

# Pay Transparency Legislation Series, Ep. 11: Best Practices Revealed

# Today's Presenters:



**Ruth Thomas**  
Chief Evangelist  
Payscale



**Lulu Seikaly**  
Senior Corporate Attorney- Employment  
Payscale

# Today's Agenda

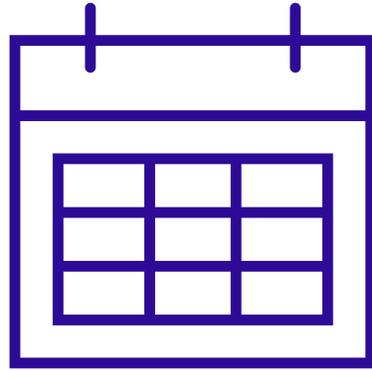
- Q1 update of pay transparency legislation
- How orgs are adapting compensation practices to meet pay transparency requirements – data from our Compensation Best Practice Report 2024
- Q&A

# Q1 2024 Legislative Recap

# Global Legislative Recap

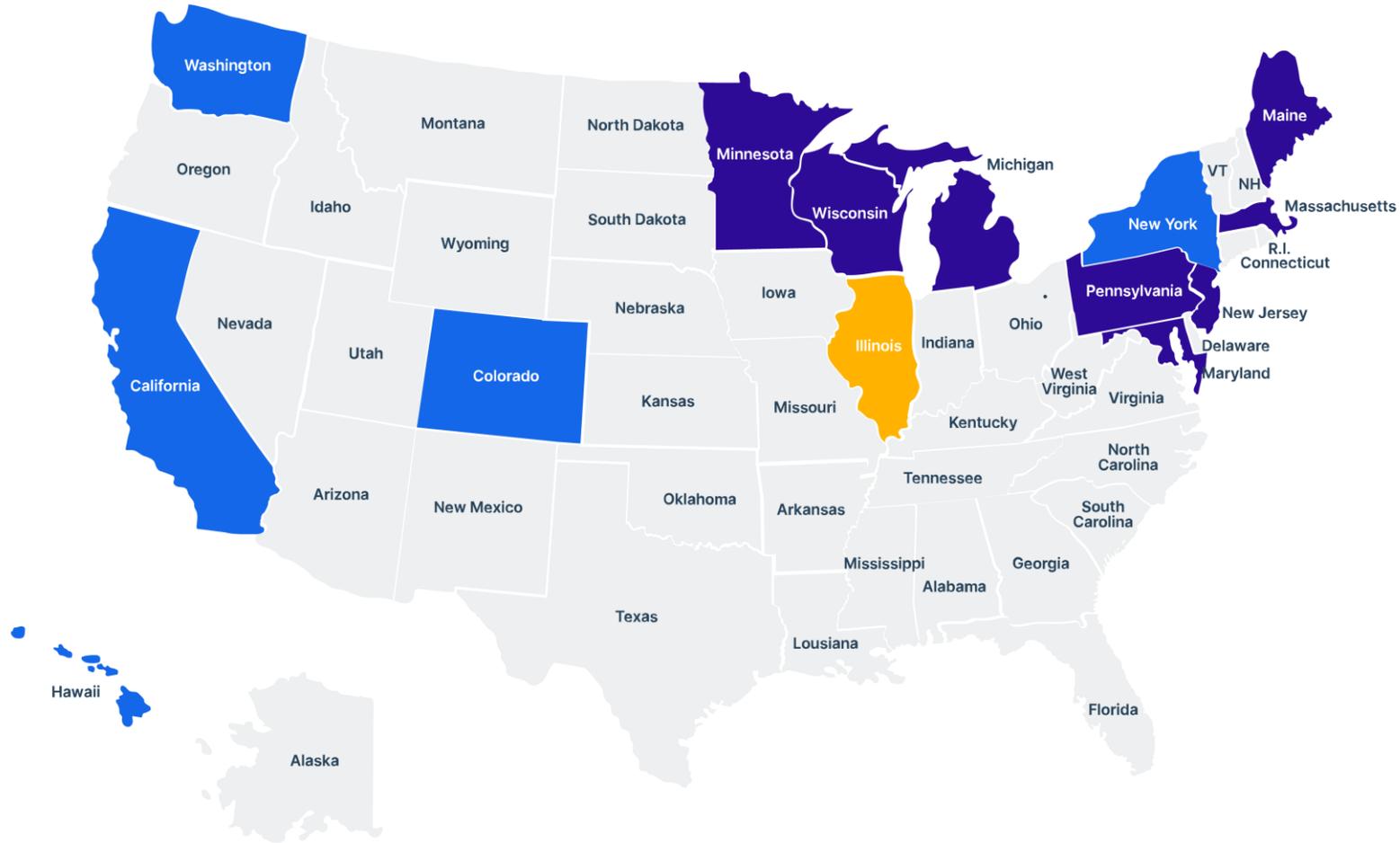






# What's Happened in 2024?

# Pay Transparency 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. has passed pay transparency laws but they are not yet active

The U.S Congress has proposed pay transparency laws that are working their way through legislation

# Washington D.C. Overview

Effective: June 30, 2024

- **Who:** employers with 1 or more employees working in Washington D.C.
  - Does not include Federal/District employees
- **What:** minimum to maximum hourly/salary that the employer “in good faith” believes they’ll pay for a role *and* must inform candidate of the existence of healthcare benefits
- **Proposed Penalties:** Attorney General can file a lawsuit for injunctive, compensatory, or other relief *plus* attorney’s fees/costs and penalties.
- **Other considerations:** Salary History Ban and employers must post a notice.

# Maryland Overview

Effective: October 1, 2024

