Pay Transparency Legislation Series, Ep. 9:

Navigate the Changing Global Landscape

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Today's Presenters:

Ruth Thomas

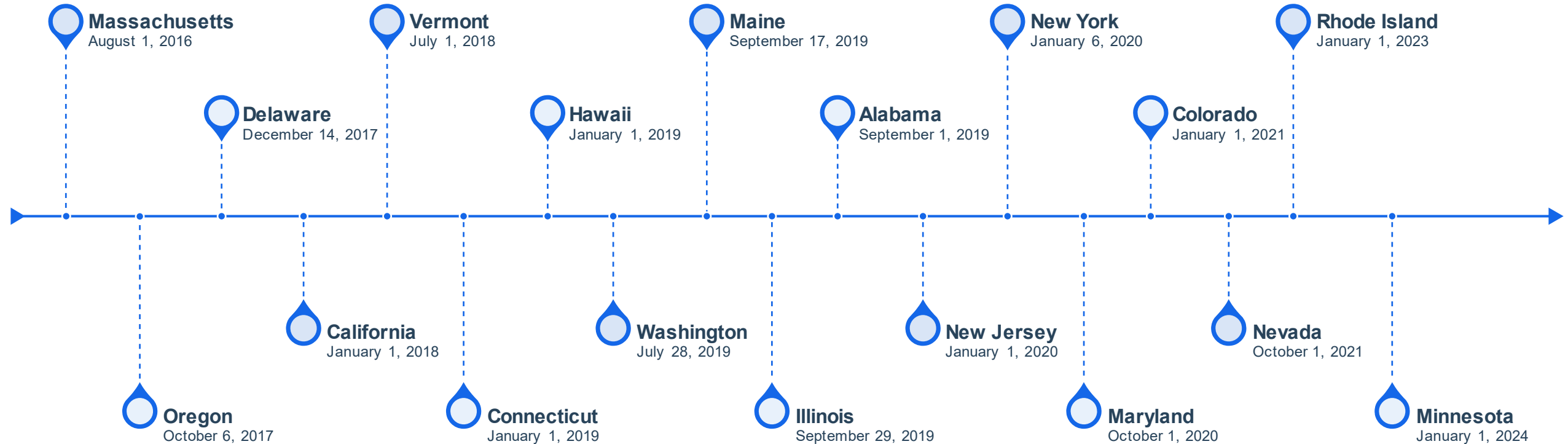Chief Product Evangelist

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Senior Corporate Attorney- Employment

