



# The Wild West of Pay Transparency

Understanding how rapidly changing legislation will impact compensation practices in Texas

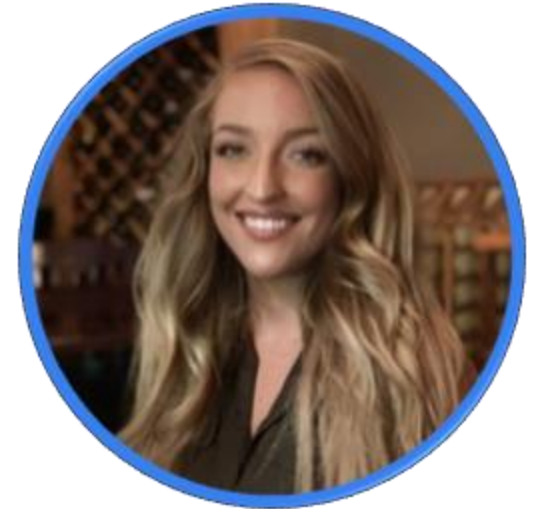
# Great to be here with you!



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## During this session, we will discuss:

- Pay communication legislation (past, present, future)
- Its impact on employers and employees
- How to respond and prepare



**Would you rather ask your colleague...**





**Leveling the playing field for pay equity**

# You need to decide how transparent you will be

## Pay transparency

1. The degree to which employers are open about and communicate pay information internally and externally



# Legislation





# Pay's not so secret anymore



## National Labor Relations Act (1935)

All private sector employees have the right to communicate with coworkers about wages



## Salary history bans

August 2016:  
Massachusetts was first state to pass this. To date there are 29 states (plus Washington D.C) with salary history bans



## Pay transparency during job interviews

January 2018:  
California was first state to pass a law about pay transparency during *interview process law*



## Pay transparency in job advertisements

January 2021: Colorado was first state to pass a law about pay transparency in *job advertisements*



