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Connecticut Enacts New Pay Secrecy Law

On July 1, 2015, the General Assembly passed "An Act Concerning Pay Equity and Fairness" designed to root out "pay secrecy." A day later, on July 2, 2015, Governor Malloy signed the Act into law. The new statute, Public Act 15-196, bars employers with one or more employees from:

1. Prohibiting employees from disclosing, inquiring about, or discussing the amount of his or her wages or the wages of another employee;
2. Requiring an employee to sign a waiver or other document that purports to deny the employee his or her right to disclose, inquire about, or discuss the amount of his or her wages or the wages of another employee; or
3. Discharging, disciplining, discriminating against, retaliating against, or otherwise penalizing any employee who discloses, inquires about, or discusses the amount of his or her wages or the wages of another employee.

A private right of action is authorized under the statute that allows employees who believe their employer has violated the new law to file a lawsuit for compensatory

damages, attorneys' fees and costs, punitive damages, and equitable relief. The statute of limitations runs for two years from the date of the alleged violation.

Substantively, the restrictions largely mirror those already in place by operation of the National Labor Relations Act ("NLRA"), which generally protects the right of employees to communicate in regard to the terms and conditions of employment, including wages. However, certain small employers may not be covered by the NLRA and, more importantly, Connecticut's law broadly defines "employee" to mean "any individual employed or permitted to work by an employer" and, therefore, extends to managerial and supervisory personnel who fall outside the scope of the NLRA. Accordingly, suits can, in theory at least, be initiated by rank-and-file employees, senior executives, and anyone in between.

With the law taking effect immediately, Connecticut employers should review their handbooks, policies, contracts, and other documents to ensure they do not prevent or limit employee discussions about wages. Moreover, employees who engage in such discussions going forward, both inside and outside of the office, should not be subject to discipline on that basis alone.

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