

How to Build Salary Ranges in the Context of Pay Transparency Legislation

Today's Presenters:



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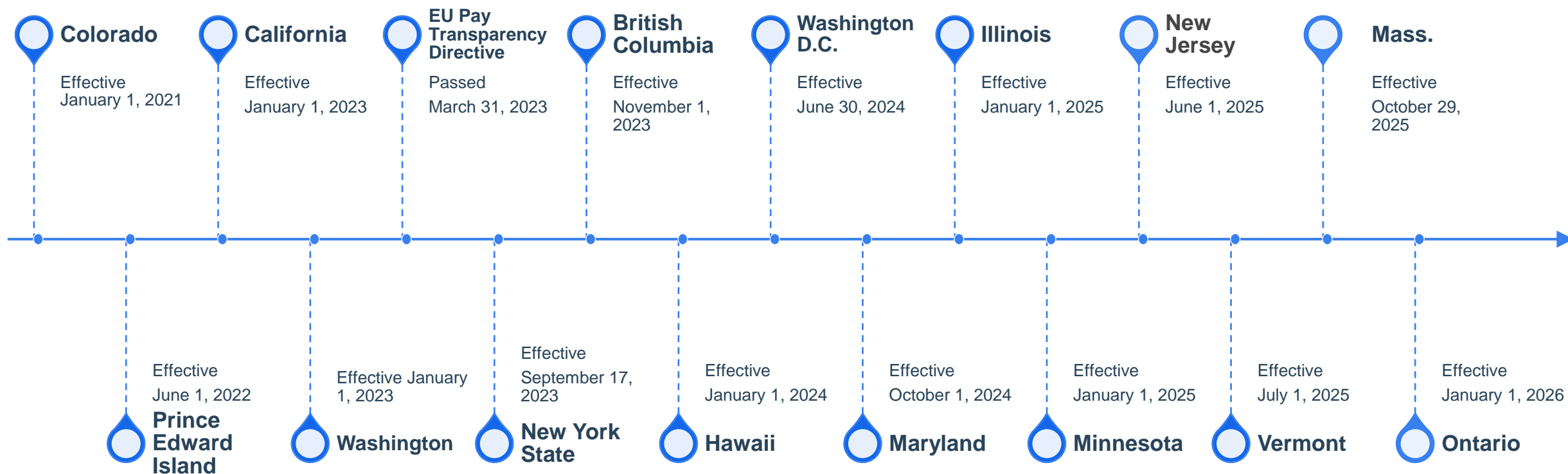
Today's Agenda

- What do new pay transparency laws say about setting ranges?
- Best practices in setting pay ranges for job postings wherever you are on your journey
- Answers to your top questions

A blue-tinted photograph of the United States Capitol building, showing the iconic dome and the surrounding neoclassical architecture. The image is used as a background for a title slide. The text "Legislative recap" is centered over the image in a large, white, sans-serif font.