- **Who:** employers posting a role that will physically be performed, at least in part, in Maryland.
- **What:** a good faith wage range *and* a general description of benefits *and* any other compensation offered for any internal or external job postings.
- **Proposed Penalties:** Commissioner can issue penalties up to \$600/violation
- **Other considerations:** must keep a record of compliance for 3 years after a role is filled *or* if not filled 3 years from when the job was posted. Also implemented a *salary history ban*.

# States to Keep an Eye On in 2024 Pay Transparency

 **New Jersey** 

Reintroduced January 25, 2024

 **Massachusetts** 

Waiting for consolidation

 **Minnesota** 

Introduced January 17, 2024

 **Wisconsin** 

Introduced January 4, 2024

 **Michigan** 

Introduced March 20, 2024

 **Virginia** 

Introduced 1/9/2024

 **Vetoed** 



## **Poll 1: What is your primary driver for adopting pay transparency?**

- Compliance with legislation
- To meet employee expectations and retain employees
- To demonstrate we value our employees and reinforce culture
- As a tactic in the competition for talent
- We are not adopting pay transparency at this stage
- None of the above

# How orgs are adapting compensation practices to meet pay transparency requirements

# Compensation Best Practice Report 2024

Payscale's 15th annual flagship report for compensation professionals, HR leaders, and business executives.

