

New Jersey Equal Pay Legislation

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Under Governor Phil Murphy's new administration in 2018, several notable laws have been passed that affect nearly all employers and employees in New Jersey. Employers should be cognizant of the below developments, and other new changes that may take place under a new administration that has made employee rights a key focus.

Equal Pay Legislation

On April 24, 2018, Governor Murphy signed into law what may be the strongest equal pay legislation in the United States. The "Diane B. Allen Equal Pay Act" is to be effective on July 1, 2018.

Who Does this Apply to?

All private and public New Jersey employers must comply with the Equal Pay Act.

What Does the Law Require?

The "Diane B. Allen Equal Pay Act" makes it illegal for employers to offer lower pay or benefits to members of protected classes (including women and minorities) in the workplace compared to other employees performing "substantially similar work."

In the event that lower pay or benefits are offered to individuals who belong to a protected class under the law, the Act requires that employers demonstrate how other non-discriminatory factors including experience, training, productivity, or education, provide a legitimate reason for such differences. Additionally, employers must not only demonstrate a legitimate non-discriminatory reason for such pay differential, but must also show that the reasons cited are not creating a disparate impact on employees that belong to a protected class.

The law further amends the New Jersey Law Against Discrimination to allow an employee to seek six years of back-pay for equal pay violations, and allows employees to seek treble damages against any employer that violates the above standards.

Moreover, employers are barred from retaliating against an employee for seeking legal advice, discussing with any government agency, or discussing among employees or former employees any issues related to compensation or pay practices.

Employers must be aware of these new standards when making decisions related to hiring, promotion, and compensation, as violations are subject to the strong penalties above including the possibility of trebled damages.