Legislative recap

The pace of pay legislation is building and is a force for change



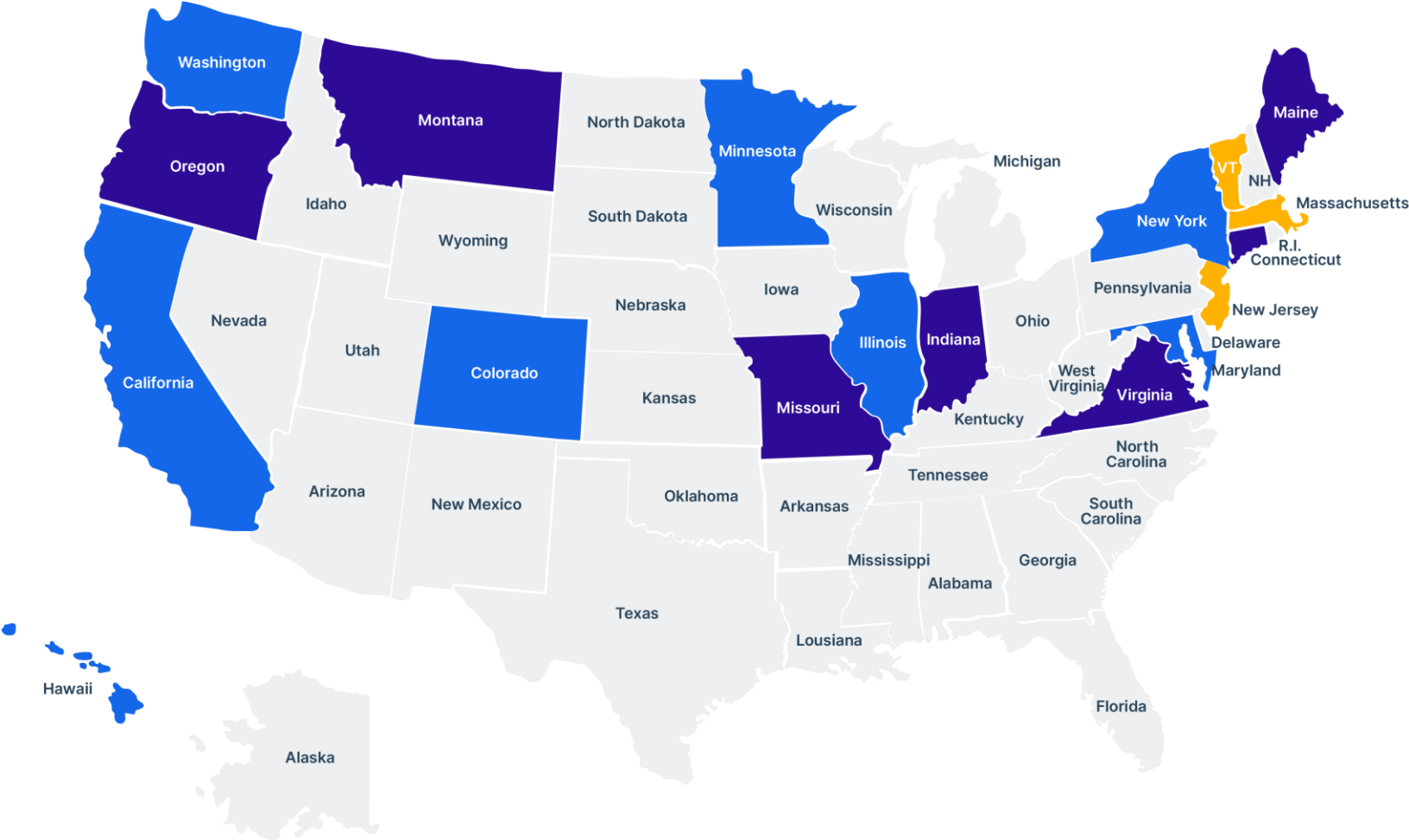
Keep up to date with legislation [here](#)!



A stylized map of North America, including the United States, Canada, and Mexico, is shown in a dark blue, semi-transparent overlay. The map features various city names, state abbreviations, and geographical features like the Great Salt Lake and the Gulf of California. Overlaid on the right side of the map is the text "North America" in a large, white, sans-serif font. The background is a solid light blue color.

North America

Pay Transparency US Legislative Landscape



● Active pay transparency laws currently on the books

● Passed pay transparency laws but not yet active

● Proposed pay transparency laws that are working their way through legislation

Washington D.C. became effective on June 30, 2024

Slight difference in laws...

Colorado

- Rate of pay *or* a range of possible offered rates (hourly, salary, etc) + general description of benefits/other comp
 - Compliant ranges span the lowest to highest that the ER ***actually believes*** it'll offer for the job

California

- “Pay scale” means the salary or hourly wage range that the employer ***reasonably expects*** to pay for the position.
 - Does not need to include bonuses, commissions, tips, or other benefits

Washington

- Salary range should provide applicants with the employer’s ***“most reasonable and genuinely expected compensation range for the job”*** + general description of benefits
 - The range should extend from the lowest to the highest pay established by the employer prior to publishing the job posting

New York State

- Salary range means the minimum and maximum annual salary or hourly rate that the employer ***in good faith believes to be accurate*** at the time of posting + benefits are optional

Hawaii

- Hourly rate or salary range that ***reasonably reflects the actual expected compensation***

Washington D.C.