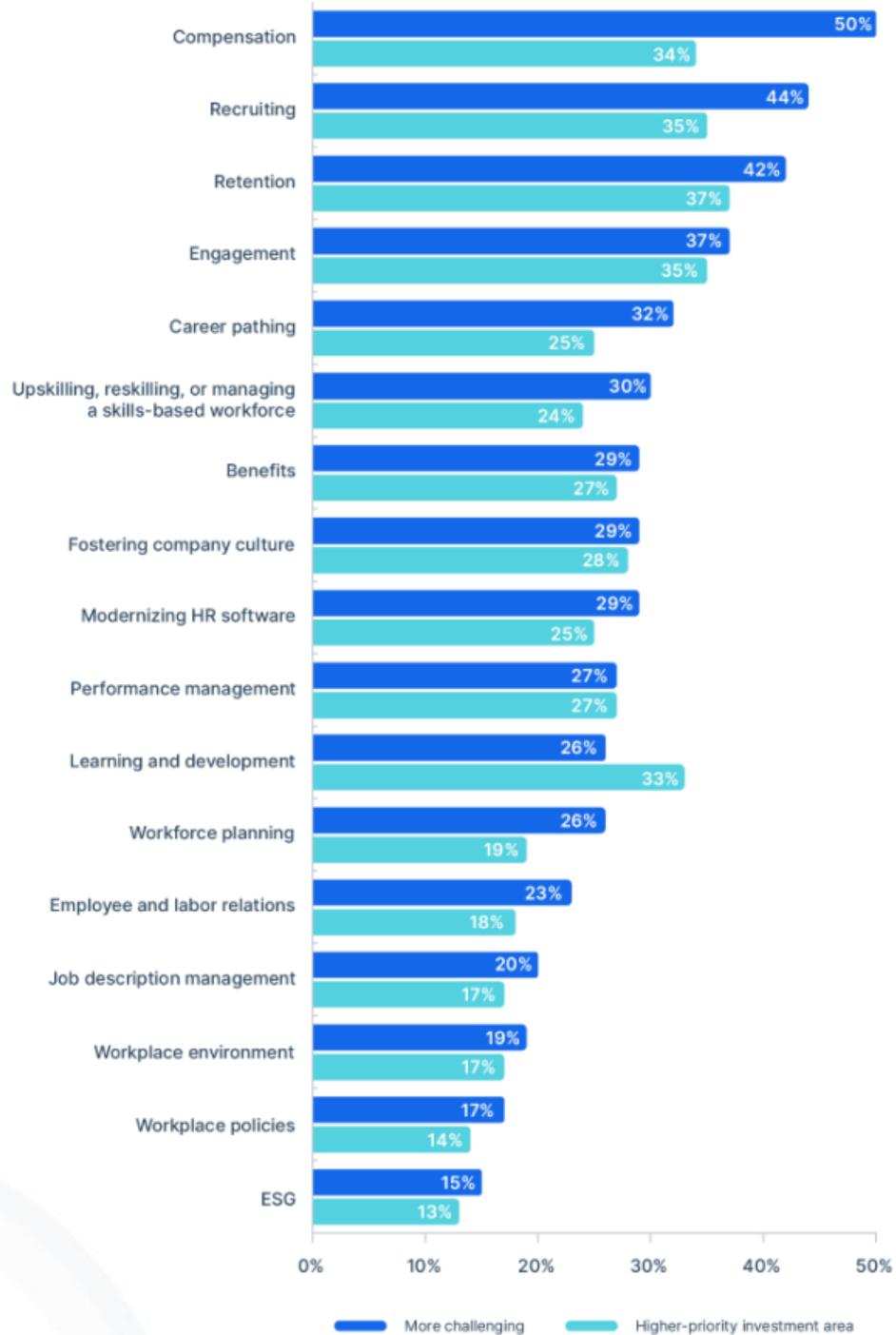
Distills data and insights from the largest known survey focused on compensation management.

Completed by 5,735 respondents in Q4 of 2023 with a completion rate of 55%, demonstrating strong respondent engagement.



