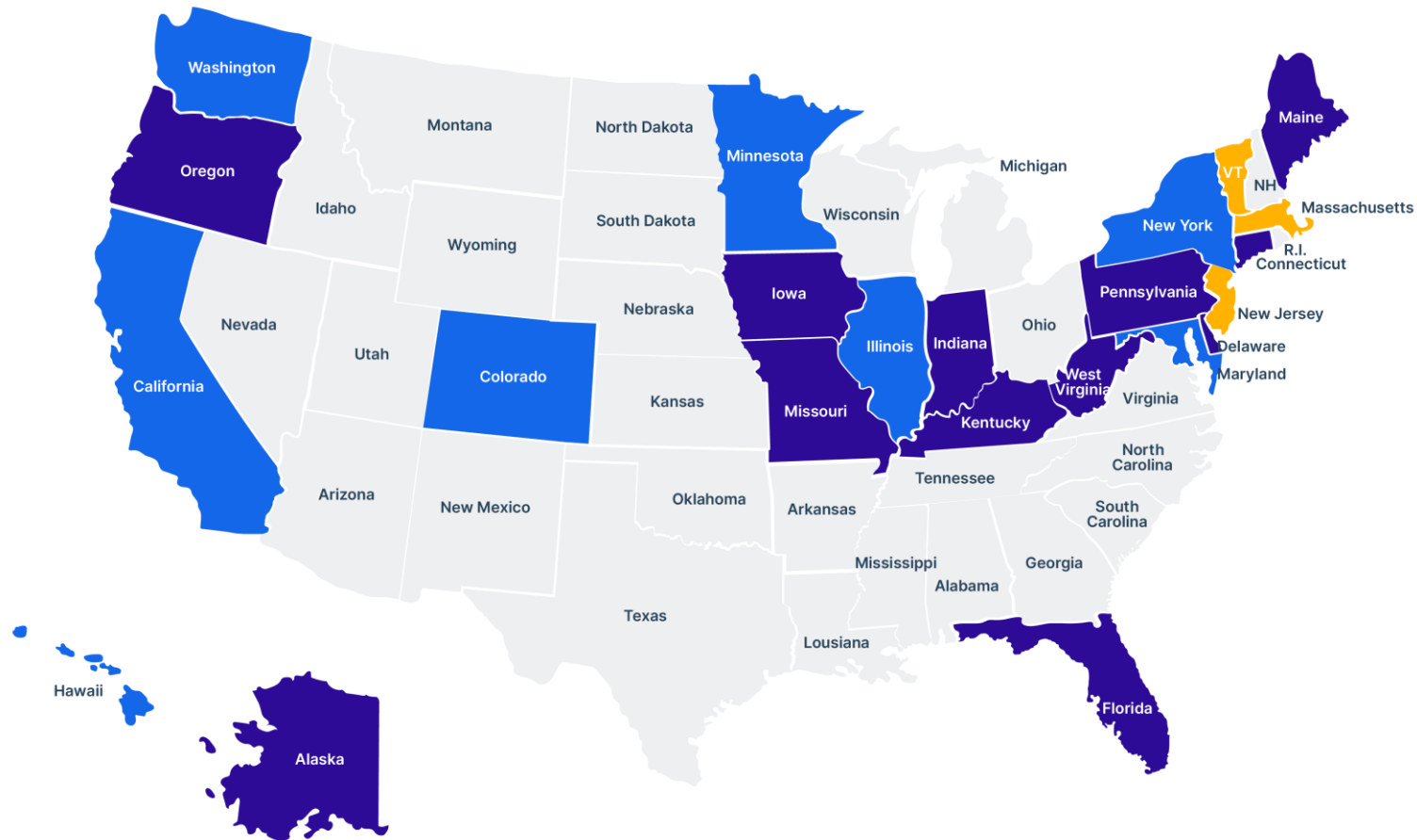
Keep up to date with legislation [here](#)!



A stylized, dark-toned map of North America, including the United States, Canada, and Mexico. The map is overlaid with a semi-transparent dark blue/purple filter. The text "North America" is prominently displayed in the center in a large, white, sans-serif font. Various geographical features and cities are labeled, including the Great Salt Lake, Salt Lake City, Denver, Pikes Peak (14,110 ft), Las Vegas, Albuquerque, Phoenix, Tucson, El Paso, Ciudad Juárez, Hermosillo, Chihuahua, Nuevo Laredo, Laredo, San Antonio, Austin, Fort Worth, Dallas, and Monterrey. The Gulf of California and Gulf of Mexico are also indicated. The text "UNITED STATES" is visible across the northern part of the map.

# North America

# Pay Transparency US Legislative Landscape



- Active pay transparency laws currently on the books
- Passed pay transparency laws but not yet active
- Proposed pay transparency laws that are working their way through legislation

**Washington D.C.** became effective on June 30, 2024



# New Jersey

Effective: June 1, 2025

- **Who:** employers with 10 or more employees (anywhere).
- **What:** wage or salary or wage or salary range + general description of benefits and other compensation
  - E.g. bonuses, stock options, or other incentives
  - Applies to internal promotions/transfers (except promotions based on performance/tenure or emergency situations)
- **Proposed Penalties:** \$300 first offense and up to \$600 for each subsequent offense.

