Published on The National Law Review https://natlawreview.com

#MeToo-Inspired Laws Hit the Midwest: Illinois Passes Antiharassment, Pay Equity, and Board Diversity Legislation

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After ending 2018 with a slew of <u>new employment laws</u>, Illinois continues to enact legislation impacting employers. Following the example set by California, Washington, and other states recently, the Illinois legislature passed four new bills targeting equity, transparency, and discrimination last week, and Governor J. B. Pritzker is expected to sign them into law. This gives Illinois companies the opportunity to reevaluate their policies and practices with regard to sexual harassment, equity, and discrimination.

Illinois State Law Changes

• Sexual Harassment (Senate Bill 75)

As the <u>#MeToo movement</u> continues to be a top priority of state legislatures throughout the country, Illinois joins several other states, such as <u>Arizona</u>, <u>California</u>, Delaware, Oregon, <u>Louisiana</u>, Maine, <u>Maryland</u>, <u>New Jersey</u>, <u>New York</u>, Tennessee, Vermont, and <u>Washington</u>, in passing proactive legislation on the topic. <u>SB 75</u> contains several provisions designed to prevent harassment and discrimination in the workplace.

First, the law limits unilateral nondisclosure agreements and mandatory arbitration agreements relating to sexual harassment and employment discrimination claims. It remains to be seen whether, upon challenge, courts will find this law and others like it that prohibit arbitration agreements to be preempted by the Federal Arbitration Act.

The legislation also requires employers to disclose to the Illinois Department of Human Rights (IDHR) by July 1, 2020, and each July 1 thereafter, the total number of final adverse administrative rulings or judgments in the preceding year and whether any equitable relief was ordered. In addition, SB 75 requires employers to disclose to the IDHR during an investigation the total number of settlements entered into during the preceding five years that relate to any act of alleged sexual harassment or unlawful discrimination. However, the law prohibits the IDHR from relying on the existence of any settlement to support a finding of substantial evidence.

SB 75 also permits employees who are victims of gender-based violence to take unpaid leave and requires hotels and casinos to provide employees working in isolated spaces with panic buttons to prevent sexual harassment or assault.

Finally, under this law Illinois joins California, New York, Delaware, Connecticut, and Maine in requiring employers to hold annual sexual harassment training for all employees. Like New York's law, SB 75 calls for the IDHR to produce a model sexual harassment training program, including a program specifically tailored to the restaurant and bar industry.

• Equal Pay Act (House Bill 834)

HB 834, like <u>recent legislation in Colorado</u>, <u>Washington</u>, and <u>Maine</u>, prohibits employers from screening prospective employees based on salary histories and bars employers from requesting or requiring prospective employees to provide their salary history as a condition of being considered for employment. Importantly, the law expressly states that it does not apply to current employees applying for promotions or transfers with the same employer. The law also expressly permits discussions about an applicant's expectations with respect to compensation and benefits.

HB 834 would ban employers from requiring employees to sign a contract or waiver that would forbid the employee from discussing compensation information (though human resources employees and supervisors may be prohibited from disclosing compensation information learned in their jobs).

This legislation amends Illinois's Equal Pay Act of 2003. The law previously prohibited discrimination in pay among jobs that require "equal" skill, effort, and responsibility, but the new law will require employers to compare jobs that require "substantially similar" skill, effort, and responsibility. It also now requires that any factor that accounts for a pay differential must not be "based on or derived from a differential in compensation based on sex or another protected characteristic," must be job related and consistent with business necessity, and must account for the entire differential. Employers that violate the law may be subject to compensatory or punitive damages. These changes to the Illinois Equal Pay Act may, therefore, call for a fresh look at an employer's pay equity analysis.

• Lower Threshold for "Employer" under the Illinois Human Rights Act (House Bill 252)

HB 252 amends the Illinois Human Rights Act (IHRA) and provides that "employer" includes any person employing one or more employees within Illinois during 20 or more calendar weeks within the calendar year of or preceding the alleged violation. This significantly expands the previous definition of employer, which included any person employing 15 or more employees in Illinois (matching Federal Title VII's requirements).

• Disclosure of Board Demographics (House Bill 3394)

HB 3394 requires publicly traded companies based in Illinois to report the demographics of their board and executives, including the self-identified gender and race of each member of its board. The University of Illinois will then publish an annual report card on Illinois companies' diversity. Companies will also need to report on their policies and practices for promoting diversity. A previous version of the bill would have required companies to include at least one woman, one African-American, and one Latino on their boards, but these requirements were removed from the bill before

it was passed by the state legislature.

Practical Takeaways for Employers

Employers should be acutely aware of how these legislative changes affect their workplaces. To prepare for the implementation of the laws above, employers doing business in Illinois may consider doing the following:

- Ensuring their sexual harassment and discrimination policies comply with the requirements outlined in SB 75
- Adopting annual sexual harassment trainings that cover the standards set forth in Illinois law and federal law and preparing for such trainings
- For employers with under 15 employees that were previously not covered by the IHRA, reevaluating policies to ensure they are in compliance
- Limiting the use of arbitration or nondisclosure agreements with respect to harassment claims where necessary, and revising all employment agreements to ensure their nondisclosure and arbitration clauses meet the standards set forth in SB 75
- Adjusting hiring or recruitment processes to eliminate questions about salary history as required by HB 834
- Conducting privileged pay equity audits to evaluate compliance with the amended Illinois Equal Pay Act

Although #MeToo has not changed the fundamentals of federal discrimination law, the cultural shift continues to place new obligations on employers.

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National Law Review, Volume IX, Number 163

Source URL: https://natlawreview.com/article/metoo-inspired-laws-hit-midwest-illinois-passes-anti-harassment-pay-equity-and-board