Understanding Massachusetts' New Pay Transparency and Reporting Requirements

By John T. Hugo | Amanda Tramonte

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Massachusetts employers should be aware of a new Massachusetts law that will have an impact on their hiring practices and reporting requirements in 2025. Massachusetts recently joined a growing number of states by enacting a law that imposes new wage disclosure and wage data reporting requirements for employers. On July 31, 2024, Governor Maura Healey signed into law the Frances Perkins Workplace Equity Act (the "Act"). This law requires covered employers to include the proposed range of pay in any job posting beginning on July 1, 2025. The law also imposes on employers additional reporting on wage data beginning on February 1, 2025.

Salary Range Disclosure:

Beginning on July 1, 2025, any public or private employer with 25 or more employees in the Commonwealth must provide the following information:

(1) The pay range for a particular or specific employment position in the posting of the position;

(2) The pay ranges of a position to an employee who is offered a promotion or transfer to a new position with different job responsibilities; and

(3) The pay range for a particular and specific employment position to an employee holding such position, or to an applicant for such position, upon request.

"Pay range" is defined as "the annual salary range or hourly wage range that the covered employer reasonably and in good faith expects to pay for such position at that time." Such range does not include other forms of compensation such as bonuses, commissions or benefits.

"Posting" is defined as "any advertisement or job posting intended to recruit job applicants for a particular and specific employment position, including, but not limited to, recruitment done directly by a covered employer or indirectly through a third party."

Equal Employment Opportunity and Wage Data Reporting:

Furthermore, beginning February 1, 2025, the Act will also require additional reporting requirements of public and private employers with 100 or more employees in the Commonwealth and who are subject to federal EEO disclosures. Those reporting requirements include the obligation to submit aggregate wage data reports to the Massachusetts Executive Office of Labor and Workforce Development. Such reports must include workplace demographic and pay data information such as race, ethnicity, sex and job category. Of note, unions, state and local government, and elementary and secondary schools will be required to submit similar information every other year.

Enforcement:

The Act makes it unlawful for an employer to discharge, retaliate or otherwise discriminate against an employee or applicant for action taken to enforce their rights under this Act.

The Attorney General's office will be given enforcement authority and the ability to impose fines or civil penalties to

covered employers for violations of this law. Such fines and penalties include a warning for an initial violation, $500 fine for a second violation, $1,000 fine for a third violation, and/or an enforcement action under Massachusetts General Laws, chapter 149, section 27C for a fourth and subsequent violation.

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