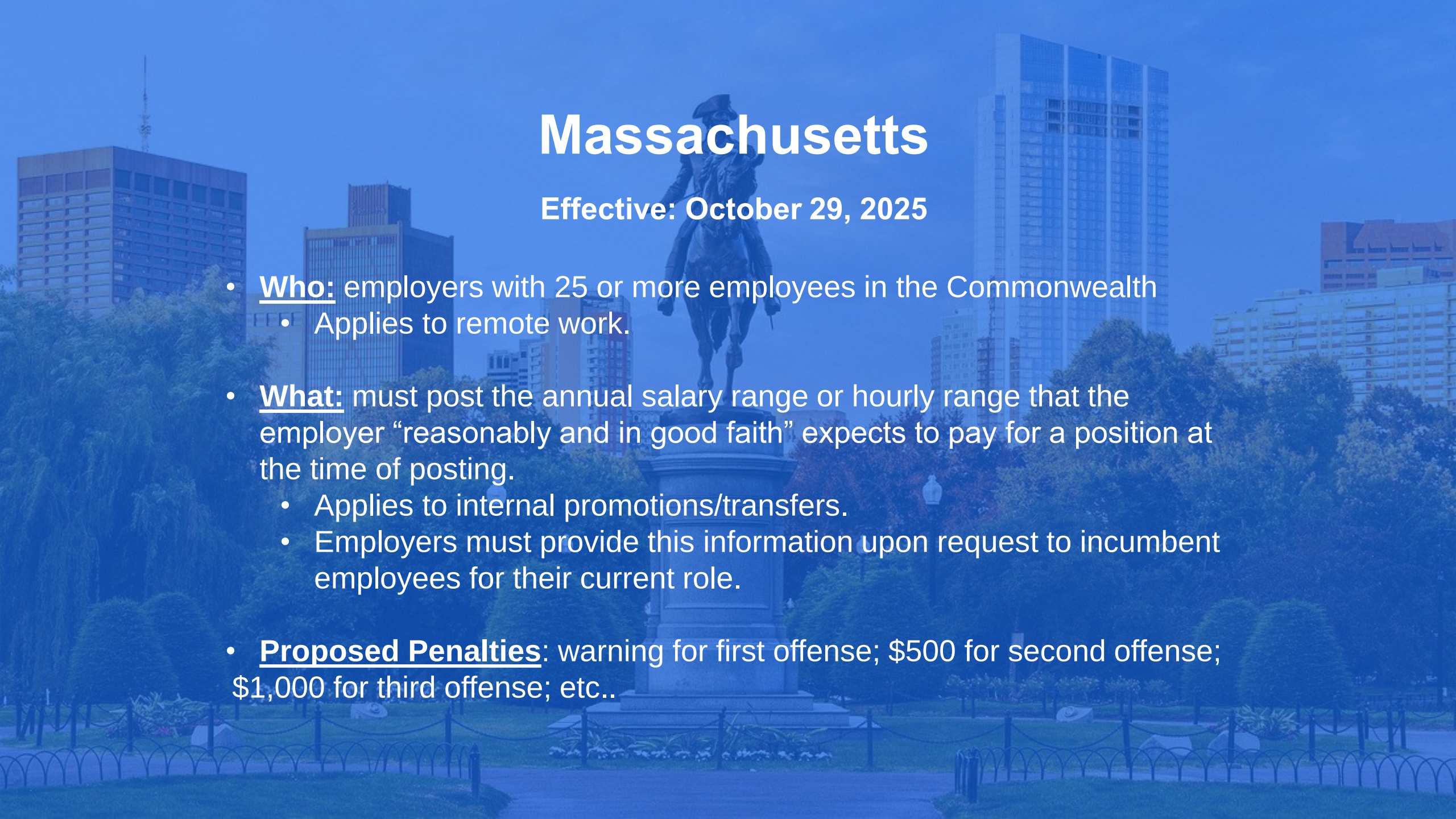


# Vermont

Effective: July 1, 2025

- **Who:** employers with 5 or more employees, with at least 1 working in Vermont, for job postings required to be physically performed in Vermont or a remote job that is predominantly performed in a Vermont office or other Vermont location.
- **What:** minimum and maximum annual salary or hourly wage that the employer in “good faith” expects to pay for the role.
  - Commissioned Jobs: if role is paid entirely or partly on commission, only needs to state that and no need to disclose compensation range.
  - Tipped Jobs: must disclose this + range of base wages.
- **Proposed Penalties:** Vermont AG will enforce this law.



The background of the slide is a blue-tinted photograph of a park. In the center, there is a large equestrian statue of a man on a horse, standing on a stone pedestal. Behind the statue, several tall city buildings are visible against a clear sky. The foreground shows a grassy area with a low metal fence and some trees.

# Massachusetts

Effective: October 29, 2025

- **Who:** employers with 25 or more employees in the Commonwealth
  - Applies to remote work.
- **What:** must post the annual salary range or hourly range that the employer “reasonably and in good faith” expects to pay for a position at the time of posting.
  - Applies to internal promotions/transfers.
  - Employers must provide this information upon request to incumbent employees for their current role.
- **Proposed Penalties:** warning for first offense; \$500 for second offense; \$1,000 for third offense; etc..

# 2025 update

 Alaska

 Connecticut

 Delaware

 Florida

 Indiana

 Iowa

 Kentucky

 Maine

 Missouri

 Montana ← failed

 Oregon

 Pennsylvania

 Virginia ← vetoed

 West Virginia

 U.S. Congress



# Canada

## Prince Edward Island

- All employers (not clarified)
- Expected pay or range of expected pay for the role

## British Columbia

- All employers in BC
- Expected pay or the expected pay range for a job posting

## Ontario

- Employers with 25 or more employees
- Post pay ranges in all job postings for work performed *in* Ontario, must disclose AI usage, *and* specify job type (FT/PT) /work location (remote, hybrid)
- Must retain job posting records for three years after posting taken down
- January 1, 2026

*Newfoundland and Labrador TBD*



# Europe





# EU Pay Transparency Directive



## March 2021

Proposal on pay transparency introduced

## December 15, 2022

EU Commission and EU Parliament reach an agreement on directive with two key parts

- 1) Pay Transparency Measures
- 2) Better Access to Justice for Victims of Pay Discrimination

## March 31, 2023

EU Parliament Passes Directive on Pay Transparency aims to strengthen equal pay for equal work (or work of equal value) through pay transparency, gender pay reporting, and other enforcement measures.

