
UNFINISHED BUSINESS

Bill No: SB 642
Author: Limón (D), et al.
Amended: 9/2/25
Vote: 21

SENATE LABOR, PUB. EMP. & RET. COMMITTEE: 4-1, 4/23/25
AYES: Smallwood-Cuevas, Cortese, Durazo, Laird
NOES: Strickland

SENATE JUDICIARY COMMITTEE: 11-2, 4/29/25
AYES: Umberg, Allen, Arreguín, Ashby, Caballero, Durazo, Laird, Stern, Wahab,
Weber Pierson, Wiener
NOES: Niello, Valladares

SENATE APPROPRIATIONS COMMITTEE: 5-1, 5/23/25
AYES: Caballero, Cabaldon, Grayson, Richardson, Wahab
NOES: Seyarto
NO VOTE RECORDED: Dahle

SENATE FLOOR: 28-10, 6/3/25
AYES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon,
Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Laird, Limón,
McGuire, McNerney, Menjivar, Padilla, Pérez, Richardson, Rubio, Smallwood-
Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener
NOES: Alvarado-Gil, Choi, Dahle, Grove, Jones, Niello, Ochoa Bogh, Seyarto,
Strickland, Valladares
NO VOTE RECORDED: Hurtado, Reyes

ASSEMBLY FLOOR: 58-15, 9/8/25 - See last page for vote

SUBJECT: Employment: payment of wages

SOURCE: California Commission on the Status of Women and Girls
California Employment Lawyers Association

Equal Rights Advocates

DIGEST: This bill aims to strengthen California’s Equal Pay Act by, among other things, (1) revising the definition of “pay scale” for purposes of existing job posting requirements; (2) increasing the statute of limitations on civil actions for employer violations; and (3) specifying what constitutes a cause of action for violations.

Assembly Amendments modified the provisions specifying what constitutes a cause of action by changing from a “discriminatory” decision to a “an alleged unlawful” decision and reduced from 10 to six, the number of years an employee is entitled to reach back to obtain relief for violations.

ANALYSIS:

Existing federal law establishes, under the Equal Pay Act (EPA) of 1963, the term “wages” includes all payments made to [or on behalf of] an employee as remuneration for employment. The term includes all forms of compensation irrespective of the time of payment, whether paid periodically or deferred until a later date, and whether called wages, salary, profit sharing, expense account, monthly minimum, bonus, uniform cleaning allowance, hotel accommodations, use of company car, gasoline allowance, or some other name. Fringe benefits are deemed to be remuneration for employment. (29 Code of Federal Regulations § 1620.10)

Existing state law:

- 1) Establishes within the Department of Industrial Relations, various entities including the Division of Labor Standards Enforcement (DLSE) under the direction of the Labor Commissioner (LC), and empowers the LC with ensuring a just day’s pay and promotes economic justice through robust enforcement of labor laws. (Labor Code §79-107)
- 2) Prohibits, under the California Equal Pay Act, an employer from paying any of its employees at wage rates less than the rates paid to employees of the opposite sex for substantially similar work, when viewed as a composite of skill, effort, and responsibility, and performed under similar working conditions, except where the employer demonstrates a wage differential based on one or more factors, as specified. (Labor Code §1197.5)

- 3) Prohibits an employer from paying any of its employees at wage rates less than the rates paid to employees of another race or ethnicity for substantially similar work, when viewed as a composite of skill, effort, and responsibility, and performed under similar working conditions, except where the employer demonstrates a wage differential based on one or more factors, as specified. (Labor Code §1197.5)
- 4) Establishes exceptions to these prohibitions where the employer demonstrates the wage differential is based upon one or more of the following factors:
 - a) A seniority system;
 - b) A merit system;
 - c) A system that measures earnings by quantity or quality of production;
 - d) A bona fide factor other than sex, such as education, training, or experience which applies only if the employer demonstrates the factor is not based on or derived from a sex-based or race/ethnicity based differential in compensation, is job related, and is consistent with a business necessity, as defined. (Labor Code §1197.5)
- 5) Authorizes an employee receiving less than the wage to which the employee is entitled under these provisions file a complaint with the DLSE, who is then required to prosecute a civil action on behalf of the aggrieved employee(s), or, alternatively, authorizes the employee to file a civil action in court. Employees can recover the balance of wages owed, including interest thereon, and an equal amount as liquidated damages, together with the costs of the suit and reasonable attorney's fees, as specified. (Labor Code §1197.5 (f)-(j))
- 6) Provides that a civil action to recover wages owed may be commenced no later than two years after the cause of action occurs, except that a cause of action arising out of a willful violation may be commenced no later than three years after the cause of action occurs. (Labor Code §1197.5 (i))
- 7) Prohibits an employer from discharging, or in any manner discriminating or retaliating against, any employee by reason of any action taken by the employee to invoke or assist in any manner the enforcement of these provisions. (Labor Code §1197.5 (k))
- 8) Makes it a misdemeanor, punishable by a fine of up to \$10,000 or by imprisonment, or both, for an employer, as specified, except for a public employer, to pay or cause to be paid to any employee a wage less than the rate