# Three buckets of legislation

## Pay transparency

Verbal



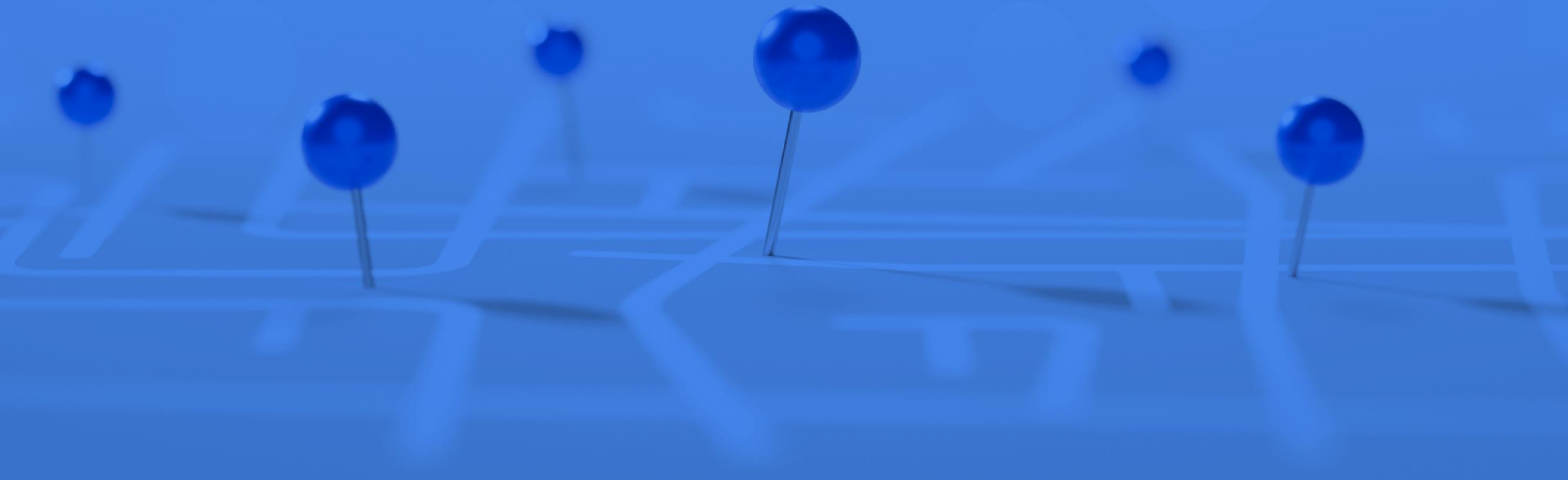
Job postings



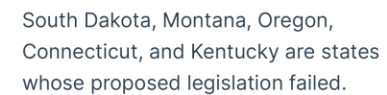
## Pay communication



**Pay transparency is  
coming to a state near you**

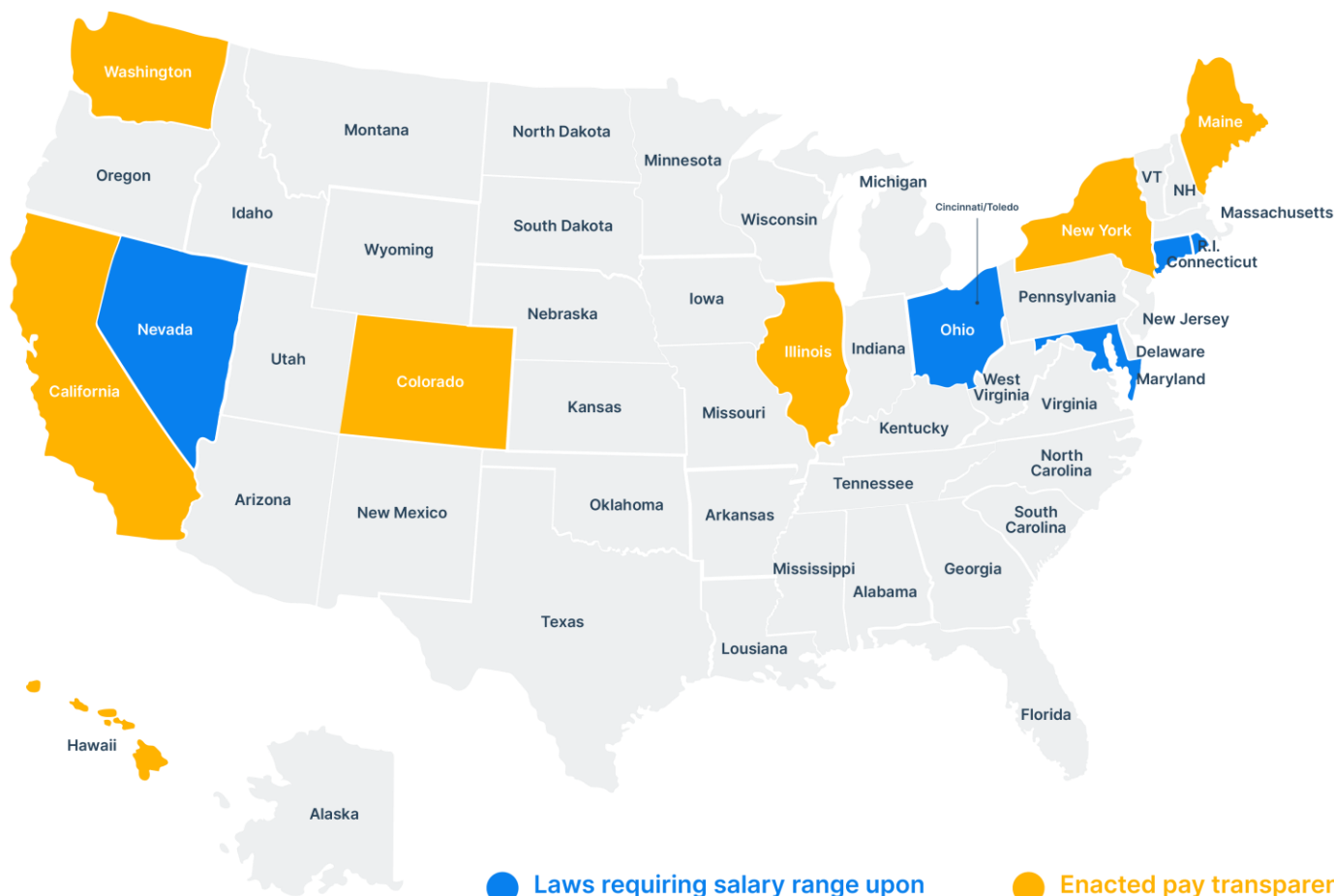


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# Pay Transparency Legislative Landscape