- Minimum to maximum hourly/salary that the employer ***“in good faith” believes they’ll pay for the role*** + must inform of benefits

Maryland

- Must post a ***“good faith range”*** or ***budgeted amount*** for the role

2025 update

 Cincinnati 

 Indiana 

 Missouri 

 Oregon 

 Connecticut 

 Maine 

 Montana 

 Virginia 

Canada

Prince Edward Island

- All employers (not clarified)
- Expected pay or range of expected pay for the role

British Columbia

- All employers in BC
- Expected pay or the expected pay range for a job posting

Ontario

- Employers with 25 or more employees
- Post pay ranges in all job postings for work performed *in* Ontario, must disclose AI usage, *and* specify job type (FT/PT) /work location (remote, hybrid)
- Must retain job posting records for three years after posting taken down
- January 1, 2026

Newfoundland and Labrador TBD



Europe

A photograph of a European street scene, likely in a historic town. The street is paved with cobblestones and lined with traditional half-timbered houses. In the background, a church tower with a dome is visible. The word "Europe" is overlaid in the center of the image.

EU Pay Transparency Directive



A vertical timeline on the left side of the slide, consisting of a thin grey line with four colored circular markers: blue, orange, dark blue, and red. Each marker corresponds to a date and event listed to its right.

March 2021

Proposal on pay transparency introduced

December 15, 2022

EU Commission and EU Parliament reach an agreement on directive with two key parts

- 1) Pay Transparency Measures
- 2) Better Access to Justice for Victims of Pay Discrimination

March 31, 2023

EU Parliament Passes Directive on Pay Transparency aims to strengthen equal pay for equal work (or work of equal value) through pay transparency, gender pay reporting, and other enforcement measures.

June 2026

The EU member states deadline to implement the requirements into local law with reporting commencing in 2027



Poll 1: What do you use in job postings currently? (Select one)

- We are not ready to share ranges in job postings yet
- We share the full job or grade range
- We share the fair hiring range
- It depends on the role
- I don't know

Best practices for setting pay ranges for job postings

What do I do if I have...?

Market data

Market data
+
Employee
information

Market data
+
Employee
information
+
pay structures

Market data
+
employee
information
+
pay structures
+
job levelling

What do I do if I have market data only?

You only have the market data to help you decide-

- Sense check the numbers – do they look right to you? Do you have any market insights that indicate a higher rate?
- Check against your budget
- Check against your knowledge of other employees in same or similar roles to ensure internal relativity
- Decide the mid-point of the range you are going to post
- Decide on width of the range (what would your maximum be?)
- EG: midpoint is median market salary / 5% range either way

