

Pay Transparency Legislation Series, Ep. 10: Planning for the New Year

Today's Presenters:



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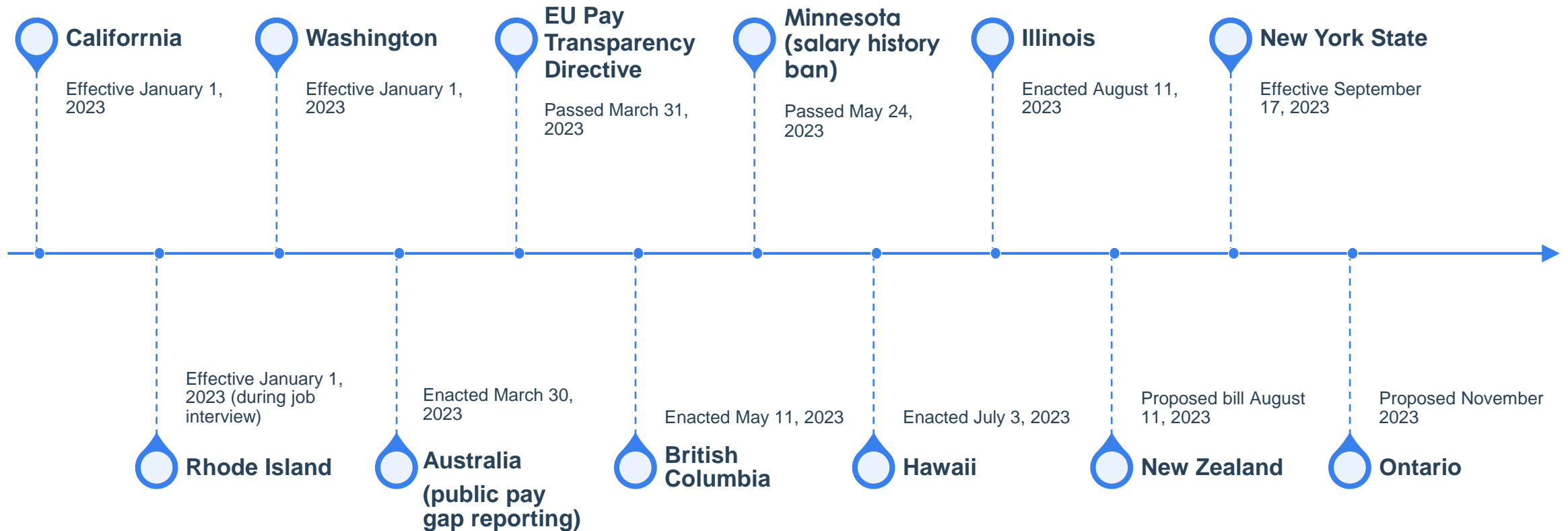
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Today's Agenda

- 2023 legislative recap
- A look at pay discrimination and equal pay compliance
- The impact of pay transparency now and in the future
- Q&A