Enacted pay transparency laws



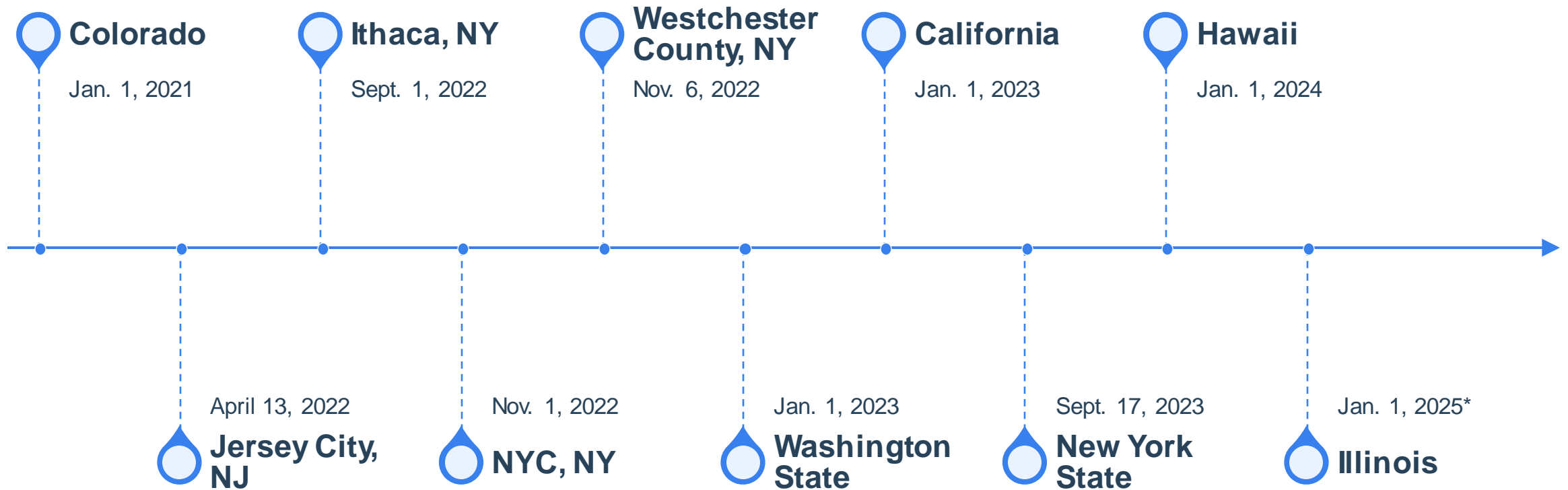
1 in 4 workers live in a state that has some form of pay transparency legislation

● Laws requiring salary range upon request/during interview process.

● Enacted pay transparency laws requiring salary ranges in job postings.



# Pay transparency legislation in job postings



# Pay Communication Legislative Landscape

States that will require pay communication



● States that have passed pay communication legislation

● State that have proposed pay communication legislation



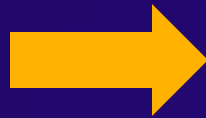
# Salary Transparency Act Proposal (H.R. 1599)

Must provide employee the wage range for their role **upon hire** and **at least annually** and **upon the employee's request**.



