



SENATOR  
**CATHERINE BLAKESPEAR**  
SENATE DISTRICT 38



## **SB 1237: Pay Equity Enforcement**

### SUMMARY

SB 1237 would strengthen enforcement of California's pay equity reporting law to ensure the Civil Rights Department (CRD) can effectively combat wage discrimination.

This bill increases civil penalties for employers that repeatedly fail to submit mandatory pay data reports to CRD, and requires CRD to publicly report on the penalties associated with violations.

### BACKGROUND

Despite California's nation-leading equal pay protections, wage disparities [persist](#). For every dollar a man earns, women only earn \$0.81 with larger gaps for women of color. For every \$1 a white man makes, Black women earn \$0.58 and Latina women earn \$0.44.

While some of this gap can be explained by men and women having different jobs, women continue to earn less than men in every industry and in all 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 also include labor contractors.

These data are critical for detecting patterns of wage disparity and enforcing

anti-discrimination laws. Since implementation, CRD has secured more than [\\$154M](#) in settlements in alleged sex discrimination cases.

### PROBLEM

California's pay data reporting system is only as strong as its compliance. In 2023, the most recent year for which data are available, pay data for approximately [7.9 million workers](#) were reported to CRD.

However, according to California's Employment Development Department, [around 8.3 million](#) people were employed by businesses subject to the law, excluding contract workers. This means CRD is missing pay data for at least 400,000 employees.

The primary reason for this gap in pay data is weak enforcement mechanisms. Penalties for noncompliance are too low to incentivize full participation. Currently, employers can be fined up to \$100 per employee for a first violation and up to \$200 per employee for subsequent violations—amounts so small that large employers may view these penalties as simply the cost of doing business.

Enforcement of existing law is also inefficient. Currently, CRD must pursue penalties through court action, which is more expensive and time-consuming than administrative enforcement. Further, CRD can recover court fees, but not attorneys' fees. Courts also retain discretion over whether to impose penalties and in what amount, up to the statutory limits. While [SB 464](#) (2025, Smallwood-Cuevas) will require courts to

impose penalties starting in 2027, low penalty amounts will continue to undermine compliance.

## SOLUTION

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SB 1237 strengthens enforcement by raising the penalty for repeated noncompliance from \$200 to \$1,000 per employee, aligning with the penalty for repeated failure to provide [paystubs](#).

Increased penalties will serve as a meaningful deterrent against noncompliance and generate additional resources for more proactive enforcement—potentially up to \$320M to CRD. In either case, CRD will have more tools to enforce pay discrimination laws.

The bill would also promote transparency and accountability by requiring CRD to publicly report the penalties assessed, collected, and those that are outstanding, as well as how those funds are spent.

## SUPPORT

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Hispanas Organized for Political Equality  
(HOPE) (cosponsor)  
Power California Action (cosponsor)  
California Employment Lawyers  
Association  
California Legislative Women's Caucus  
Equal Rights Advocates

## STAFF CONTACT

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