## June 2026

The EU member states deadline to implement the requirements into local law with reporting commencing in 2027

# Main EU directive requirements



Transparency for job seekers *and* employees



Public disclosure of the gender pay gap



Right to Equal pay for comparable jobs



Joint pay assessment



Expensive penalties



# Pending Drafts of Legislation



Sweden



Poland



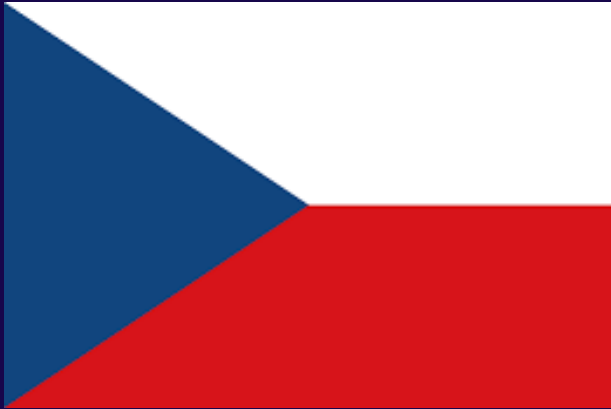
Germany



The  
Netherlands



# Working Groups Set Up



**Czech Republic**



**Finland**



## **Poll 1: What is your primary driver for adopting pay transparency?**

- A. Compliance with legislation
- B. To meet employee expectations and retain employees
- C. To demonstrate we value our employees and reinforce culture
- D. As a tactic in the competition for talent
- E. We are not adopting pay transparency at this stage
- F. None of the above



# How orgs are adapting compensation best practices to meet pay transparency requirements

# Compensation Best Practice Report 2025

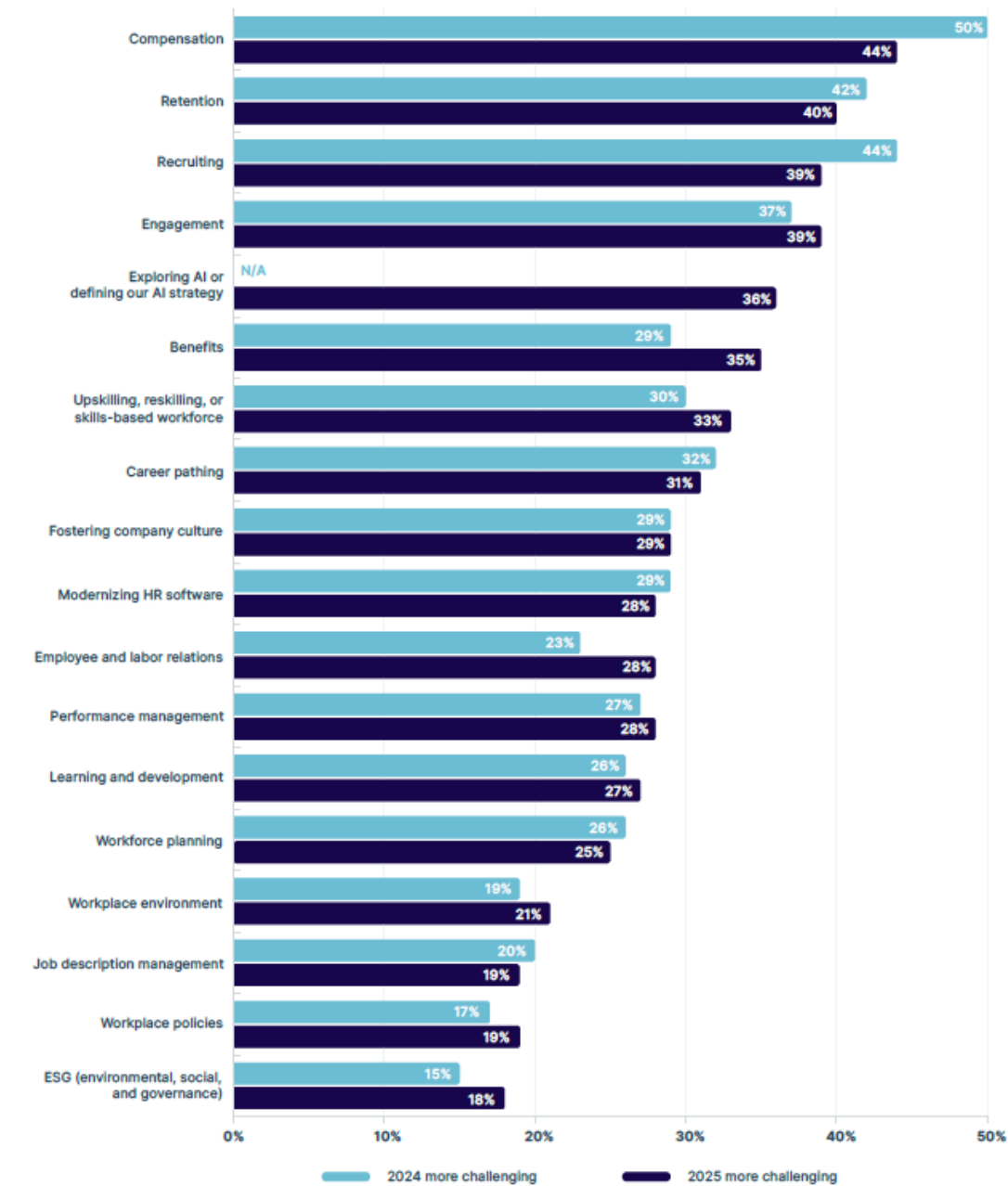
**Payscale's 16th annual flagship report** for compensation professionals, HR leaders, and business executives.

Distills data and insights from the largest known survey focused on compensation management.

