

CLIENT UPDATE

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CALIFORNIA RELEASES PRELIMINARY GUIDANCE ON CHANGES TO THE UPCOMING PAY DATA REPORT

The California Civil Rights Department (“CRD”) released preliminary templates and FAQs detailing changes to reporting requirements for the 2025 California Pay Data Reports (to be filed in 2026). These changes will impact the queries that employers use to pull the data for this report. CRD notes that there may be changes between the preliminary guidance and the official reporting requirements, which will be announced in February. The preliminary materials add three major elements to the report:

- Employee exemption status: separating lines on the report by “Exempt” or “Nonexempt” based on exemption from the minimum wage and overtime provisions of the California Industrial Welfare Commission wage orders and/or the Fair Labor Standards Act.
- Employment status: separating employees by full time, part time, or intermittent work schedules.

- The sum of weeks worked for employees in each line of the report: Weeks “worked” include weeks paid for leave or time off and will be required in addition to the existing requirement to report on hours worked. The guidance for determining weeks worked for employees is similar to the guidance for reporting employee hours in previous reports. Labor contractor employers must report on the weeks labor contractor employees worked for the filing client employer.

Each of the changes apply to both payroll employee reports and labor contractor employee reports. Employers should watch for CRD to release the official updated materials and ensure their systems and their labor contractors are prepared to provide the necessary data for the report. The 2025 California Pay Data Reports will be due on May 13th, 2026.

A new law (SB 464) signed by California Governor Gavin Newsom in October 2025 will require employers to report employee job categories based on the Standard Occupational Classification (SOC) Major Groups (23 separate job categories) rather than on EEO-1 categories (10 separate job categories) in the 2026 reports (to be filed in 2027). As CRD expands the criteria used to categorize employees in the report, lines in the report will increasingly contain compensation and hours data for single employees rather than aggregated groups. This change will go into effect for the reports due in 2027 based on 2026 data.

If your organization would like assistance in assigning SOC codes or vetting existing SOC codes, please contact us.

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