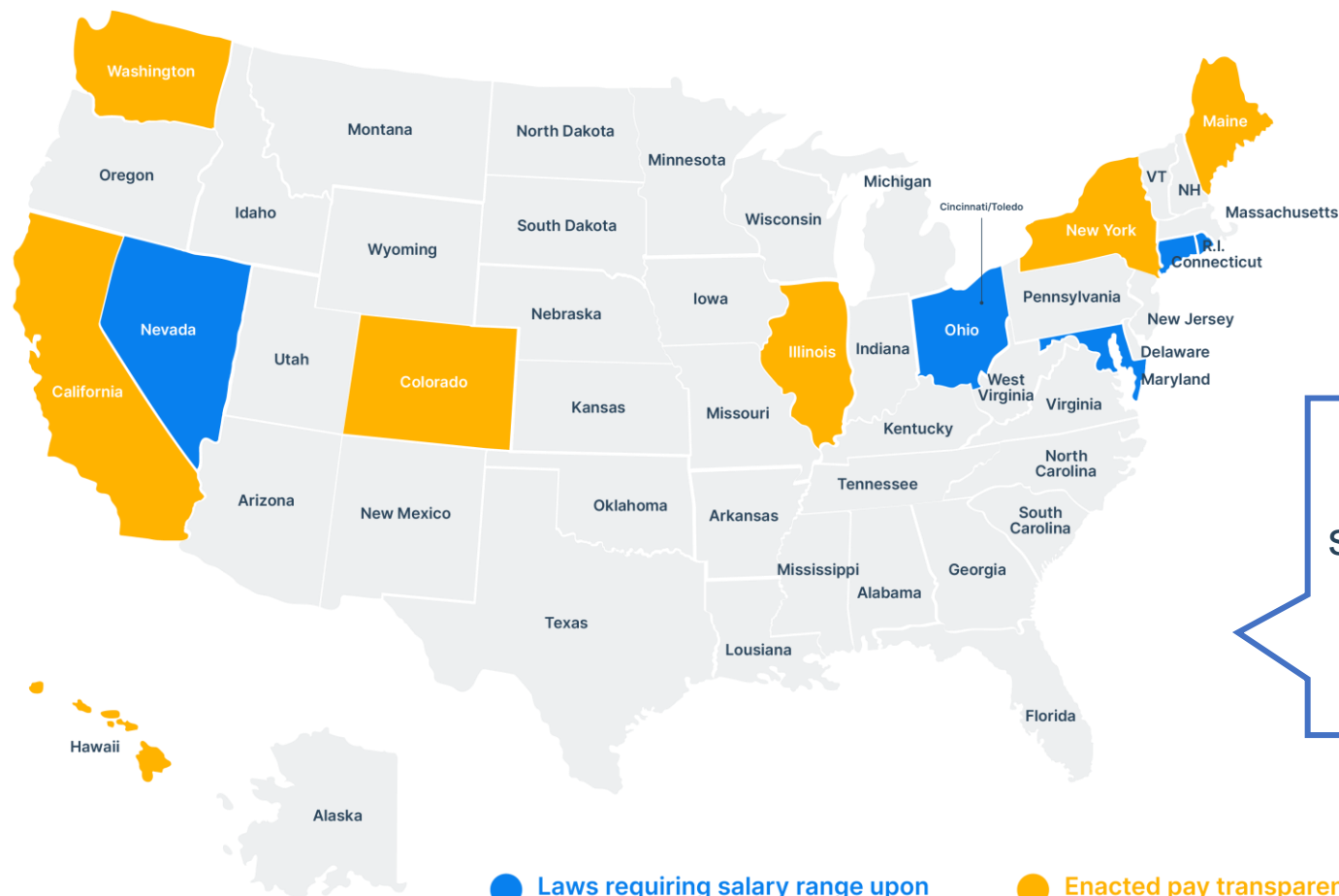
2023 Legislative Recap

2023 Global Legislative Recap



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.

Closing the Pay Gap Journey



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*



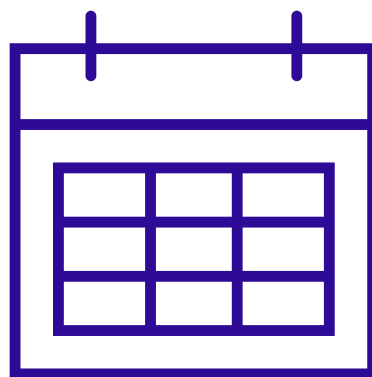
Pay transparency in job advertisements

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



Pay Communication—Career Progression

January 2024: Colorado will be the first state to pass a law about communicating career progression



What about 2024?

Poll 1: How ready are you?



- We lack confidence in the accuracy of our salary data
- We don't have organized pay structures (e.g. job-based ranges)
- We are not confident in our pay strategy or structures
- We are concerned that we have pay inequity issues
- Leadership is unconvinced in the merits of pay transparency
- Nothing - We're satisfied with our level of pay transparency

Legal Considerations: Pay Discrimination/Equal Pay Compliance

Washington State Pay Transparency Class Action

- Over **31 lawsuits** filed and over **220 complaints** filed with the Washington Dept. Of Labor
- Allegation: failure to advertise pay ranges and benefit information in job postings
- Potential damages: \$5,000 per person + private lawsuits



U.S. Equal Employment Opportunity Commission

EEOC Releases Strategic Enforcement Plan

Plan Sets Forth Agency's Priorities for Fiscal Years 2024 - 2028

By updating and refining the prior SEP and incorporating public feedback on the agency's strategic priorities, the EEOC is better able to combat employment discrimination, promote inclusive workplaces, and respond to the national call for racial and economic justice. To further those objectives, the EEOC will continue its focus on promoting promising practices to prevent discrimination; **combatting pay discrimination and advancing equal pay**; preventing and remedying systemic harassment; and tackling retaliation. Changes to the SEP include:

Recent Pay Equity Lawsuits

The Goldman Sachs logo, featuring the company name in a white serif font on a light blue rectangular background.