Completed by **3,595 respondents** in Q4 of 2024 with a completion rate of 55%, demonstrating strong respondent engagement.



What will be the greatest challenges for HR in your organization in 2025 compared to previous years?



**Compensation** is the biggest challenge facing organizations in 2025—continuing a two-year trend that places compensation ahead of engagement, recruitment and retention.



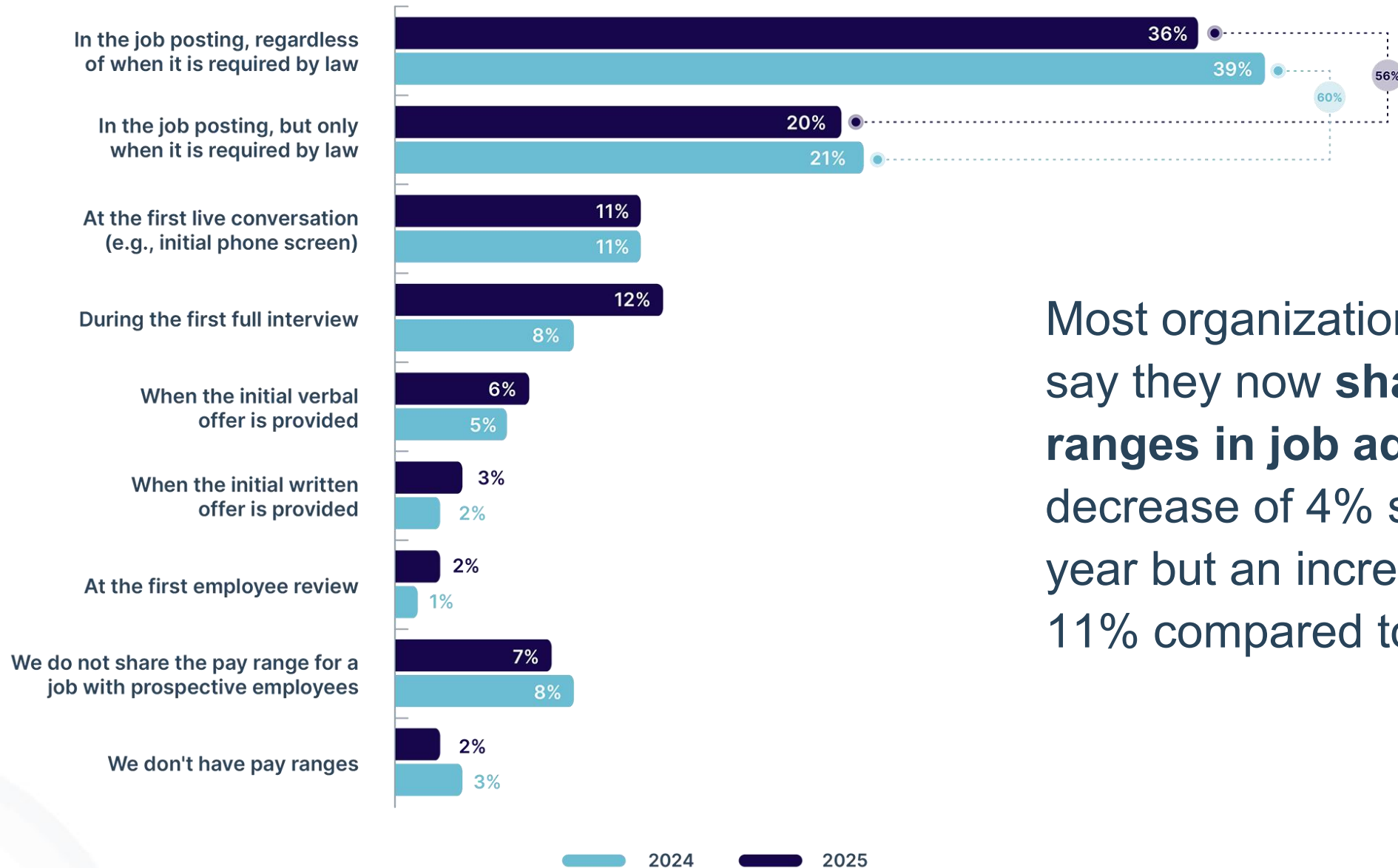
### Weighted priority of compensation activities.

Rate the importance of the following compensation activities at your organization in 2025 compared to 2024 on a scale of 1 (low importance) to 5 (high importance).

|                                                      |     |
|------------------------------------------------------|-----|
| Increasing pay transparency                          | 3.6 |
| Having confidence in market pricing                  | 3.6 |
| Conducting pay equity analysis                       | 3.5 |
| Creating or updating a compensation strategy         | 3.5 |
| Establishing or updating formal pay structures       | 3.5 |
| Determining pay increases                            | 3.5 |
| Creating or updating a compensation philosophy       | 3.5 |
| Selecting salary data sources                        | 3.4 |
| Creating a job architecture or job leveling          | 3.4 |
| Establishing an approach to employee pay progression | 3.4 |
| Managing performance-based pay                       | 3.4 |
| Establishing or managing pay communications          | 3.4 |
| Participating in market surveys                      | 3.3 |
| Managing pay compression                             | 3.3 |
| Utilizing compensation technology                    | 3.3 |
| Utilizing total rewards statements                   | 3.3 |
| Reporting on pay practices to leadership             | 3.3 |
| Creating differentiating total rewards               | 3.2 |
| Reducing compensation spend                          | 3.2 |
| Making the shift to skills-based pay                 | 3.1 |
| Leveraging AI for compensation                       | 3.1 |
| Establishing or updating global pay strategy         | 3   |
| Growing the compensation team                        | 2.9 |

Out of compensation-related activities, increasing **pay transparency** tops the list as most important.