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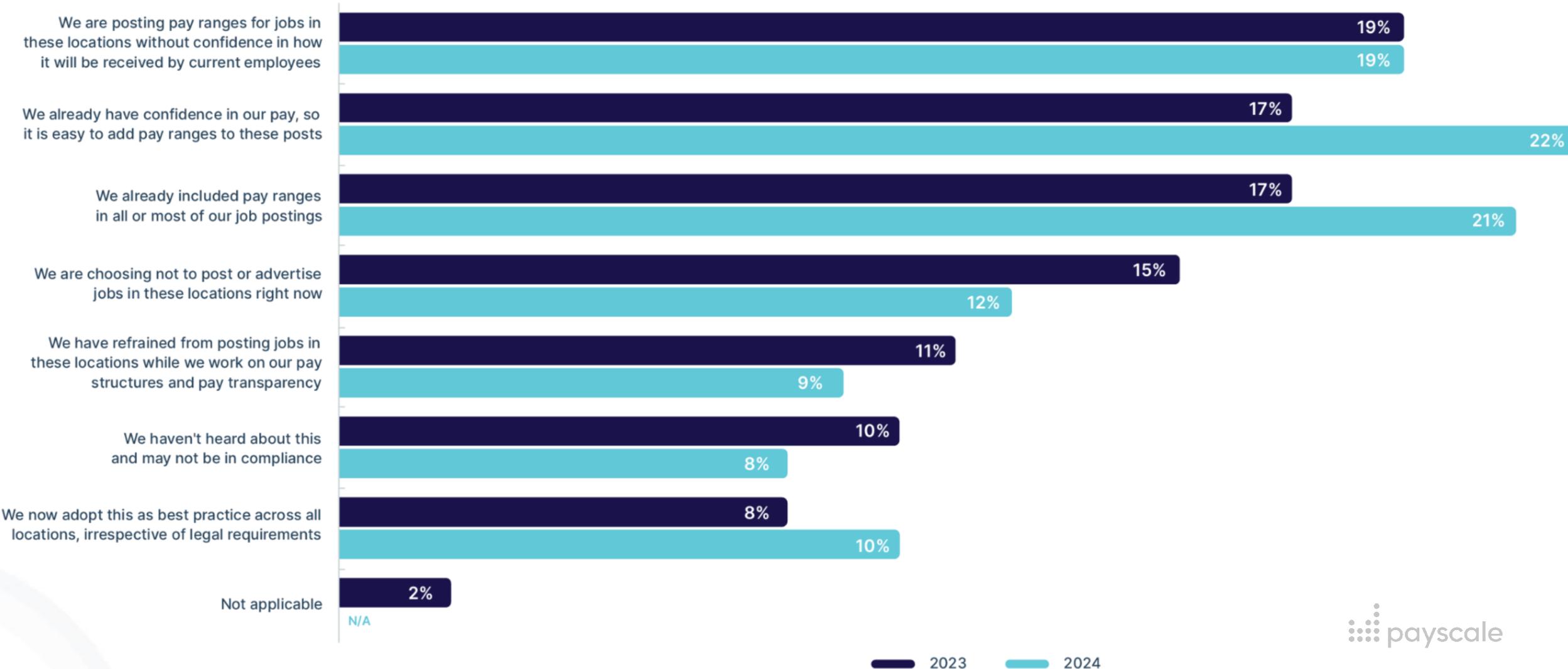
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4	• <b>Introduction</b>	50	• <b>Pay transparency and communications</b>
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**Compensation** is the biggest challenge facing organizations in 2024. This year scores ahead of engagement, recruitment and retention.