paid to an employee of the opposite sex, race, or ethnicity or who reduces the wages of any employee in order to comply with wage protections for an employee of the opposite sex per Section 1197.5. (Labor Code §1199.5)

- 9) Requires an employer, upon reasonable request, to provide the pay scale for a position to an applicant applying for employment or to an employee that is currently employed. Additionally, requires an employer with 15 or more employees to include the pay scale for a position in any job posting. A violation of these provisions authorizes an aggrieved person to file a complaint with the LC, bring a civil action for injunctive relief, and imposes civil penalties upon the employer, as specified. (Labor Code §432.3)
- 10) Defines, for purposes of the pay scale provisions described above, “pay scale” to mean the salary or hourly wage range that the employer reasonably expects to pay for the position. (Labor Code §432.3)
- 11) Requires an employer to maintain records of a job title and wage rate history for each employee for the duration of the employment plus three years after the end of the employment in order for the LC to determine if there is a pattern of wage discrepancy. (Labor Code §432.3)
- 12) Authorizes persons aggrieved by an employers’ violation of the pay history or pay scale posting provisions described above, to file a claim with the LC and authorizes the LC to order a civil penalty of no less than one hundred dollars (\$100) and no more than ten thousand dollars (\$10,000) per violation, as specified. (Labor Code §432.3)

This bill:

- 1) Revises the definition of “pay scale,” for purposes of the salary history and pay scale in job postings provisions of existing law, to mean *a good faith estimate of the salary or hourly wage range that the employer reasonably expects to pay for the position upon hire*.
- 2) Revises the equal pay act provisions to prohibit an employer from paying employees at wage rates less than the rates paid to employees of “another” sex instead of “the opposite” sex as currently described in existing law.
- 3) Increases the statute of limitations on when civil actions can be commenced for violations of the Equal Pay Act from two to three years after the last date the

cause of action occurs. Additionally, entitles an employee to obtain relief for the entire period of time in which a violation exists, but not to exceed six years.

- 4) Specifies that a cause of action occurs when any of the following occur:
 - a) An alleged unlawful compensation decision or other practice is adopted.
 - b) An individual becomes subject to an alleged unlawful compensation decision or other practice.
 - c) When an individual is affected by application of an alleged unlawful compensation decision or other practice, including each time wages, benefits, or other compensation is paid, resulting in whole or in part from the decision or other practice.
- 5) Specifies that nothing in these provisions shall prohibit the application of the doctrine of “continuing violation” or the “discovery rule” to any appropriate claim.
- 6) Adds the following definitions to the provisions of the Equal Pay Act:
 - a) “Sex” has the same meaning as defined in Section 12926 of the Government Code.
 - i) Under Government Code section 12926 “sex” includes, but is not limited to: pregnancy or medical conditions related to pregnancy; childbirth or medical conditions related to childbirth; and breastfeeding or medical conditions related to breastfeeding. Under Government Code section 12926 “sex” also includes, but is not limited to, a person’s gender. “Gender” is defined to mean sex, and includes a person’s gender identity and gender expression. “Gender expression” means a person’s gender-related appearance and behavior whether or not stereotypically associated with the person’s assigned sex at birth.
 - b) “Wages” and “wage rates” include all forms of pay, including, but not limited to, salary, overtime pay, bonuses, stock, stock options, profit sharing and bonus plans, life insurance, vacation and holiday pay, cleaning or gasoline allowances, hotel accommodations, reimbursement for travel expenses, and benefits.
 - i) Specifies that nothing in this paragraph shall be construed to define “wages” or “wage rates” for purposes of any other section of the Labor Code.