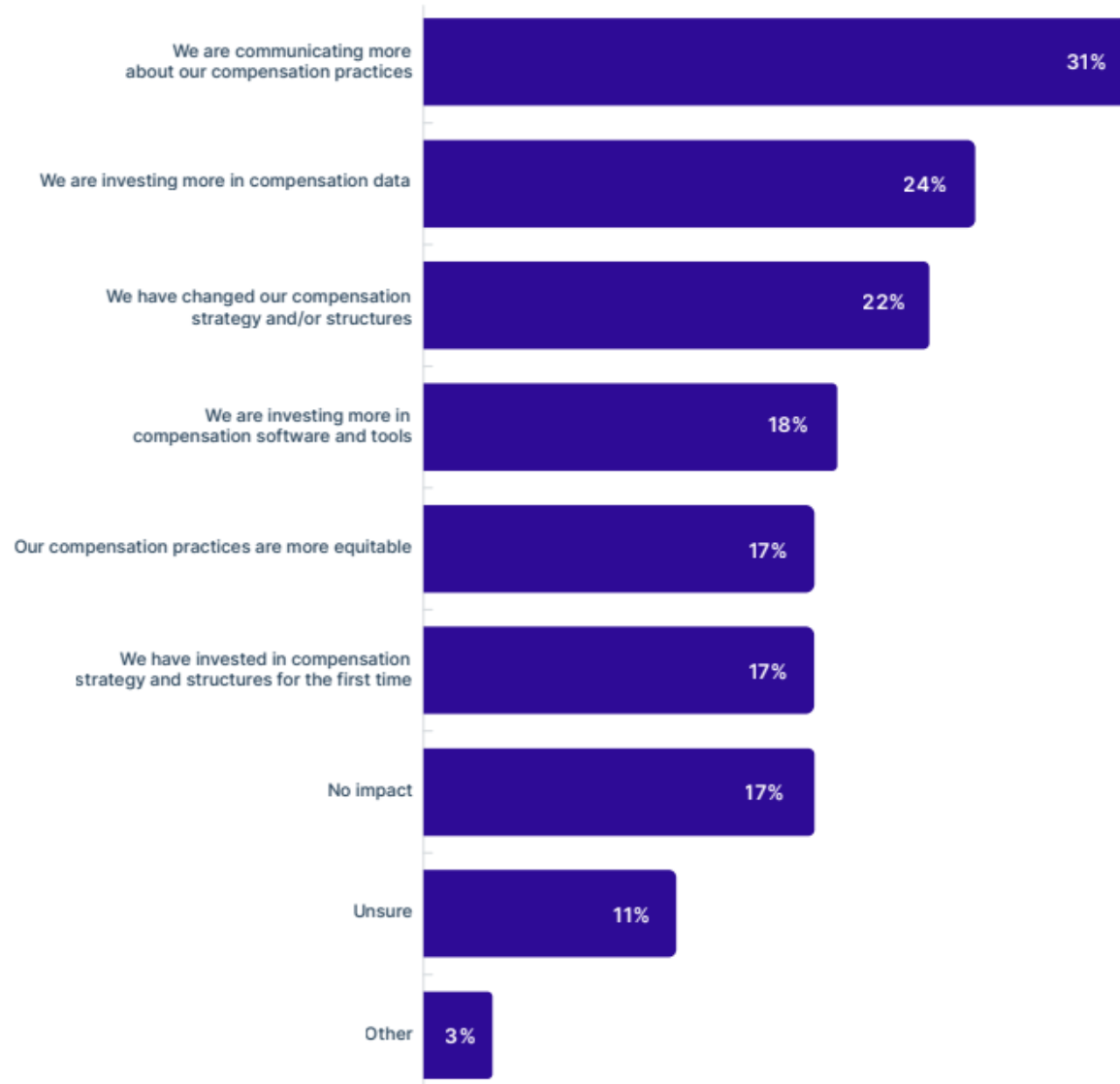
## When do you first share your organization's pay range for a job with prospective employees?



Most organizations (**56%**) say they now **share pay ranges in job ads** – a decrease of 4% since last year but an increase of 11% compared to 2023.

## How has pay transparency legislation impacted your compensation practices?

(Multiple answer choices allowed.)