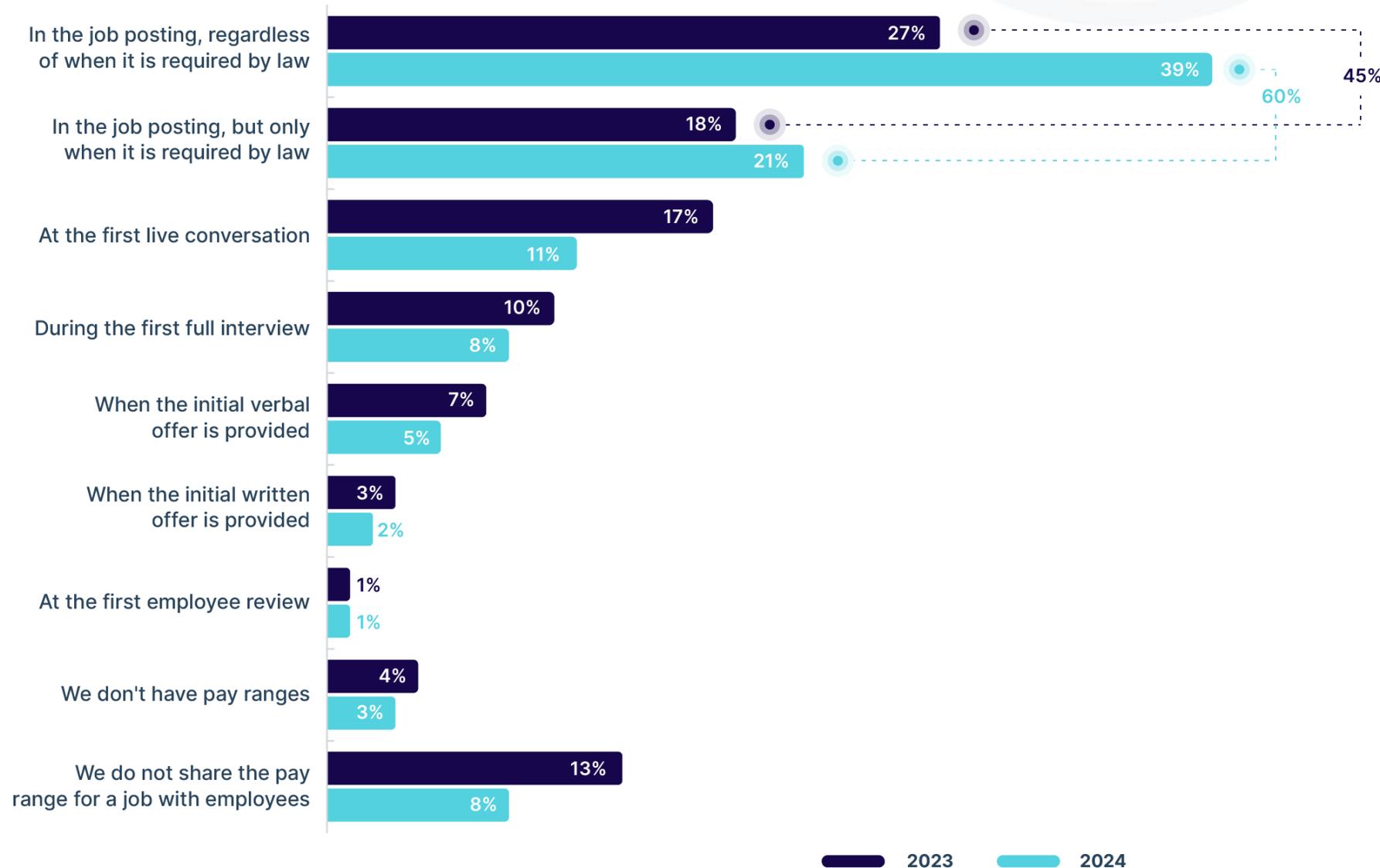
But investment in HR activities is down this year, likely due to current economic conditions.

