SENATE THIRD READING
SB 1237 (Blakespear)
As Amended August 13, 2026
Majority vote

SUMMARY

Increases the penalty amount the Civil Rights Department (CRD) may request a court impose on a business that fails to comply with pay data reporting requirements and requires CRD to annually publish the total number of pay data reports submitted.

Major Provisions

1) Requires the CRD to annually publish the number of total pay data reports submitted, in the aggregate, reasonably calculated to prevent the association of any data with any individual business or person.

2) Increases the civil penalty a court may impose on a business that fails to comply with existing pay data reporting requirements, upon request by the CRD, from a maximum of $200 to a maximum of $1,000 per employee.

COMMENTS

Despite years of legislative efforts to reach pay equity, California's gender and racial pay gaps persists. A recent report from the Civil Rights Department (CRD), based on 2021 pay data reporting, reflected that women overall earn approximately 81 cents for every dollar earned by their white male counterparts, with women of color seeing an even lower average. Latina workers make an average of 44 cents to every dollar earned by a white man, and Black women earn 61 cents for every dollar earned by a white man. (Orbach-Mandel, Nair, and Pryor (California Budget & Policy Center) *California Women's Well-Being Index: Wage Gap Fact Sheet,* August 2024 available at: https://calbudgetcenter.org/app/uploads/2024/08/Fact-Sheet_wagegap.pdf.)

Existing law requires private employers with 100 or more employees to submit pay data to the CRD covering the prior year. The data is required to reflect information relating to employees' race, ethnicity, and sex in specified job categories including executive or senior level positions, mid-level positions, administrative support workers, service workers, and technicians. (Government Code Section 12999(a) – (b).) The statute also requires employers to provide similar reporting related to labor contractors. Repeated failure by an employer to comply with these reporting requirements can expose them to liability of up to $200 per employee through a civil penalty imposed by a court at the request of the CRD. (*Id.* at (f).) These penalties are payable to the Civil Rights Enforcement and Litigation Fund, and the CRD is authorized to use those funds upon appropriation by the Legislature to offset department costs. (Government Code Section 12907(c).)

While impressive in concept, pay data reporting can only help close the wage gap through pay transparency if there is consistent compliance. Unfortunately, it seems that this enforcement is sorely lacking. Supporters claim that at least 400,000 workers' pay data is unaccounted for, significantly hindering any ability to create meaningful pay transparency. According to the author, the lack of pay data reporting is due at least in part to the arguably low civil penalty.

In an attempt to both encourage compliance with pay data reporting requirements and gain insight into the current scheme's efficacy, this bill does two things. First, it increases the potential civil penalty a court may impose for an employer's repeated failure to submit the required pay data report to $1,000 per employee. Second, it requires the CRD to annually publish the number of total pay data reports submitted to the CRD, in the aggregate and reasonably calculated to prevent association of the data with any individual business or person.

According to the Author

> SB 1237, a Legislative Women's Caucus Priority Bill, will strengthen enforcement of California's pay equity reporting law to ensure the Civil Rights Department (CRD) can effectively combat wage discrimination. California has led the nation on equal pay, but our laws are only as strong as their enforcement. Wage disparities persist; for every dollar a man earns, women earn only $0.81 with larger gaps for women of color. For every $1 a white man makes, Black women earn 58 cents and Latina women earn 44 cents.
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> To better identify and address these inequities, California requires companies with 100 or more employees to report annual pay data to CRD, disaggregated by race, ethnicity, sex, and job category. However, CRD is missing pay data for at least 400,000 workers.
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> SB 1237 will strengthen enforcement by increasing the penalty for repeated noncompliance from $200 to $1,000 per employee. Increased penalties will serve as a meaningful deterrent against noncompliance and generate additional resources for more proactive enforcement. This bill ensures employers can’t treat pay data reporting as optional and gives CRD the tools it needs to effectively combat wage discrimination. It is a critical step toward ending persistent wage disparities and delivering real pay equity for women.

Arguments in Support

This bill is sponsored by Hispanas Organized for Political Equality (HOPE) and Power California Action. It is additionally supported by the California Commission on the Status of Women and Girls, the California Legislative Women's Caucus, the California Employment Lawyers Association (CELA), the California Teachers Association (CTA), and Equal Rights Advocate (ERA). In support of the bill HOPE submits:

> While some of this gap can be explained by occupational differences, women, particularly women of color, continue to earn less than men across industries and job categories. To better identify and address these inequities, SB 973 (Jackson, 2020) established a requirement for companies with 100 or more employees to report annual pay data to CRD, disaggregated by race, ethnicity, sex, and job category. Subsequently, SB 1162 (Limón, 2022) expanded this requirement to include labor contractors. These data points are critical for detecting patterns of wage disparity and enforcing anti-discrimination laws. Since implementation, CRD has secured more than $154 million in settlements in alleged sex discrimination cases (California Civil Rights Department, 2024).
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> However, California's pay data reporting system is only as strong as its compliance. In 2023, pay data for approximately 7.9 million workers were reported to CRD, yet an estimated 8.3 million workers were employed by businesses subject to the law, leaving at least 400,000 workers unaccounted for. This gap undermines the state's ability to fully understand and address wage inequities.

Weak enforcement mechanisms are a primary driver of this gap. Current penalties, up to $100 per employee for a first violation and $200 per employee for subsequent violations, are too low to incentivize compliance, particularly for large employers who may treat these fines as a cost of doing business.

Strengthening enforcement is especially important for Latinas not only as workers, but also as business owners. HOPE's research shows that Latina entrepreneurs are a rapidly growing force in California's economy, yet the vast majority operate small businesses with fewer than 100 employees and face disproportionate barriers to capital, growth, and workforce stability. Ensuring a fair and transparent labor market helps level the playing field, supporting responsible small business owners while holding larger employers accountable for compliance.

Arguments in Opposition
The California Chamber of Commerce opposes the bill unless amended, raising concern that the $1,000 penalty represents up to a 400% increase "that is disproportionate to the violation and offers no accompanying notice, cure period, or safe harbor before the heightened penalty attaches."

FISCAL COMMENTS

According to the Assembly Appropriations Committee, likely minor and absorbable costs. CRD reports that it already collects the information required to be reported.

VOTES

SENATE FLOOR: 29-6-5
YES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Reyes, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener
NO: Alvarado-Gil, Choi, Grove, Jones, Ochoa Bogh, Seyarto
ABS, ABST OR NV: Dahle, Gonzalez, Niello, Strickland, Valladares

ASM JUDICIARY: 9-3-0
YES: Kalra, Bauer-Kahan, Bryan, Connolly, Harabedian, Pacheco, Papan, Stefani, Zbur
NO: Macedo, Dixon, Sanchez

ASM APPROPRIATIONS: 11-4-0
YES: Wicks, Arambula, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache
NO: Hoover, Dixon, Ta, Tangipa

UPDATED

VERSION: August 13, 2026

CONSULTANT: Manuela Boucher-de la Cadena / JUD. / (916) 319-2334 FN: 0003503