**Goldman
Sachs**

**\$215M—May 2023
(settlement)**



**Class Action—June 2023
\$150M pay gap (alleged)**



**Class Action—Aug
2023 (alleged)**



**\$2M—October 2023
(settlement)**



Poll 2: 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

Pay transparency's impact in 2023

Pay Transparency Series 2023

Episode 5: Jan

Preparing for the new year

Episode 6: March

How to
infuse transparency
into salary ranges

Episode 7: May

The EU pay
transparency directive

Episode 8: June

The importance of
pay communication

Episode 9: Sept

Navigating the global
landscape

Episode 10: Live!

Planning for the new
year



A positive impact on talent acquisition

75% of employers agree that pay transparency helps them attract quality candidates¹

61% say recruitment is more efficient by discouraging poorly matched candidates from applying¹

Job postings that include salary data receive **50% more applications**¹

Job postings that include salary data are **three times more likely to deliver quality candidates**¹

Source 1. Zip Recruiter [2023](#)

75% of US workers are more likely to trust organizations that provide a salary range in job postings²

65% of orgs that list pay ranges on job postings say it makes them more competitive²

Source 2. SHRM [2023](#)

Driving shifts in employee expectations

Gen Z welcomes full candor on pay

Each generation in the workplace has a different view on pay transparency and who (if anyone) it is appropriate to speak with about salary and/or bonus information.

Who, if anyone, would you share your pay information (salary/bonus) with?	Gen Z	Millennials	Gen X	Baby boomers
Family member(s)	55%	58%	62%	53%
Close friend(s)	46%	45%	34%	22%
Mentor(s)	21%	25%	22%	11%
Peer(s) I trust (at other companies)	26%	29%	20%	10%
Coworker(s) I trust (where I work)	32%	24%	17%	9%
Anyone who asks	34%	24%	7%	4%
No one	4%	7%	15%	25%
Prefer not to answer	1%	3%	4%	8%

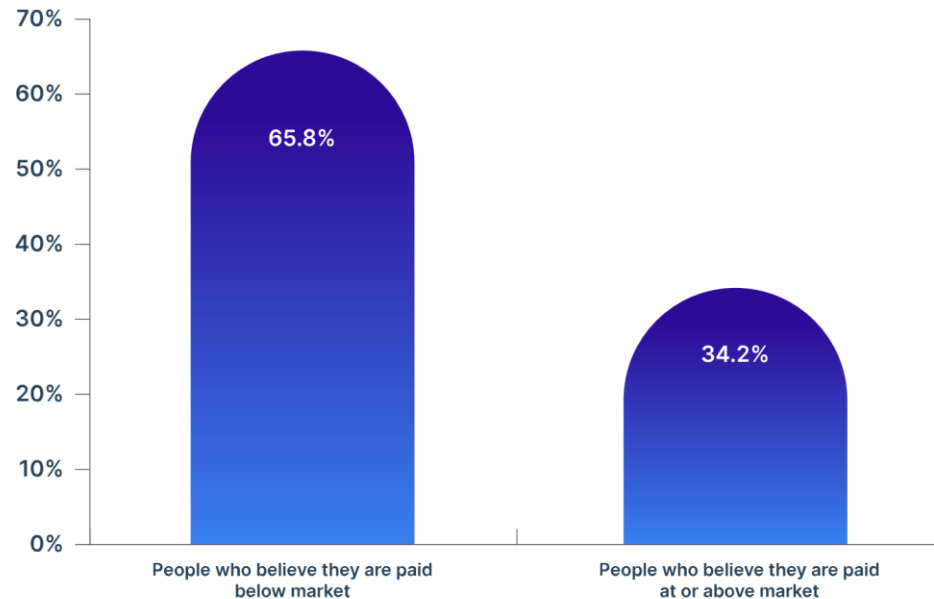
LinkedIn
News

Source: LinkedIn Market Research

Note: 4,778 professionals in the U.S. were surveyed from June 4 to June 17, 2022.