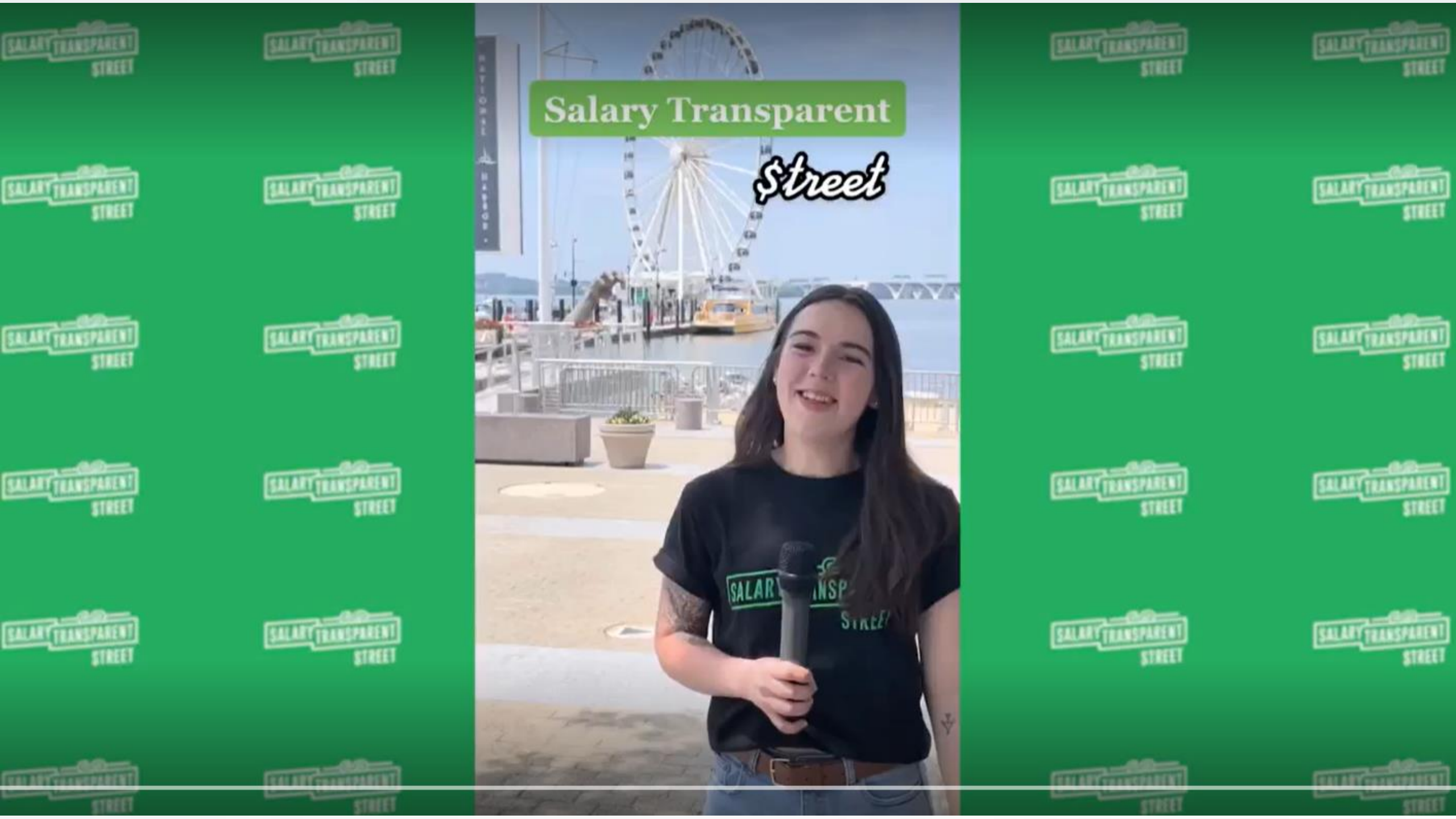
# EU Pay Transparency Directive

**Right to information  
for employees**



- Average pay levels, broken down by sex, for categories of employees doing the same work or work of equal value
- The criteria used to determine pay and career progression, which must be objective and gender neutral





Salary Transparent

*Street*



# Impact



Employees who work for a  
very opaque organization are

***183% more likely to leave***

relative to a highly transparent organization.

*Payscale's Fair Pay Impact Report*

**66% of orgs**

that include pay ranges on job postings say that doing so has increased the quality of applicants they are seeing.

**65% of orgs**

that include pay ranges on job postings say that doing so makes them more competitive in attracting top talent.