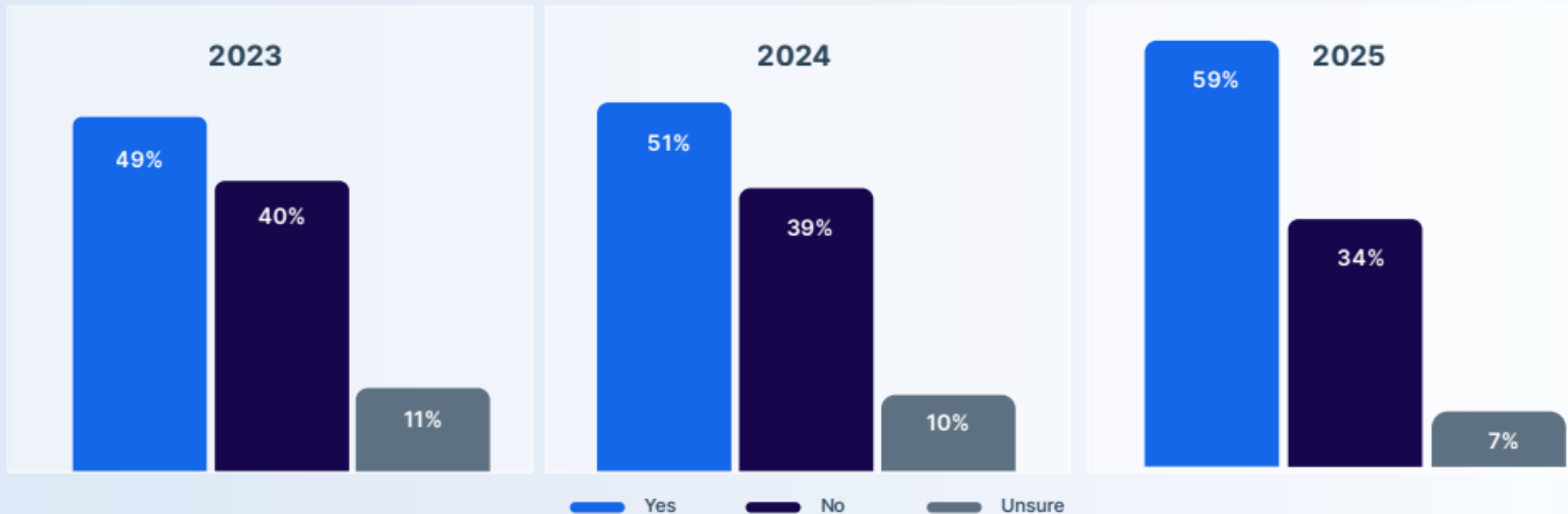


The biggest impact pay transparency has had is encouraging **better pay communications** and **more investment in salary data**.



## Manager training on pay comms is surging

Does your organization train managers on how to have pay conversations with employees?

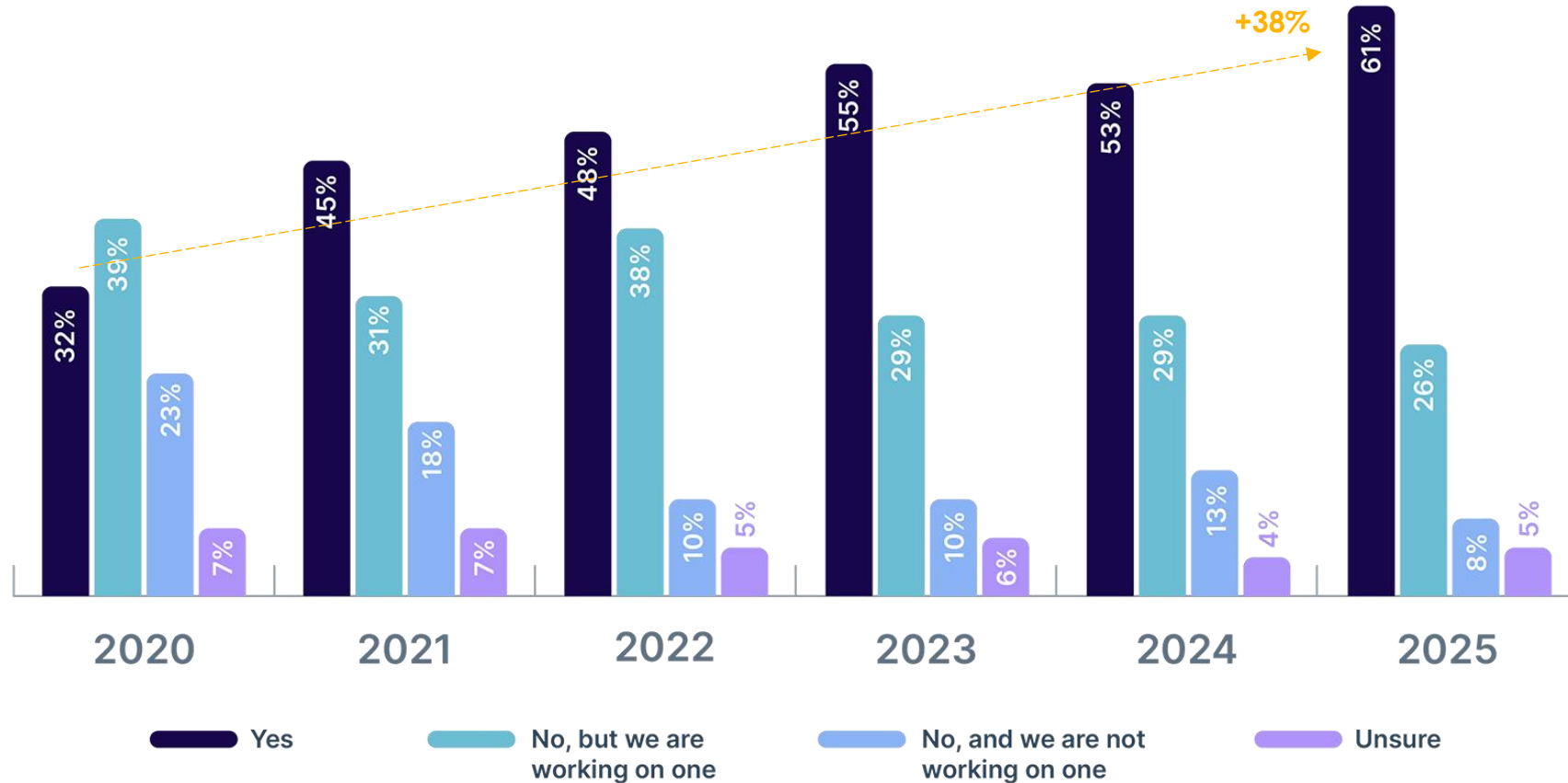


The use of **total rewards statements** is also on the rise, increasing YOY in step with manager training on pay communications.