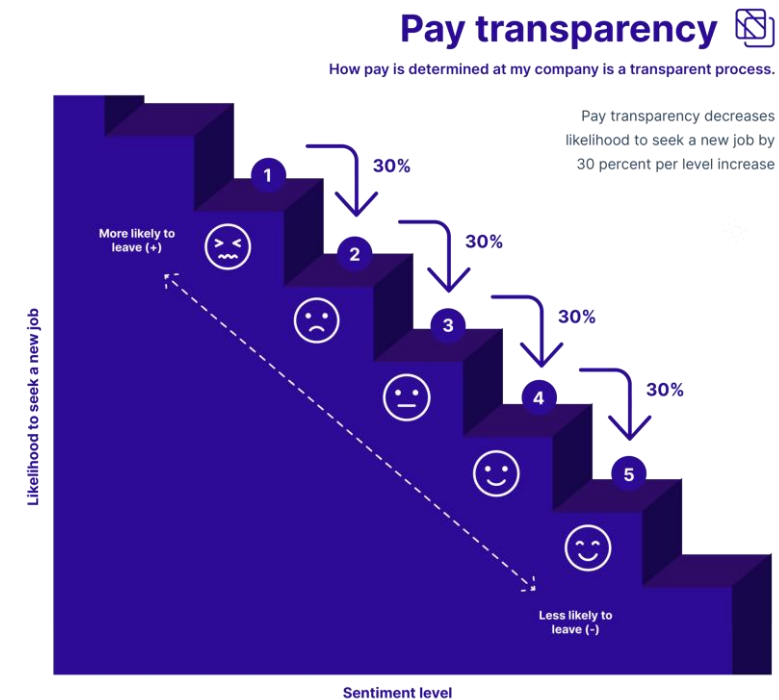
The impact on retention

Perception of fair pay impacts intent to leave



Source: Payscale Fair Pay Impact Research [2023](#)

Pay transparency decreases likelihood to seek a new job by 30 percent (varies by generation)



Source: Payscale Retention Report [2023](#)

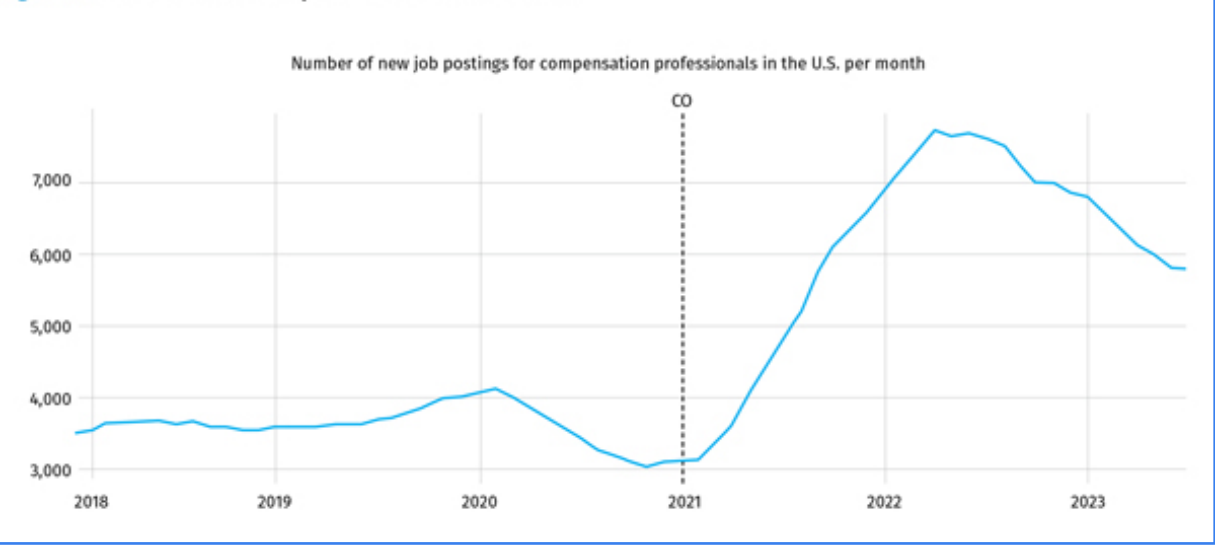
Poll 3: What are your concerns about listing pay ranges on job postings?