*SHRM Research: Pay Transparency, March 2023*



# The pay transparency landscape: by the numbers

**43.7 %**

of current job postings  
include salary ranges  
- Hiring Lab

**70 %**

of organizations that post salary  
ranges say it has generated  
more applicants  
- SHRM

**73 %**

of US workers are more likely to  
trust organizations that provide  
a salary range in job postings  
- SHRM

**66 %**

of organizations that post salary  
ranges say it has increased the  
quality of applicants  
- SHRM

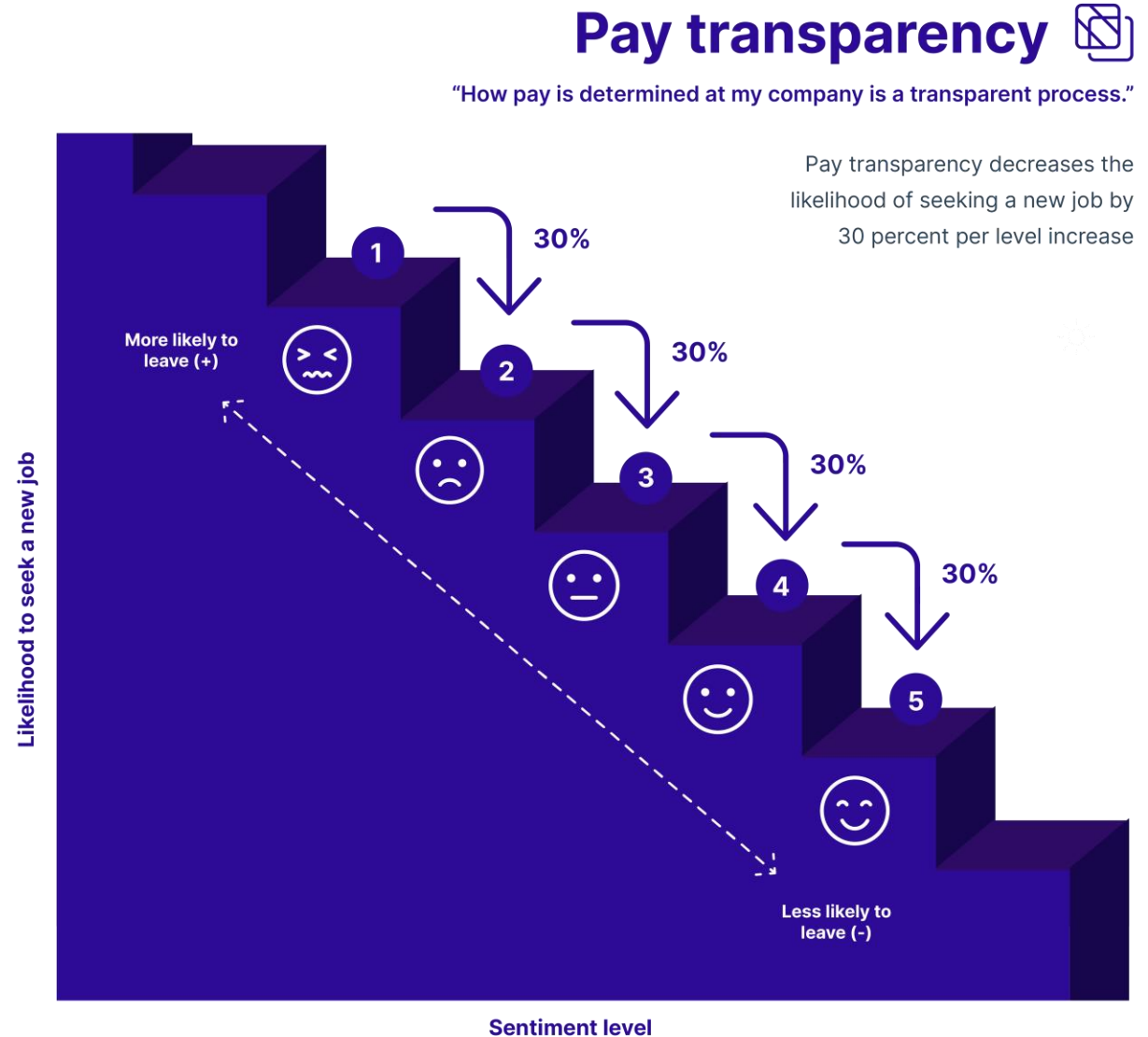
**1 in 4**

Americans live in a state with  
pay transparency laws  
- Marketplace

Pay transparency has a positive impact on retention overall, especially when combined with comp strategy, pay communications, and pay equity.