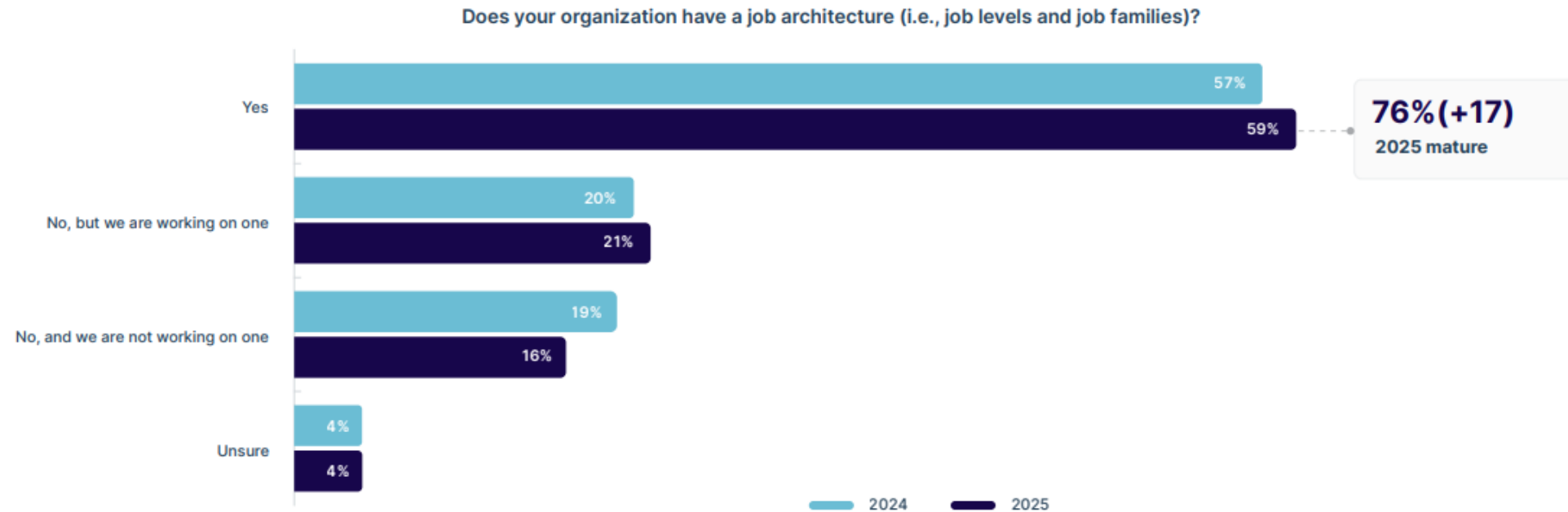


Investment in **compensation strategy** has surged over time and is at an all-time high over at **60 percent** in 2025.

Does your company have a formal compensation strategy/philosophy?



# The importance of **job architecture** is growing, especially in large organizations



**42%**

1–99  
employees

**54%**

100–749  
employees

**74%**

750–4,999  
employees

**70%**

5,000–9,999  
employees

**73%**

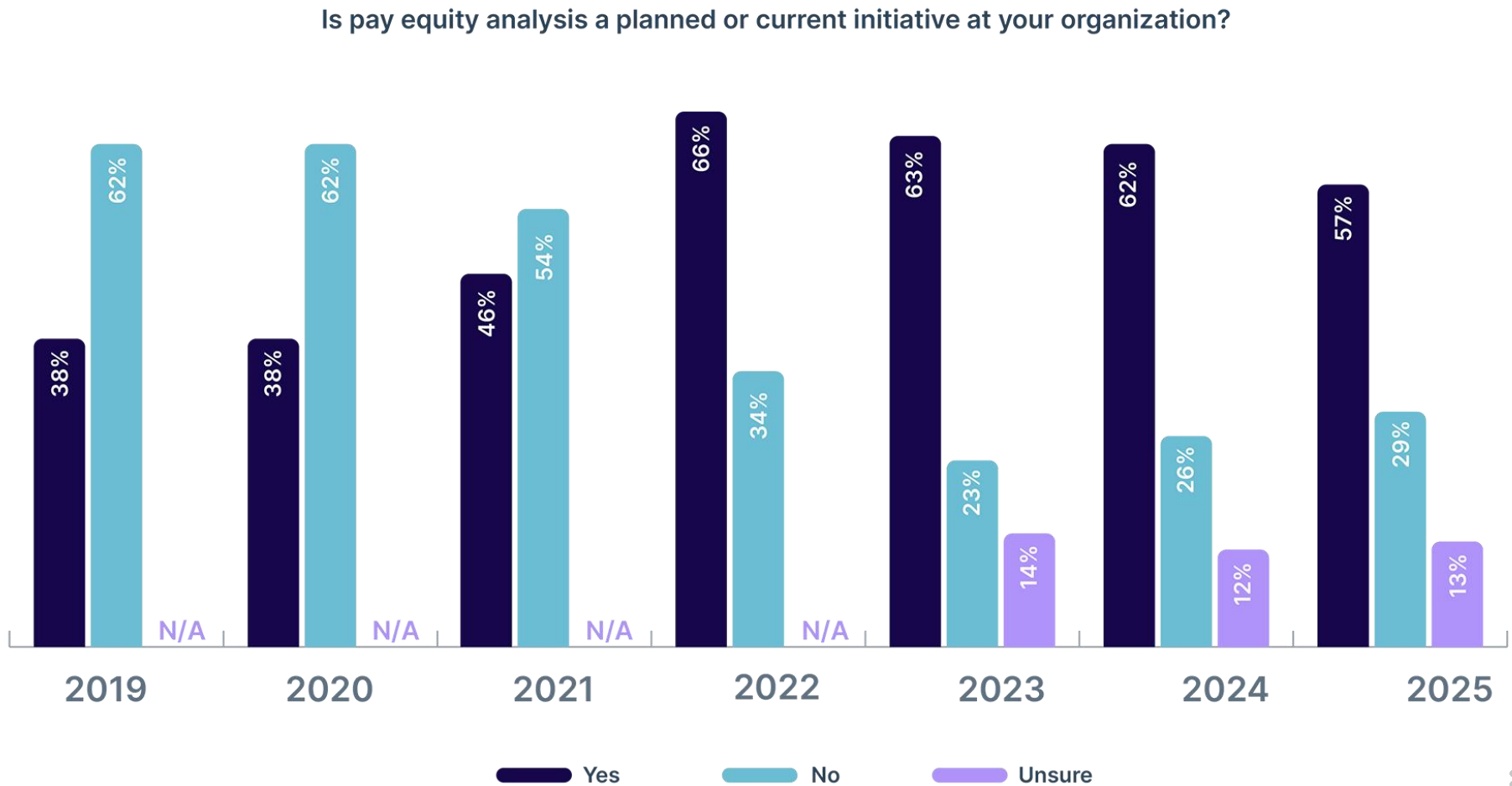
10,000–49,999  
employees

**85%**

50,000 or more  
employees



While investment in **pay equity** has declined slightly since its height in 2022, a strong majority remain committed with a 19% increase since 2020.





