

insights

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California expands pay equity, limits pay stub requirements

Employers with employees or facilities in California should take note of several recent employment laws signed by California Governor Jerry Brown in recent months.

Pay equity

On September 30, 2016, Governor Brown expanded California's pay equity rules by signing [AB-1676](#). AB-1676 prohibits the use of prior salary, by itself, to set employees' pay and is intended to close the wage gap between employees of different genders and races. On the same day, Governor Brown also signed [SB-1063](#), which prohibits employers from paying an employee less than co-employees based on race or ethnicity for substantially similar work. Employers should consider reviewing their pay structures to ensure they comply with the new laws.

Changes to pay stubs

Earlier this year, on July 31, 2016, Governor Brown signed [AB-2535](#), revising California [Labor Code Section 226](#). The current version of Labor Code Section 226 requires employers to include on a pay stub total hours worked by the employee unless the employee is paid a salary and is exempt from overtime.

Effective January 1, 2017, employers do not need to report total hours worked on a pay stub for employees who are "exempt from the payment of minimum wage and overtime" under specified statutes or any applicable order of the Industrial Welfare Commission, including for persons "employed in an executive, administrative, or professional capacity provided in any applicable order of the Industrial Welfare Commission."

Gender-neutral restrooms

On September 29, 2016, Governor Brown signed [AB-1732](#), which requires all California businesses, government buildings and places of accommodation that have single-occupancy restrooms to identify them with appropriate signage as universally acceptable to all genders by March 1, 2017. Employers with single-user restrooms should start preparing by ordering signage that explicitly states the restroom is gender-neutral.

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