\$72,000 - \$80,000

IT Software Engineer I

BASE SALARY

\$76,306



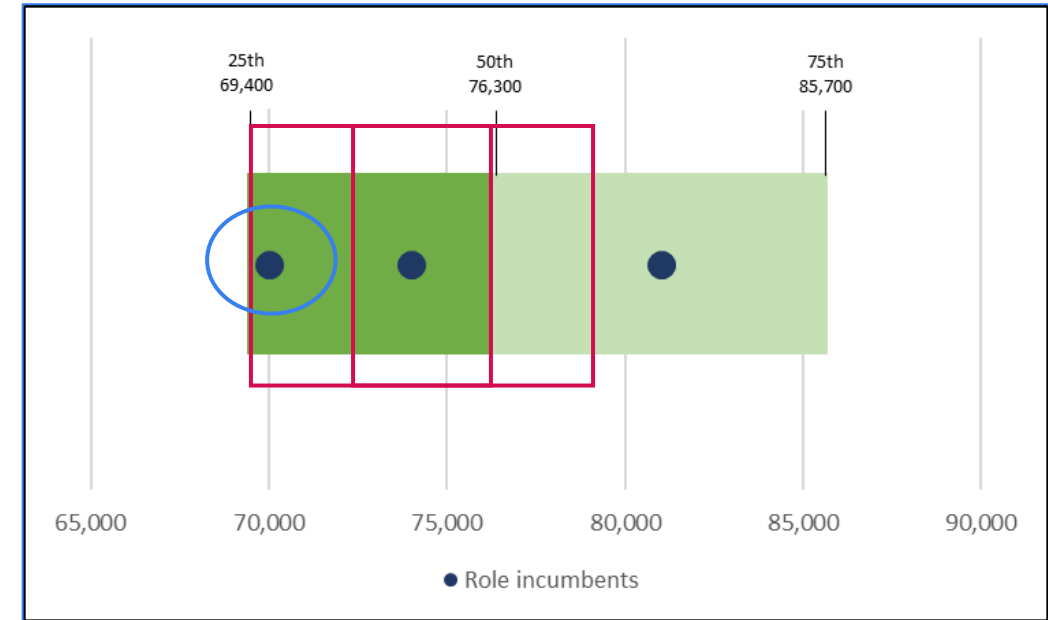
What do I do if I have market data + employee info?

You have the market data and internal info to help you decide-

- Check the market data against the current incumbents
- Check against your budget
- Check against your knowledge of other employees in similar roles
- Decide the mid-point of the range you are going to post
- Decide on width of the range (what would your maximum be?)
- EG: minimum is 25th percentile of market so that it is in keeping with current employees + 10%

\$69,000 - \$76,000

If you want to offer more so that it bridges market median look at whether those currently in the role below the posted range need to receive increases



Role: IT Software Engineer I

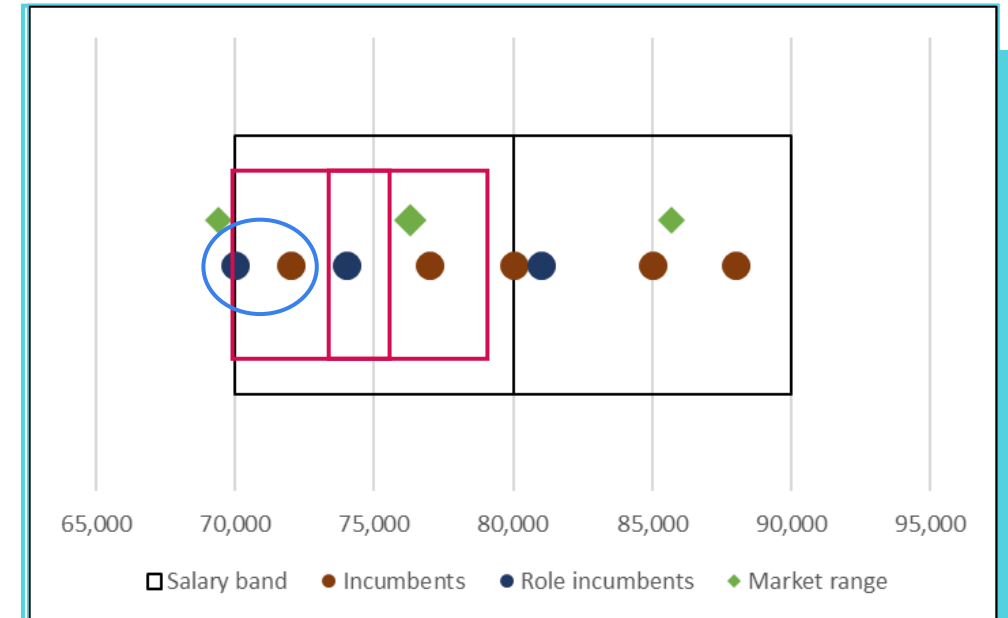
What do I do if I have market data + employee info + pay structures?