- It may discourage top talent from applying (ranges too low)
- Posting pay ranges without context of Total Compensation offering may put us at disadvantage
- Do not want our competitors to know what we are paying
- Reduced flexibility in negotiating with candidates
- Impact on existing employees in the same or similar roles
- None of the above
- Other please specify

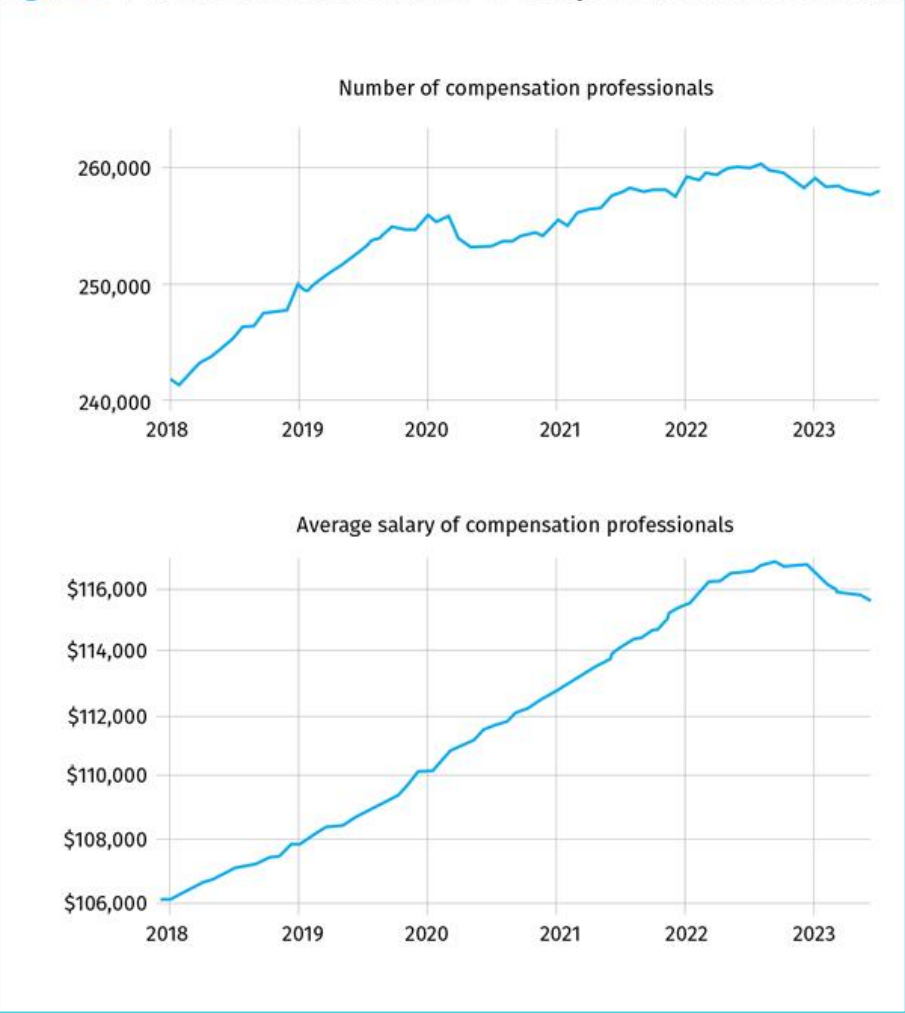
Increased demand for compensation professionals

Figure 1 | Demand for Compensation Professionals



Source: World at Work [Workspan](#) November 23

Figure 2 | Headcount and Salaries of Compensation Professionals



Key questions for you in 2024

- What must we do to **prepare for compliance** with pay transparency laws?
- Do we want to be a **leader** on pay transparency or a follower?
- What is the **right balance** between local compliance and organization-wide consistency?
- Are we confident our compensation processes **drive pay differentiation** on the right factors? Are these **aligned** with our compensation philosophy?
- Do I have the **resources** to make the shift to pay transparency?



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

Q&A

Feel free to ask any questions in the chat!