Background

Pay Equity. There have been numerous studies dedicated to calculating disparities in earnings between men and women in the workplace over the last fifty years. In 1963, women who worked full-time year-round made 59 cents on average for every dollar earned by a man according to the American Association of University Women (AAUW). In 2023, women working full time in the United States typically were paid just 83 percent of what men were paid - \$55,240 compared to \$66,790 - leaving women and their families at a persistent financial disadvantage.¹ According to the AAUW, the pay gap challenges grow even more complex for women of color, LGBTQ+ women, and women with disabilities, who face compounded inequities.²

The wage gap is even larger for women of color. As noted by the AAUW, America's history of slavery, segregation, and immigration policies has created deeply rooted systemic inequalities that persist today. Among women who hold full-time, year-round employment in the United States in 2023, black women earned 66% for every dollar earned by white, non-Hispanic men, while Latinas earned 58 percent for every dollar. Asian women earned 94 percent and white, non-Hispanic women earned 80% for every dollar earned by a man.³

In recognition of the pay inequities that continue to plague our country, over the past decade, the California Legislature has passed several efforts attempting to close the gender pay gaps. This bill [SB 642] continues efforts to strengthen California's Equal Pay Act by requiring more transparency in job postings and increasing remedies for violations.

Need for this bill? According to the author: "On average, women nationwide lose a combined total of almost \$1.7 trillion every year due to the wage gap. This impacts the ability of women to afford basic necessities like housing, food, and childcare, and also jeopardizes women's long-term financial security by hindering retirement savings. Research suggests that women have approximately 30 percent lower income in retirement than men and women receive Social Security benefits that are, on average, 80 percent of those men receive.

¹ American Association of University Women, "The Not So Simple Truth About the Gender Pay Gap," 2025 Update. https://www.aauw.org/app/uploads/2025/03/The_Simple_Truth_Gender_Pay_Gap_2025_3.28.pdf

² Ibid.

³ Ibid.

In California, the wage gap persists at 79 cents to the dollar for women overall in the state, with much larger gaps for women of color. It is imperative that we continue to proactively address gaps and loopholes in the law. SB 642 makes reforms to the California Equal Pay Act to ensure workers can effectively enforce their rights. Strengthening protections in California is crucial given uncertainty of pay equity and pay transparency laws at the federal level.”

[NOTE: Please see the Senate Labor, Public Employment and Retirement Committee analysis on this bill for more background information and information on prior legislation.]

Related/Prior Legislation

SB 464 (Smallwood-Cuevas, 2025) would, among other things, expand existing pay data reporting requirements to public employers, as defined.

AB 1251 (Berman, 2025) would require private employers that publicly advertise a job posting to include in the posting a conspicuous statement disclosing whether the posting is for an existing vacancy or not. The bill makes a violation of these provisions an unfair competition and authorizes the California Privacy Protection Agency to issue an administrative fine or cease and desist order. The bill requires the Labor Commissioner to investigate alleged violations.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Assembly Appropriations Committee:

- 1) Costs of approximately \$213,000 in the first year and \$201,000 annually thereafter to the Labor Commissioner (LC) to investigate additional or expanded equal pay complaints and initiate related civil actions on behalf of affected employees to recover unpaid wages and liquidated damages (Labor Enforcement and Compliance Fund).
- 2) Minor and absorbable costs to the Civil Rights Department, which has similar authority to investigate complaints and initiate civil actions.
- 3) Costs of an unknown, but potentially significant amount, to the state as an employer, to the extent this bill allows additional or expanded civil actions against the state to proceed or results in additional relief owed to an employee (General Fund (GF) or special fund).

- 4) Cost pressures (GF or Trial Court Trust Fund (TCTF)) of an unknown, but potentially significant amount, to the courts in additional workload by broadening allowable civil actions to enforce an equal pay violation. It is unclear how many actions may be filed statewide, but the estimated workload cost of one hour of court time is \$1,000. Although courts are not funded on the basis of workload, increased pressure on staff and the TCTF may create a demand for increased court funding from the GF to perform existing duties. The Budget Act of 2025 provides \$82 million ongoing GF to the TCTF for court operations.