You have the market data, the pay structure the role fits within, and internal info to help you decide

- This includes all 'comparable' roles
- Check the market against the current incumbents in that role and in comparable roles
- Check against your budget
- Many companies use the minimum of the range and decide how high to go
- EG: min of range + 10%

\$70,000 - \$77,000

If you want to offer more so that it bridges market median, you should be looking at whether those currently beneath the posted range need to receive increases



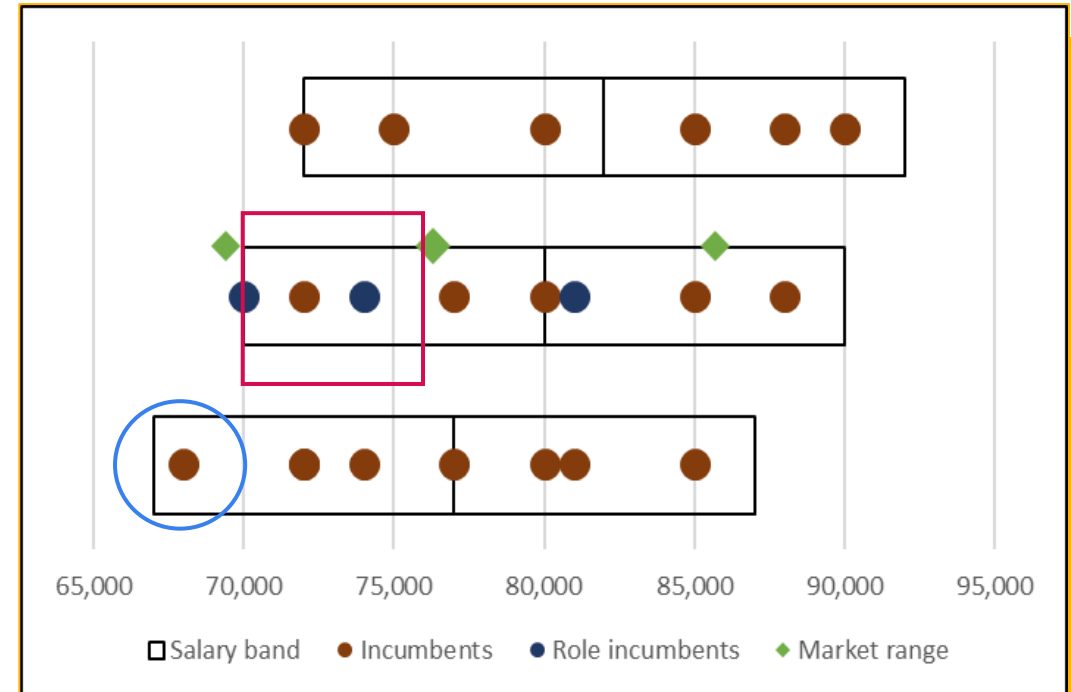
Role: IT Software Engineer I
Pay structure: Tech

What do I do if I have market data + employee info + salary structures + job levelling?

You have the market data, the pay structure the role fits within, the rest of the job families at that level, and internal info to help you decide

- This includes all 'comparable' roles and those of 'equal worth'
- Check the market against the current incumbents in that role, in comparable roles, and in other roles at the same level
- Check against your budget
- Range will generally still be related to role / pay structure

But you should be aware of incumbents in other roles at the same level who may feel that they are comparable



