CLIENT ALERTS & INSIGHTS

Cleveland City Council Passes New Pay Transparency and Salary History Ordinance

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On April 28, 2025, the Cleveland City Council passed Ordinance No. 104-2025 (the "Ordinance"), which requires employers to provide an open job's salary range on job postings and prohibits employers from inquiring about an applicant's salary history. The purpose of the Ordinance is to "ensure that compensation is based on the qualifications, experience, and responsibilities of the position rather than the applicant's identity or background." The City of Cleveland joins several other states and cities-including Columbus, Cincinnati, and Toledo-that have enacted similar legislation.

Below is an overview of key points from the Ordinance that employers should consider:

- **Covered Employers.** The Ordinance defines an "employer" as any entity that employs 15 or more persons in the City of Cleveland, including job placement, referral, and other agencies that operate on behalf of an entity that meets the definition of an employer. The City of Cleveland is considered an employer, but all other local, state, and federal government units are excluded from the definition of employer.
- **Salary Transparency.** Employers are required to include the salary range or scale in all job notifications, advertisements, or other formal postings. The Ordinance broadly defines "salary" to include wages, commissions, hourly earnings, other monetary earnings, and benefits.
- **Salary History.** The Ordinance makes it an unlawful discriminatory practice for employers to: (1) inquire about an applicant's current or prior salary; (2) screen an applicant based on their current or prior salary; (3) rely solely on an applicant's current or prior salary in deciding whether to make an offer of employment or determining the applicant's salary; or (4) refuse to hire or otherwise retaliate against an applicant for not disclosing their current or prior salary. Notwithstanding the foregoing, employers are permitted to engage in discussions with applicants about their salary expectations without inquiring about their current or prior salary. Furthermore, applicants are not prohibited from voluntarily disclosing their salary history information to employers.
- **Exemptions.** The Ordinance does not apply to: (1) applicants for internal transfers or promotions; (2) applicants who are re-hired by an employer if the employer already has the applicant's salary history; (3) independent contractors; or (4) positions for which the salary is determined by collective bargaining procedures.
- **Civil Penalties.** Employers who violate the Ordinance may be assessed civil penalties ranging from $1,000 for a first violation to $2,500 for a second violation and $5,000 for a third violation within the past five years.

The Ordinance is currently pending the approval of Cleveland Mayor Justin Bibb and will take effect six months thereafter. Employers covered by the Ordinance should work with counsel to review their job postings and ensure they include the required salary range or scale, modify their hiring practices to remove any questions about salary history, and train employees involved in the hiring process on the requirements and prohibitions of the Ordinance.

For more information, please contact a member of Benesch's Labor & Employment Practice Group.

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