



# California Pay Data Reports Are Due May 14: A 4-Step Employer Action Plan

Insights

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Attention, California employers: You only have until May 14 to report last year's pay data to the state, and you need a plan of action to comply with this stringent law. As in past years, the California Civil Rights Department (CRD) has updated its detailed FAQs to provide additional guidance to employers, and we've combed through it all to come up with a simple four-step plan for you to comply.

## Quick Background

Each year since 2021, California has required large, private employers to report detailed pay data categorized by gender, race, and ethnicity. The state's pay data reporting requirements, which stem from a law enacted in 2020, have been updated and expanded several times (see, for example, key changes made by lawmakers in 2022 and by the CRD last year).

## What's New This Year?

- **Submission Deadline:** The deadline for filing your 2024 pay data is **May 14**.
- **Portal Enhancements:** The CRD has refined the reporting portal and Excel templates to improve user experience. For instance, in the updated Excel templates, users can hover over column headings to view relevant instructions. It's crucial to use the latest templates, as submissions using outdated versions will be rejected.
- **Pay Data Reporting Handbook:** The CRD published a new handbook resource that includes an overview of requirements, instructions for filing, and key definitions.
- **New Race and Ethnicity Category:** For the first time, the CRD is permitting employers to report Middle Eastern or North African (MENA) under a separate race/ethnicity category if that information is available (otherwise, employers may continue reporting MENA employees following prior guidance that grouped MENA under the "White" category). The new MENA category, which aligns with the federal government's recently updated race and ethnicity data standards, includes individuals with origins in any of the original peoples of the Middle East or North Africa, including, for example, Lebanese, Iranian, Egyptian, Syrian, Iraqi, and Israeli.

## What's Not Changing?

All other California pay data reporting requirements and penalties that applied last year continue to be in effect for reports due this year, including key updates made in prior years:

- **Remote Work Data:** Employers must report the number of employees working onsite, remotely from California, and remotely outside of California.
- **Labor Contractor Employee Data:** Employers with 100 or more workers hired through labor contractors must submit separate reports detailing pay and demographic data for these workers.
- **Penalties for Non-Compliance:** The CRD is authorized to impose penalties on employers that fail to file required reports, as well as on labor contractors that fail to provide necessary data to client employers. Penalties for non-filers include civil penalties of **\$100 per employee**, with the penalties increasing to **\$200 per employee** for any subsequent failure to file.

## 4-Step Employer Action Plan

### 1. Determine if you must file – even if you are outside of California

You must file a pay data report with the CRD this year if you are a private employer and in 2024 you:

- had 100 or more employees and at least one employee based in California (in which case a Payroll Employee Report is due); or
- used 100 or more labor contractor employees hired through labor contractors and at least one of those workers was based in California (in which case a Labor Contractor Employee Report is due).

### 2. Use the updated resources and templates provided

Make sure you are using the CRD's latest templates when you file this year – the agency has made it clear that submissions using outdated versions may be viewed as invalid and noncompliant. Consult with the CRD's updated [User Guide](#) to ensure you complete the templates in a compliant manner, as well as the agency's [updated FAQs](#) and new [Pay Data Reporting Handbook](#) regarding the overall process.

### 3. Ensure pay data is accurate and compliant with the latest reporting changes

Maintaining precise records of employee demographics, pay data, and work locations is critical to meet your reporting requirements each year. Remember, collecting employees' self-identified race/ethnicity information is the CRD's preferred method of identifying such information. If an employee declines to state their race/ethnicity, you may identify this information using (in the following order):

- current employment records;

- other reliable records or information; or
- observer perception.

If you must use observer perception (which should be used only after making a good faith effort to obtain race/ethnicity information from the employee or from other reliable records), you should note that you have done so in the “Clarifying Remarks” field.

This year, you should also keep in mind the new MENA category and make good faith efforts to collect that information. However, we recognize that collecting this information may be difficult, since it generally is not collected via other documents. The CRD appears to acknowledge this as well, as its updated FAQs state that employers “may” report MENA information under the new category “if this information is available.”

#### **4. Timely submit pay data reports to avoid potential penalties**

Make sure to electronically submit your pay data reports through the CRD’s [portal](#) by **May 14** to avoid the potential penalties described above. Designate the individual or team for ensuring all relevant information is gathered and the Payroll Employee and Labor Contractor Employee reports are timely filed. With the filing deadline just around the corner, the time to act is now (if you have not done so already) to ensure compliance and get any questions about the new requirements answered well before the deadline.

#### **Conclusion**

We will continue to monitor updates from the CRD on pay data reporting requirements and required report formatting. Make sure you are subscribed to [Fisher Phillips’ Insight System](#) to get the most up-to-date information. Our attorneys can assist you in preparing your company’s pay data reports. Any questions may be directed to your Fisher Phillips attorney, the authors of this Insight, an attorney in our [Pay Equity and Transparency Practice Group](#), or an attorney in [any of our California offices](#).

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