Pay transparency decreases likelihood of seeking a new job by 30 percent (*varies by generation*)

*Payscale's 2023 Retention Report*



# Response

# You need to decide how transparent you will be

## Pay transparency

1. The degree to which employers are open about and communicate pay information internally and externally





# What employees want to know about pay



What is my pay and total reward offering?



How does my pay compare to that of others?



How was my pay determined?

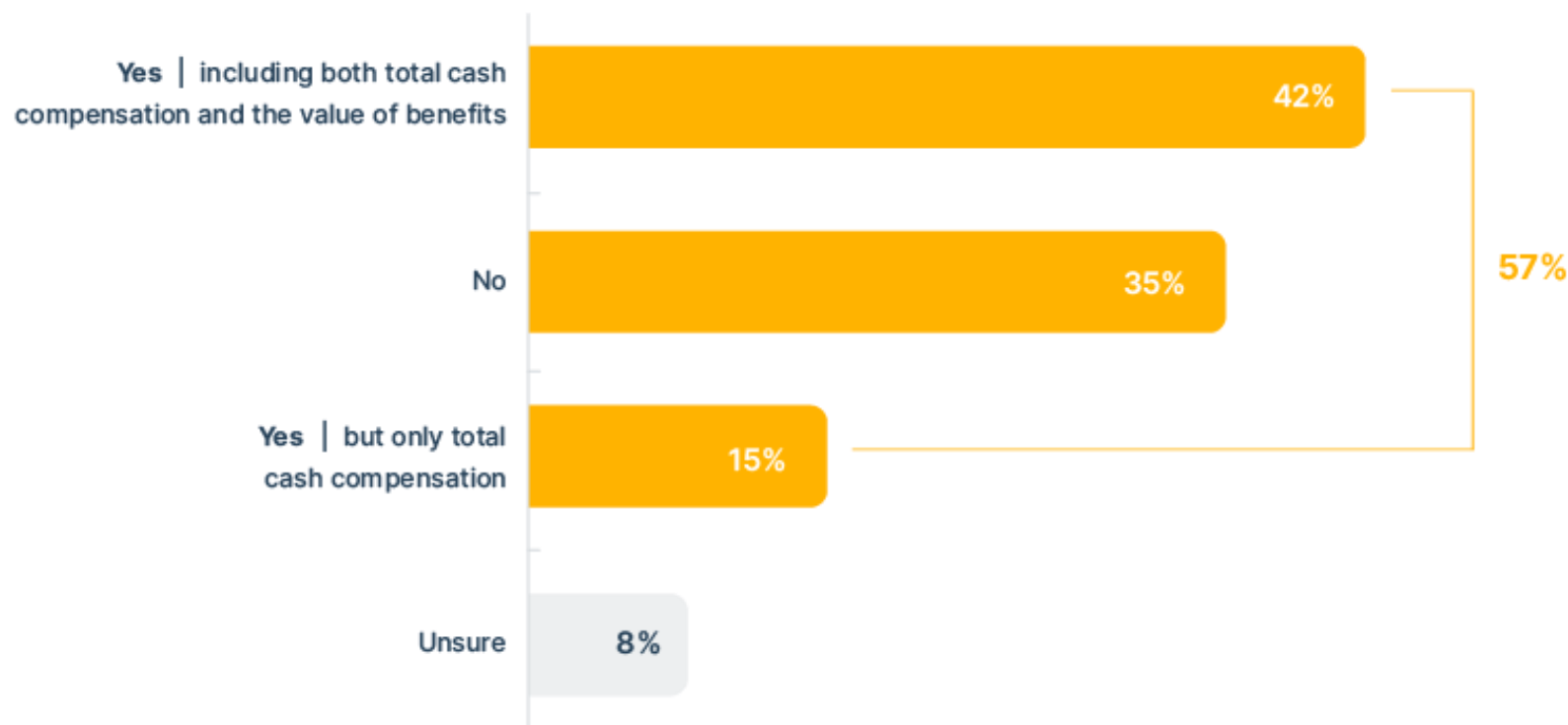


How can I progress my pay?