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Today's Agenda

- US update: recently passed and emerging laws

- Global update: legislation being passed and updates in different countries

- How to stay compliant and stay ahead of this new legislation

Recently passed and emerging laws in the US

Salary History Ban Timeline

Massachusetts
August 1, 2016

Delaware
December 14, 2017

Oregon
October 6, 2017

California
January 1, 2018

Vermont
July 1, 2018

Hawaii
January 1, 2019

Connecticut
January 1, 2019

Washington
July 28, 2019

Maine
September 17, 2019

Alabama
September 1, 2019

Illinois
September 29, 2019

New Jersey
January 1, 2020

New York
January 6, 2020

Colorado
January 1, 2021

Maryland
October 1, 2020

Nevada
October 1, 2021

Rhode Island
January 1, 2023

Minnesota
January 1, 2024

Pay transparency legislation in job postings

Colorado
January 1, 2021

California
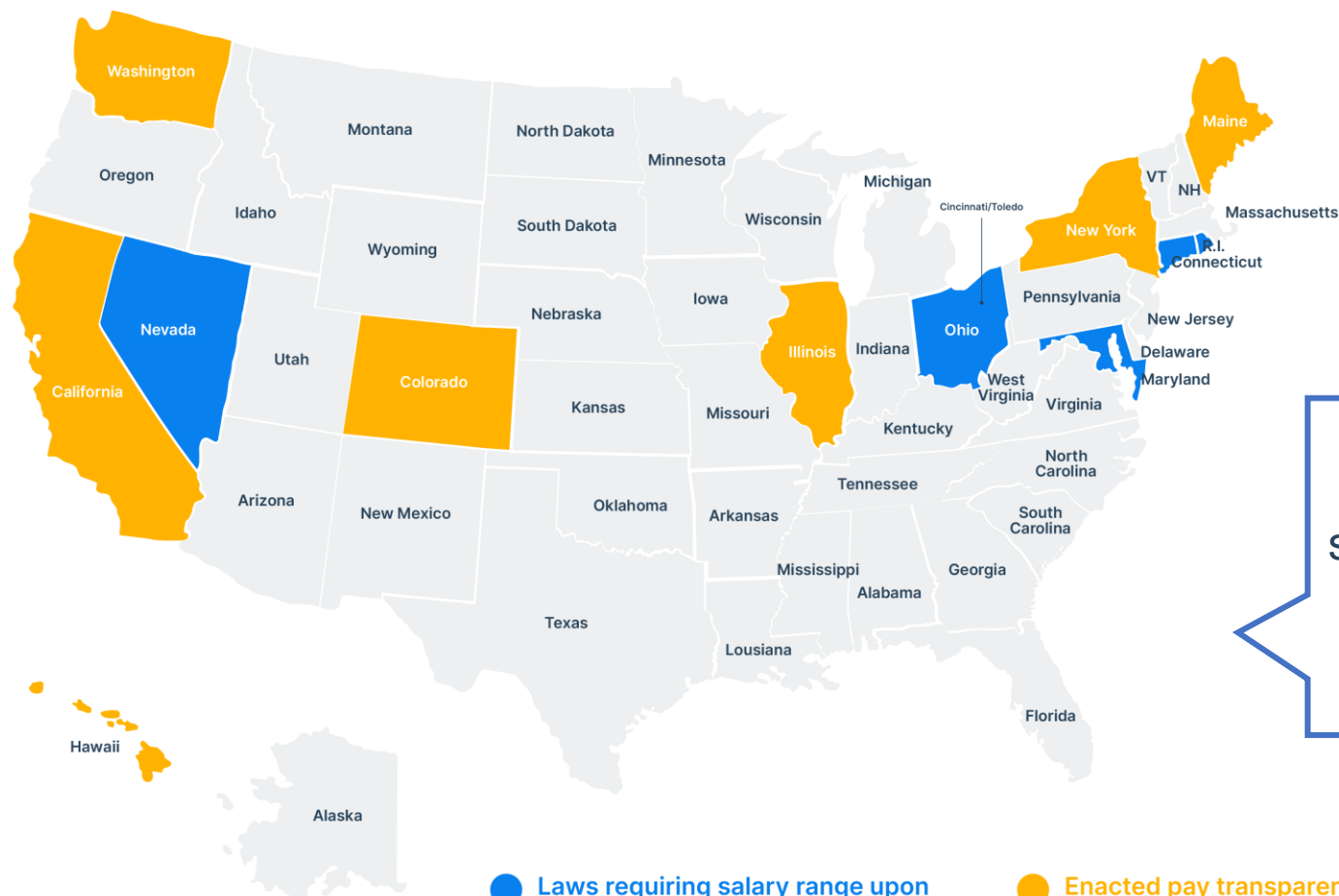January 1, 2023

Hawaii
January 1, 2024

Washington State
January 1, 2023

New York State
September 17, 2023

Illinois
January 1, 2025

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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.**

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Effective: September 17, 2023

- Applies to employers with **4 or more employees**

- Applies to job postings whose role **will be physically performed in NY, reports to a supervisor/office/other worksite in NY**

- **Internal and external** job postings for applicants and employees that **"can or will be performed, at least in part, in the State of NY."**

- **What must the posting include:**
  - Minimum and maximum salary/hourly wage
    - Good faith standard
  - Job description (if a description exists)

- **Record keeping obligations**
  - History of compensation ranges
  - Job postings/job descriptions

New York State Pay Transparency Law

Effective Date: January 1, 2024

- Applies to Hawaii employers with **50 or more employees**

- Must post the **hourly rate or salary range that reasonably reflects the actual expected compensation**

- Does not apply to **internal promotions/transfers**

- Remote work?