# What has been the response to pay transparency legislation?

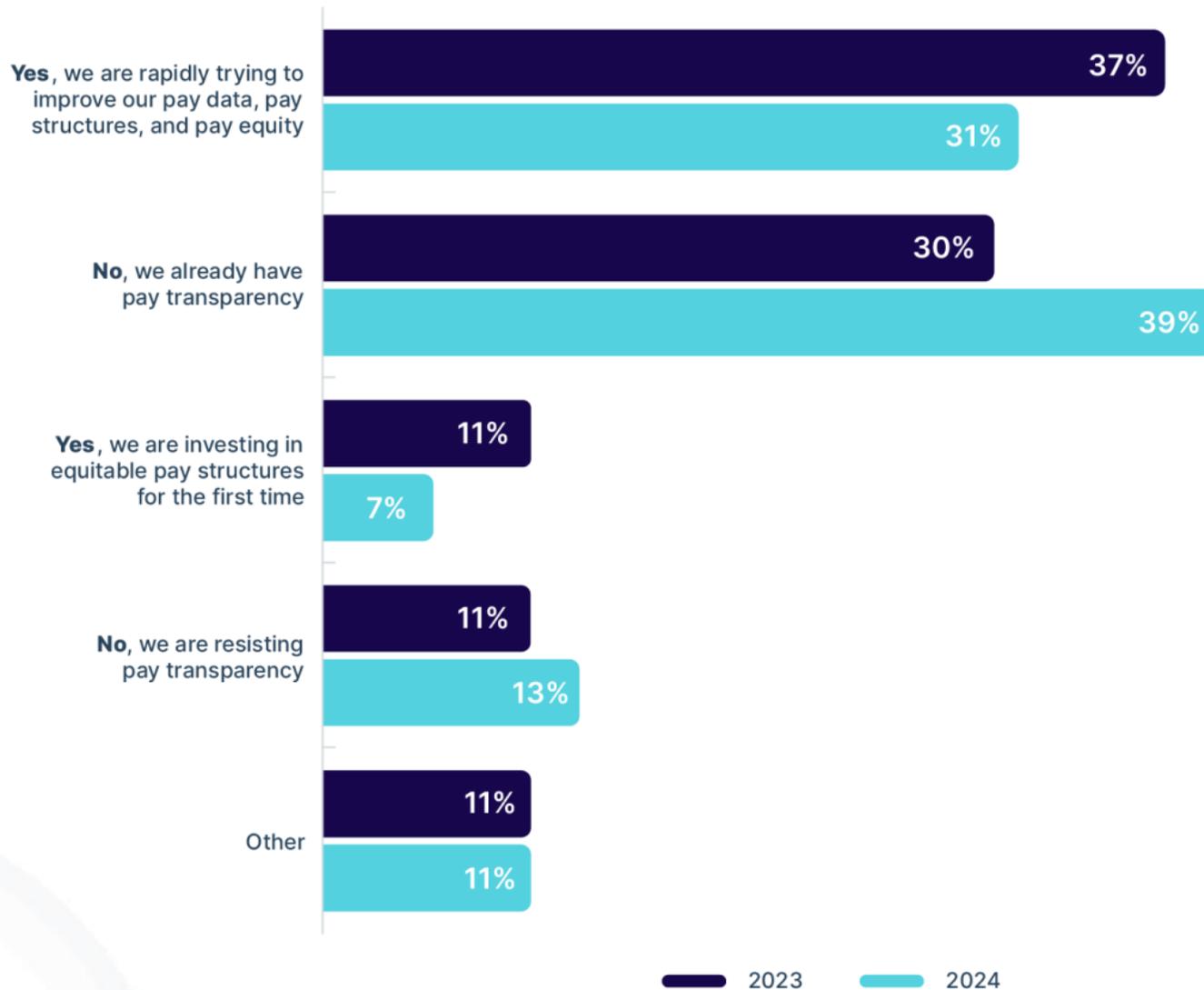


### When do you first share your organization's pay range for a job with prospective employees?

A majority of organizations (60%) say they share pay ranges in job ads – an increase of 15% over last year.



# Has recent pay transparency legislation driven your organization to change its compensation practices?



More organizations (**39 percent**) say they already have pay transparency in 2024 compared to last year (**30 percent**).

However, there has also been a slight uptick in organizations saying they are resisting pay transparency.

# Compensation strategy continues to be a growth area

Does your company have a formal compensation strategy/philosophy?



Many are working on building formal compensation strategies with **21%** of orgs saying they will be building compensation strategy for the first time and **23%** saying they will change their strategy.

# Growing importance of job architecture



A job architecture offers a framework for job functions, job families, and job levels in your organization. Having this framework in place provides the basis for consistent and fair pay decisions and can help show employees how their career and salary can progress at your organization.

It is increasingly important for pay equity analysis and confidence in pay transparency and pay communications.