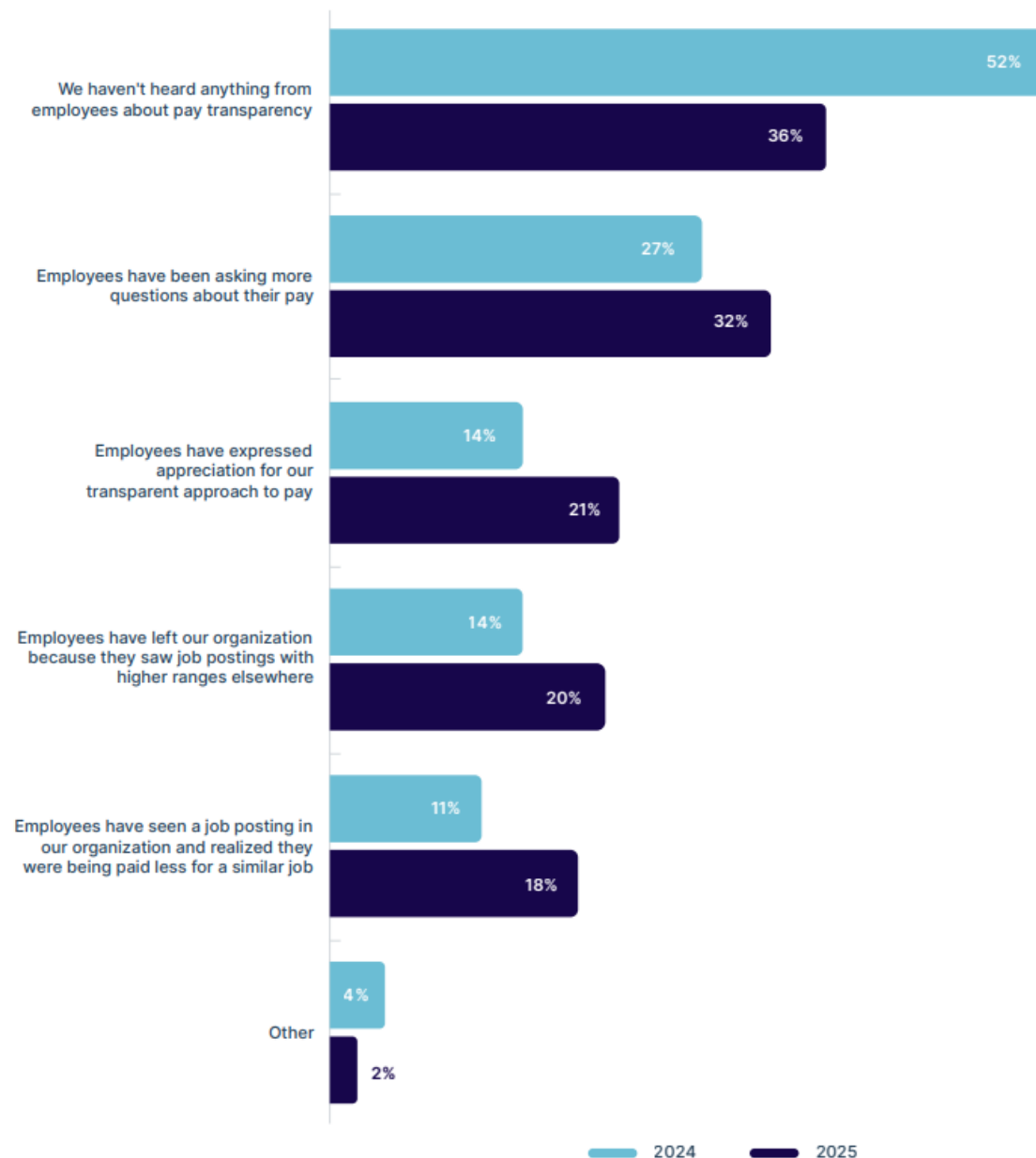
## Poll 2:

**What employee reactions has your organization experienced due to pay transparency legislation?**

- A. We haven't heard anything from employees about pay transparency
- B. Employees have been asking more questions about their pay
- C. Employees have left our organization because they saw job postings with higher ranges elsewhere
- D. Employees have seen a job posting in our organization and realized they were being paid less for a similar job
- E. Employees have expressed appreciation for our transparent approach to pay
- F. Other (please let us know in the Q&A!)

## What employee reactions has your organization experienced due to pay transparency legislation?

(Multiple answer choices allowed.)



More **employees** are asking questions about pay since pay transparency legislation.

# Your pay transparency checklist



Get buy in and commit to build **transparent and consistent pay practices** with a compensation philosophy that embeds fair pay



**Understand the relevant factors that impact pay** in your organization and make sure this part of your compensation philosophy



Ensure you have the **job architecture and pay structures** that allow for appropriate comparisons between groups of employees



Implement pay frameworks and **review where employees fall within these**



Conduct **proactive pay equity analysis** to understand the impact of wage gaps and biases



Training managers and other stakeholders to have **effective conversations** with employees about their pay



Interested in a demo of how PayScale's solutions and data can help you in the wake of emerging pay transparency legislation?

*Let us know you are interested in the open poll and a member of the team will be in touch!*

# Q&A

Feel free to ask any questions in the chat!