- Expansion of **Equal Pay Requirements**

Hawaii
Pay Transparency Law

Effective Date: January 1, 2025

- Applies to employers with **15 or more employees in Illinois**

- Applies to job postings whose role **will be physically performed _at least in part_ in Illinois or the role reports to a supervisor/office/other worksite in Illinois**

- Applies to **internal job postings**

- **What must the posting include:**
    - Wage/salary or salary range
        - Good faith Standard
    - General description of benefits and other comp
        - E.g., bonuses, stocks, other incentives

Illinois
Pay Transparency Law

Legislation being passed globally and updates in different countries

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Canada

- ## Prince Edward Island
  - When: June 1, 2022
  - What: post expected pay/pay range, no reprisal

- ## British Columbia
  - When: November 1, 2023
  - What: Salary History Ban, post expected pay/pay range, pay transparency report

- ## Newfoundland and Labrador
  - When: TBD
  - What: Salary History Ban, post expected pay/pay range, pay transparency report

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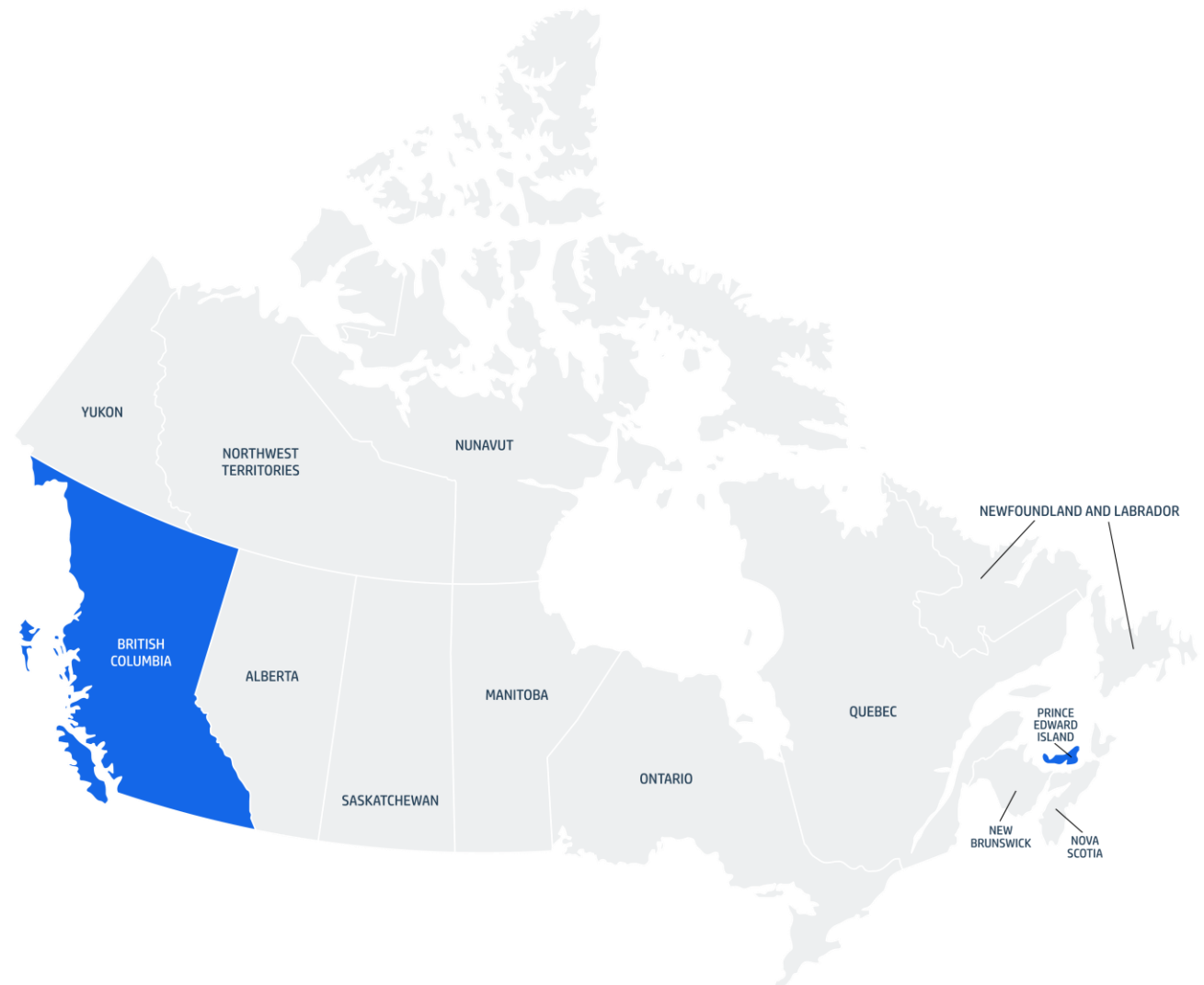
New Zealand