## Poll 2:

**What employee reactions has your organization experienced due to pay transparency legislation?**

- We haven't heard anything from employees about pay transparency
- Employees have been asking more questions about their pay
- Employees have left our organization because they saw job postings with higher ranges elsewhere
- Employees have seen a job posting in our organization and realized they were being paid less for a similar job
- Employees have expressed appreciation for our transparent approach to pay
- Other (please specify)

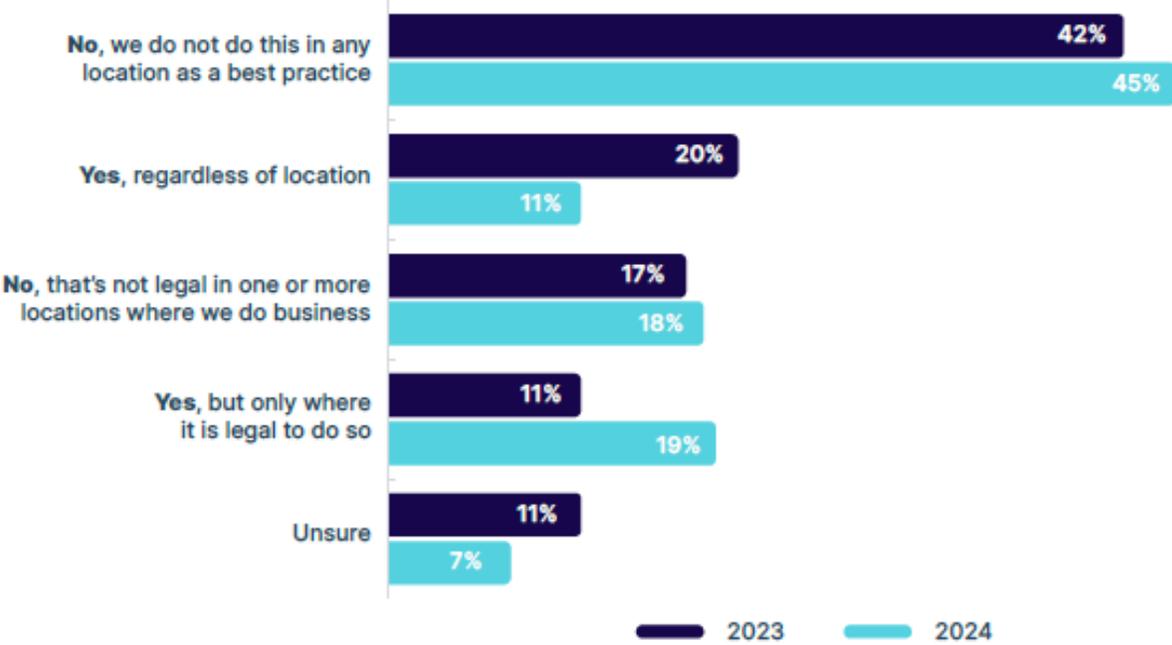
We are starting to see the impact of legislation on current employees.