Role: IT Software Engineer I
Pay structure: Tech
Job Level: B



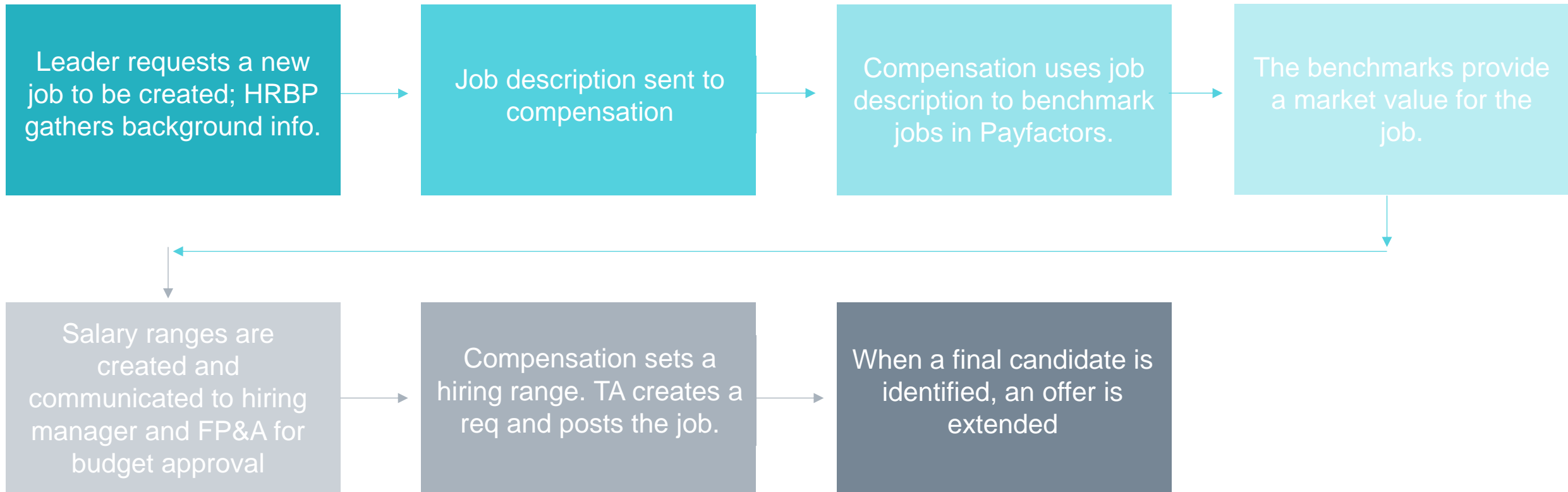
Poll 2: Which of the following do you need to support this process? (Select all)

- We need to source market data to support us
- We need to create pay ranges (job based)
- We need to create pay ranges (grade based)
- We need to level jobs to allow for like work comparisons
- We need to action internal equity adjustments
- We need to train managers on our compensation practices
- I don't know

Answers to your top questions

What we do at PayScale?

After determining the pay range, we typically post the full range.



What if the job has no pay range for a role (e.g., one flat salary rate or a step structure)?



What if we have broad band ranges?



Should non-exempt/hourly roles be posted as an hourly rate range or is it okay to post as an annualized salary range?



Will applicants expect to negotiate to the top of the range?



What happens if you have internal employees below or above the range you are posting?



What if we have different rates for different GEO's and the role can be done remote?



Should you provide information on factors contributing to the range of compensation (e.g., compensable factors)?

Should you share information on other elements of reward (e.g., bonus, benefits etc.)



What we do at Payscale?

Compensation

In the spirit of pay transparency, we are excited to share the base salary range for this position is \$99,400 - \$149,000, exclusive of fringe benefits or potential bonuses. This position is also eligible for an annual corporate bonus of 10%. If you are hired at Payscale, your final base salary compensation will be determined based on factors such as geographic location, skills, education, and/or experience. In addition to those factors – we believe in the importance of pay equity and consider internal equity of our current team members as a part of any final offer. Please keep in mind that the range mentioned above is the full base salary range for the role. Hiring at the maximum of the range would not be typical in order to allow for future & continued salary growth. We also offer a generous compensation and benefits package (more information on benefits listed below).

Our recommendations



Always compare any internal employees in the same role or roles of similar value before posting ranges externally – AND never assume your employees won't see it!



Make sure you understand in advance and have agreed with the hiring manager what compensable factors you will use to decide placement of a candidate in your advertised range.



Be transparent about your compensation philosophy and your total reward offering – use this as an opportunity to market your pay brand and your EVP.



Avoid job postings for generic positions with wide pay ranges. Consider modifications to job titles to more closely align with pay differentials.



Talk with your employment counsel to ensure that your job postings comply with relevant laws.



Document and retain the reasons for the pay range you posted.

Q&A

Feel free to ask any questions in the chat!



Interested in a demo of how Payscale can help you compensate fairly in the wake of increased pay transparency?

Let us know in the polling tab of your dashboard!