Who: Employers with more then 250 employees (~900 employers)

What: gender pay gap report

When: TBD

What next? Consultation period

Australia

Who: Australian companies with 100+ employees

What: gender pay gaps publicly published

When: January 2024

**Dec 7, 2022:
Pay Secrecy Laws
Banned**

Singapore

35% of all job postings include salaries (no laws requiring this)

December 2024: Singapore-listed companies must report CEO and director salaries

Japan

June 2023 Gender Pay Gap Report Deadline

What: gender pay gaps—different requirements for companies with 301+ vs. 101-300 employees

Reports must be public and action plans must be made public

EU Pay Transparency Directive

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

2026/2027
The EU member states deadline to implement the
requirements into local law.

European
Commission

How to stay compliant and stay ahead of this new legislation

Stay informed

Act local, think global

Be proactive to stay ahead of legislation

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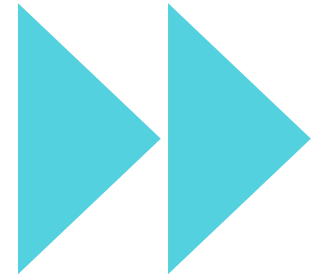
Recommendations

Stay informed

Act local, think global

Be proactive to stay ahead of legislation

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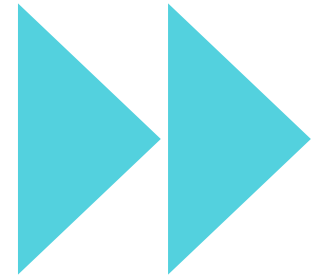
Steps to pay transparency compliance

1	Understand your competitive landscape and determine a data strategy
2	Efficiently manage your job descriptions
3	Evaluate current employee pay against the market
4	Implement standardized and scalable practices regarding salary structures and pay ranges
5	Implement a strategic compensation planning framework that supports pay transparency
6	Conduct regular pay equity analysis
7	Support pay communication internally to employees and managers

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Poll 1

Which of these steps is most difficult for you to solve?

A. Understand your competitive landscape and determine a data strategy
B. Efficiently manage your job descriptions
C. Evaluate current employee pay against the market
D. Implement standardized and scalable practices regarding salary structures and pay ranges
E. Implement a strategic compensation planning framework that supports pay transparency
F. Conduct regular pay equity analysis
G. Support pay communication internally to employees and managers
H. We are no longer focused on pay transparency
I. We are not yet focused on pay transparency

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Steps to pay transparency compliance

Understand your competitive landscape and determine a data strategy	7.60%
Efficiently manage your job descriptions	7.90%
Evaluate current employee pay against the market	8.20%
3 Implement standardized and scalable practices regarding salary structures and pay ranges	18.90%
2 Implement a strategic compensation planning framework that supports pay transparency	19.60%
Conduct regular pay equity analysis	9.30%
1 Support pay communication internally to employees and managers	28.50%

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Implement a strategic compensation planning framework that supports pay transparency

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

Agree on a target level of transparency **that aligns to your culture** and plan your journey

Understand the relevant factors that impact pay in your organization and make sure this part of your compensation philosophy

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You need to decide how transparent you will be

Pay trans·par·en·cy

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

2 Share with individuals how their pay is determined

4 Managers facilitate meaningful conversations about pay

Pay confidentiality ← → **Pay transparency**

1 No information shared with employees except their own pay

3 Share salary range data for current role with employee

5 Salary ranges shared publicly

What are we being transparent about?