# What is my pay and total reward offering?

## Employers that provide a total rewards statement

*A total rewards statement outlines all of an employee's rewards and often applies a monetary value to non-cash items. Does your organization provide this kind of statement to employees?*



# What employees want to know about pay



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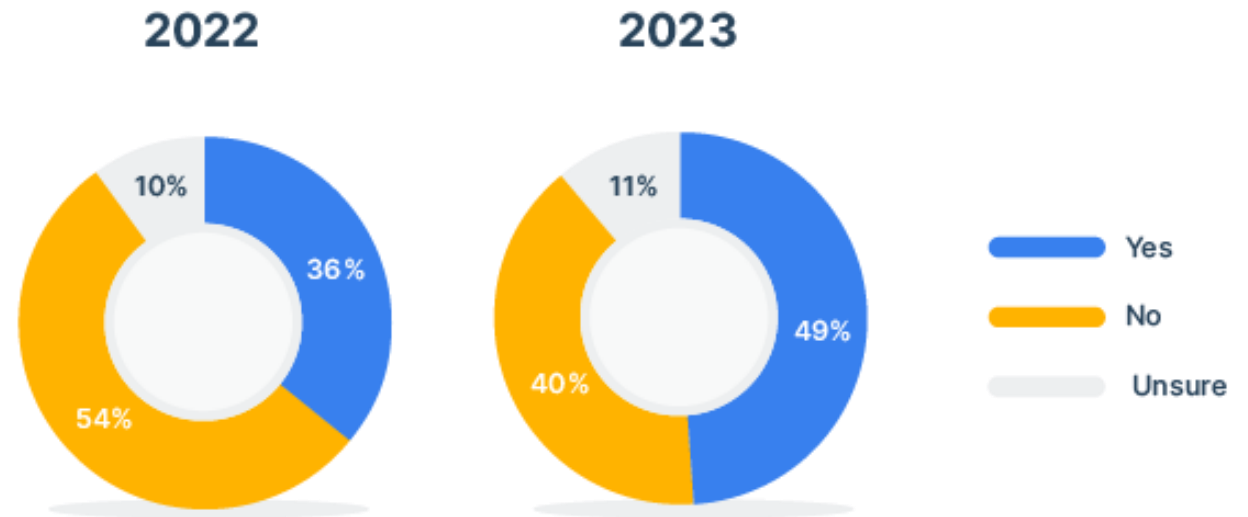


How can I progress my pay?

# How HR and comp teams can empower managers

- Managers have a critical role to play in pay communications.
- When they feel confident, employees will feel confident.
- Your investment in coaching them to navigate pay conversations will help you achieve your pay communication goals.

Does your organization train managers on pay communications?



# What's getting in the way of communicating pay internally?



- "We aren't confident in our pay ranges"
- "We need to invest in a pay communication platform"
- "We need to train our managers to have pay conversations"
- "We want to conduct a pay equity analysis first"
- "We don't have time"
- "Internally communicating pay is not a priority"
- Something else



# Resources

<https://www.payscale.com/research-and-insights/texas-total-rewards-2023/>





# Your pay transparency checklist



Get buy-in for and commit to building **transparent and consistent pay practices** with a compensation philosophy that embeds fair pay



**Understand the relevant factors that impact pay** in your organization and make sure these are part of your compensation philosophy and pay policies



Ensure you have the **job architecture and competitive pay structures** to allow for appropriate comparisons between groups of employees