SUPPORT: (Verified 9/8/25)

California Commission on the Status of Women and Girls (Co-source)

California Employment Lawyers Association (Co-source)

Equal Rights Advocates (Co-source)

AAUW California

Alliance for a Better Community

Alliance of Californians for Community Empowerment Action

American Association of University Women

Asian Americans Advancing Justice Southern California

California Latinas for Reproductive Justice

California National Organization for Women

California Nurses Association

California Rural Legal Assistance Foundation

California Women Lawyers

California Women's Law Center

Child Care Law Center

Consumer Attorneys of California

Courage California

Disability Rights California

End Child Poverty CA

Equality California

Friends Committee on Legislation of California

Fund Her

Golden State Opportunity

Hispanas Organized for Political Equality

Indivisible CA: StateStrong

Initiate Justice

Latina Coalition of Silicon Valley

Legal Aid at Work
Mujeres Unidas y Activas
National Council of Jewish Women California
National Employment Law Project
National Women's Political Caucus of California
Parent Voices California
TechEquity Action
VALOR
Women's Foundation California

OPPOSITION: (Verified 9/8/25)

California Association of Winegrape Growers
California Chamber of Commerce
California Farm Bureau
California Retailers Association
Civil Justice Association of California
Housing Contractors of California
National Federation of Independent Business
Public Risk Innovation Solutions and Management
Valley Industry and Commerce Association

ARGUMENTS IN SUPPORT: According to the sponsors of the measure:

“Historically, companies have tried to keep worker compensation secret. Because of this secrecy, workers do not become aware of equal pay violations unless and until their coworkers voluntarily disclose their compensation information that is otherwise kept a secret. When workers discover they are not paid equally to their coworkers of a different sex, race, or ethnicity, it is often too late to seek unpaid wages for many years of the equal pay violations...

This bill will also apply the ‘continuing violations’ doctrine to the Equal Pay Act, allowing workers to recover *all* of the pay that they have lost because of their employer’s ongoing discriminatory compensation decision or practice. Generally, the continuing violations doctrine allows workers to seek recovery for unlawful conduct that takes place outside the statute of limitations, so long as that conduct is sufficiently connected to conduct that took place within the limitations period. *See Richards v. CH2M Hill, Inc.* (2001) 26 Cal. 4th 798, 798. This provision will ensure workers can recover all of the pay that they have lost because of their employer’s ongoing discriminatory compensation decision or practice.”

ARGUMENTS IN OPPOSITION: A coalition of employer organizations, including the California Chamber of Commerce, are opposed and write:

“Our outstanding concern with SB 642 is proposed subdivision (i)(2) in Section 1197.5. That language allows recovery under the Equal Pay Act to reach back as far as ten years, which is *five times* the present statute of limitations. One of the reasons statute of limitations exist is to ensure memories and evidence are fresh. For example, last year Governor Newsom vetoed a bill that would have created a seven-year statute of limitations period for certain claims under the Fair Employment and Housing Act. While SB 642 is only concerned with the look-back period of recovery (as opposed for the amount of time a plaintiff has to file a case once a cause of action occurs), the rationale is the same here. A ten-year look back period means the parties must litigate the events of the last ten years, including the nature of the plaintiff’s job duties and performance as compared to work of their colleagues. The risk for the fading of memories or lack of evidence here is very high. Enacting a ten-year period here sets a troubling precedent for purposes of statutes of limitations and remedies issues.”

Ayes: Addis, Aguiar-Curry, Ahrens, Alvarez, Arambula, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Elhawary, Fong, Gabriel, Garcia, Gipson, Mark González, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Ortega, Pacheco, Papan, Patel, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Ward, Wicks, Wilson, Zbur, Rivas

Noes: Ávila Farías, Castillo, DeMaio, Dixon, Ellis, Gallagher, Jeff Gonzalez, Hadwick, Johnson, Lackey, Macedo, Patterson, Sanchez, Ta, Tangipa

No Vote Recorded: Alanis, Chen, Davies, Flora, Hoover, Nguyen, Wallis

Prepared by: Alma Perez-Schwab / L., P.E. & R. / (916) 651-1556
9/8/25 19:51:47

**** END ****