- **Pay Philosophy and Strategy:** What the philosophy is, how you define competition, segment your workforce, and target the market, how you reward talent.

- **Market Study:** The data you use, the tools and 3rd parties you partner with, how jobs are matched, market study results.

- **Pay Rates:** Their own pay rate or the rates of others, how increases are determined, how market strategy informs pay.

- **Grade Structures or Pay Ranges:** Employee's own pay ranges, grades and ranges of direct reports & jobs around them, how locations correlate to pay schedules.

- **Career Pathing:** Talent investment goals of the company, available growth opportunities, support for personal and professional development.

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Poll 2 Stakeholder alignment (select as many)

What is the biggest push back in getting stakeholder buy in?

A. Leadership is unconvinced of the merits of pay transparency

B. Leadership don't understand the ROI of pay transiency

C. Leadership are only concerned with compliance with legislation rather than adopting pay transparency more broadly

D. Leadership are concerned at the potential cost of fixing pay inequities if we adopt pay transprency

E. Leadership do not want to invest in pay strategies to support pay transparency

F. There are other competing priorities in the business

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Implement standardized and scalable practices regarding salary structures and pay ranges

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

Ensure you are using **credible and timely data** to build competitive ranges

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

Monitor for consistency of application and for market competitiveness

What is your starting point?

Market data only

Job based ranges

Pay grades

Levelling - Facilitates understanding and comparison of jobs, especially across jobs that might otherwise seem unrelated

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Where does job architecture fit?

Take Inventory

- Job titles
  - What titles exist currently?
  - What titles are you recruiting for?
  - What titles might you need to add to support short- and long-term business goals
- Job levels
- Flat or hierarchical

Job Descriptions

- Why does a job exist in your organization?
  - Essential tasks, duties, responsibilities
- What is required to be successful in a job?
  - Skills /competencies
  - Education / certification
  - Experience
- Scope of impact
- Management received and given

Build and Review Job Architecture

- Group jobs into similar functional areas based on tasks, duties, responsibilities
- Do you need more / fewer job families?
- Are jobs in the correct career level when compared against other roles?
- Are there too many levels / not enough levels?
- How can you leverage your existing data sources in this process?

Pricing of jobs

- Review and refine your benchmark matches
  - Are jobs in the same functional area matched to the same survey job family?
  - Are jobs in the same internal career level matched to the same survey job level?
- Apply compensation philosophy to survey benchmarks to determine competitive market values

Creation of pay structures

- Do career levels within a job family progress in a logical, predictable manner?
- Do career levels cluster in grades as expected?
  - One level ≠ one grade or range of pay

Assess Employees

- Position in range
- Position against market
- Pay equity
- Workplace representation

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Support pay communication internally to employees and managers

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

Pay structures are a great tool to **empower managers to talk to employees about pay and progression.**

Use the right tools to communicate to employees to improve pay perception

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What managers should know

Compensation basics such as key terms and how you use them at your organization.

When to have pay conversations with employees.

What to cover as part of those conversations.

How much they are allowed to share about how compensation is determined.

What questions or scenarios to **pass to HR** to handle.

How to access and review comp policies and processes.