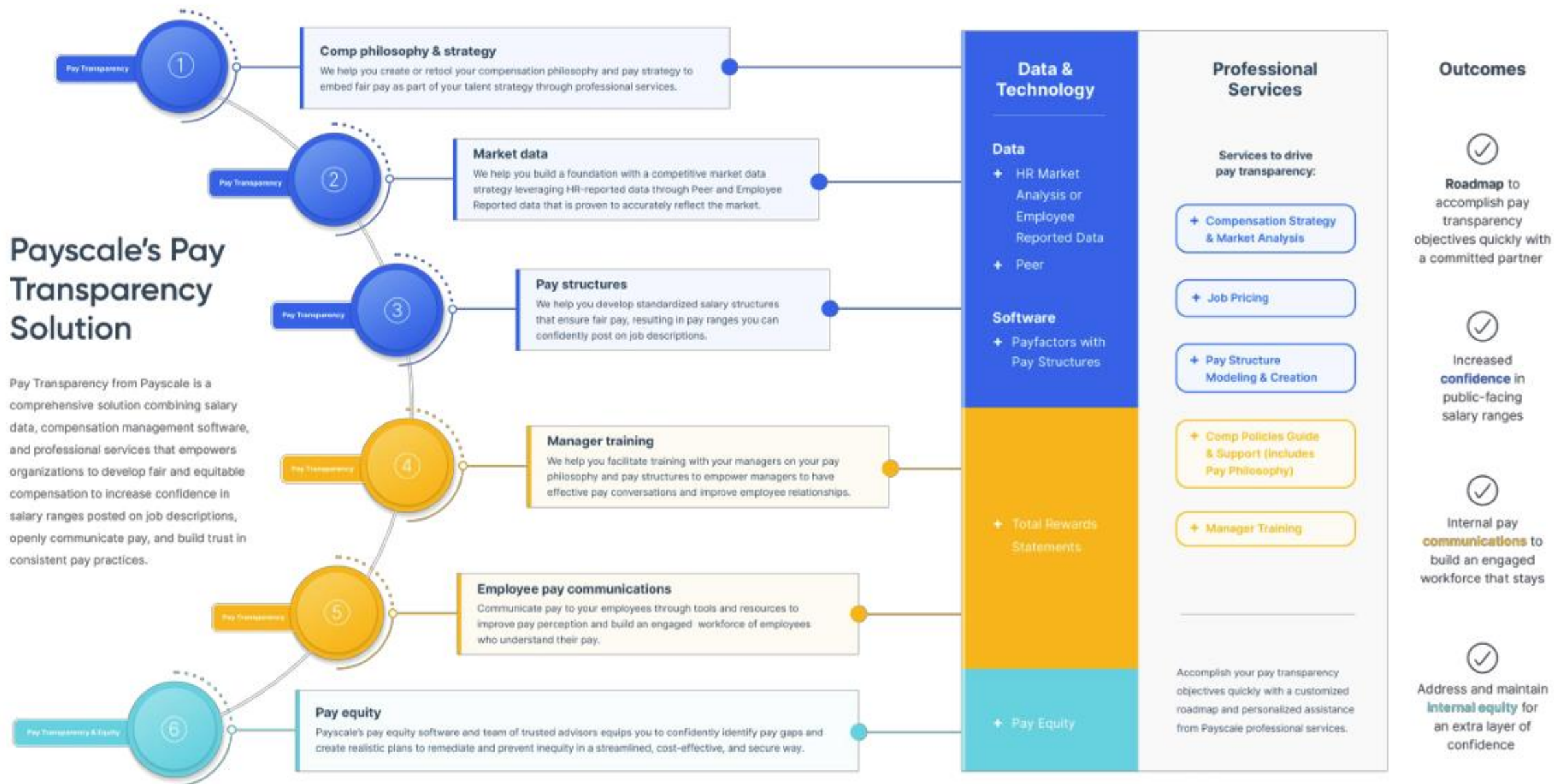
Train managers and other stakeholders to have **effective conversations** with employees about pay



Conduct **proactive pay equity analysis** to understand the impact of wage gaps and biases

# Payscale's Pay Transparency Solution

Pay Transparency from Payscale is a comprehensive solution combining salary data, compensation management software, and professional services that empowers organizations to develop fair and equitable compensation to increase confidence in salary ranges posted on job descriptions, openly communicate pay, and build trust in consistent pay practices.





Q & A



# Thank you