## What employee reactions has your organization experienced due to pay transparency legislation?

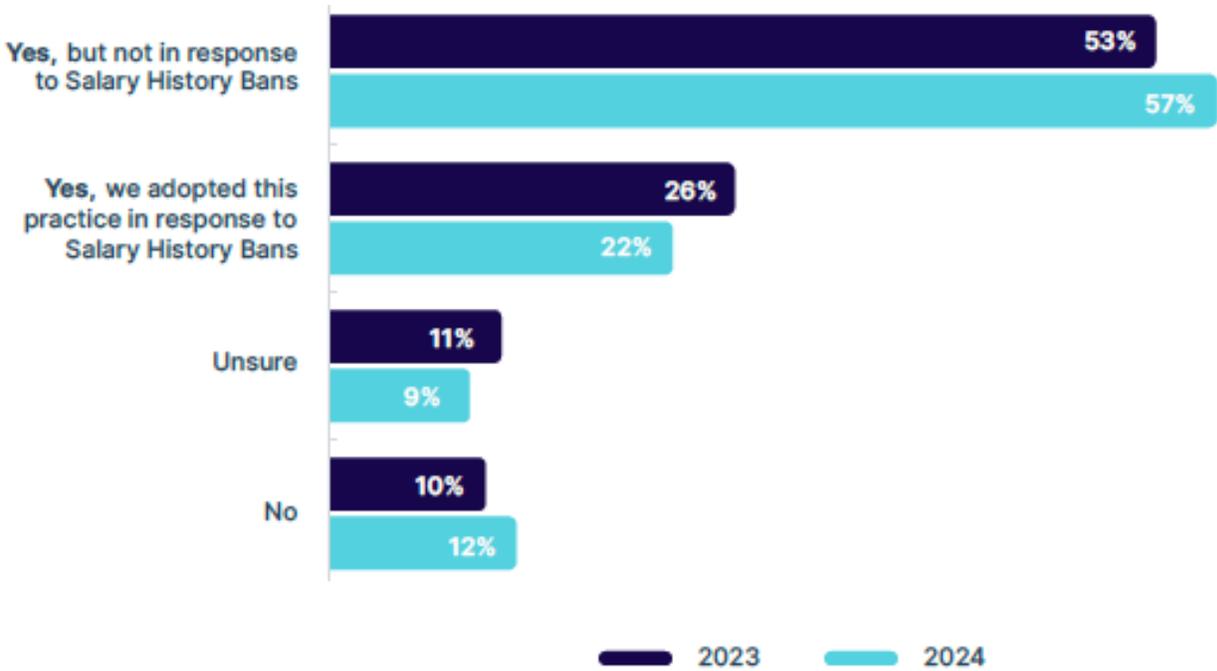


# Salary history bans

Does your organization ask prospective employees about their salary history?



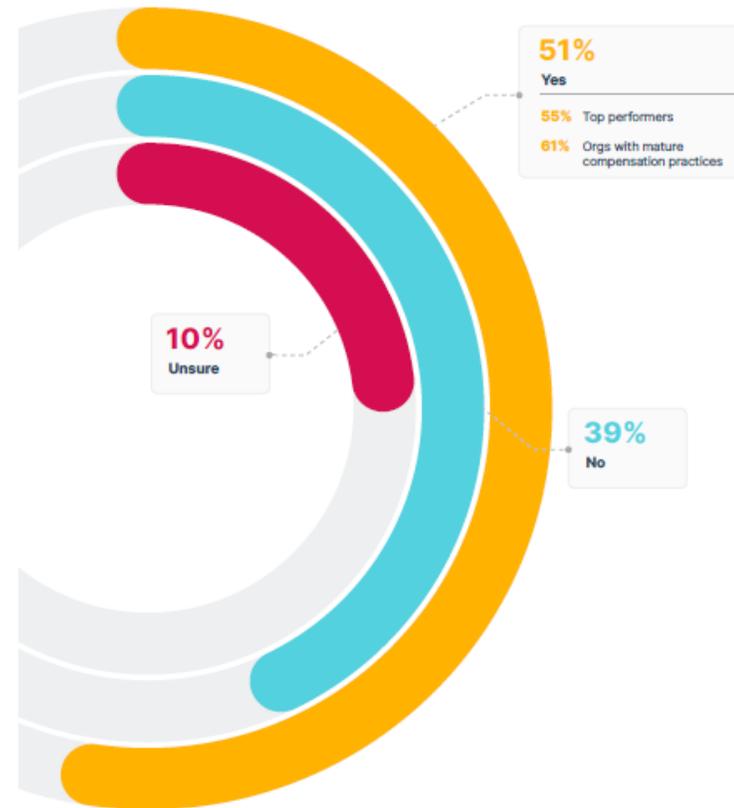
Does your organization ask prospective employees about their salary expectations?



# Pay Communications



Does your organization train managers on how to have pay conversations with employees?



# Your pay transparency checklist



Get buy in and commit to build **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 this part of your compensation philosophy



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



Implement pay frameworks and **review where employees fall within these**



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



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

**Interested in a demo of how  
Payscale can help you in the  
wake of emerging pay  
transparency legislation?**

Let us know in the polling tab of  
your dashboard!

# Q&A

Feel free to ask any questions in the Q&A section!