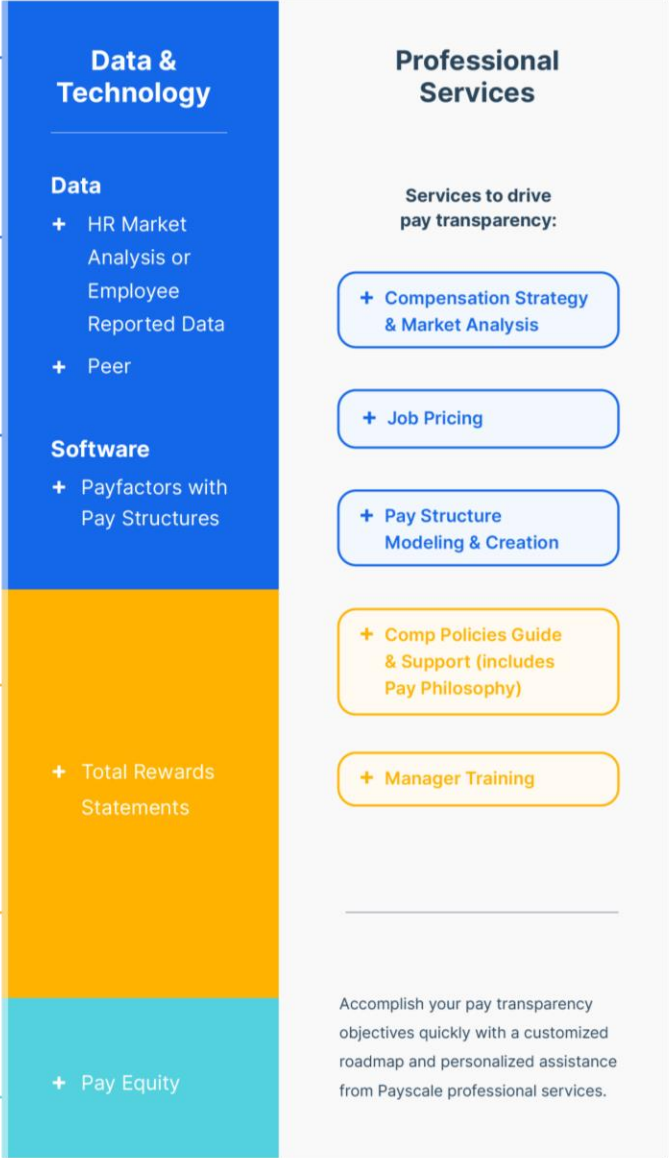payscale

Poll 3: Impact of pay transparency

If you have taken action to respond to pay transparency legislation, what has the internal and external impact been?

Select all that apply

A.   Attracting higher quality or more candidates

B.   Higher retention rate

C.   Happier/more engaged employees

D.   No impact on attracting or retaining talent

E.   Something else

F.   None of the above

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.

① Pay Transparency

Comp philosophy & strategy
We help you create or retool your compensation philosophy and pay strategy to embed fair pay as part of your talent strategy through professional services.

② Pay Transparency

Market data
We help you build a foundation with a competitive market data strategy leveraging HR-reported data through Peer and Employee Reported data that is proven to accurately reflect the market.

③ Pay Transparency

Pay structures
We help you develop standardized salary structures that ensure fair pay, resulting in pay ranges you can confidently post on job descriptions.

④ Pay Transparency

Manager training
We help you facilitate training with your managers on your pay philosophy and pay structures to empower managers to have effective pay conversations and improve employee relationships.

⑤ Pay Transparency

Employee pay communications
Communicate pay to your employees through tools and resources to improve pay perception and build an engaged workforce of employees who understand their pay.

⑥ Pay Transparency & Equity

Pay equity
Payscale's pay equity software and team of trusted advisors equips you to confidently identify pay gaps and create realistic plans to remediate and prevent inequity in a streamlined, cost-effective, and secure way.

Data & Technology

Data
+ HR Market Analysis or Employee Reported Data
+ Peer

Software
+ Payfactors with Pay Structures

+ Total Rewards Statements

+ Pay Equity

Professional Services

Services to drive pay transparency:

+ Compensation Strategy & Market Analysis

+ Job Pricing

+ Pay Structure Modeling & Creation

+ Comp Policies Guide & Support (includes Pay Philosophy)

+ Manager Training

Accomplish your pay transparency objectives quickly with a customized roadmap and personalized assistance from Payscale professional services.

Outcomes

Roadmap to accomplish pay transparency objectives quickly with a committed partner

Increased **confidence** in public-facing salary ranges

Internal pay **communications** to build an engaged workforce that stays

Address and maintain **internal equity** for an extra layer of confidence

Q&A

Feel free to ask any questions in the chat!

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