

Pay Transparency Legislation Series, Ep. 8:

The importance of meaningful pay communications

Today's Presenters:



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Today's Agenda

- Emerging pay legislation and pay communications
- Cultural shifts driving pay transparency and communications
- How to drive meaningful pay conversations



Poll 1: Is communicating pay internally a priority initiative for your organization within the next year?

- ☐ Yes, it is a priority
- ☐ No, not a priority but we recognize the importance
- ☐ No, not a priority and we don't see the need
- ☐ We are already communicating pay

Emerging pay legislation and pay communications

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's 29 states (plus Washington D.C) with salary history bans



Pay Transparency During Job Interviews

2018: California first state to pass pay transparency law during interview process

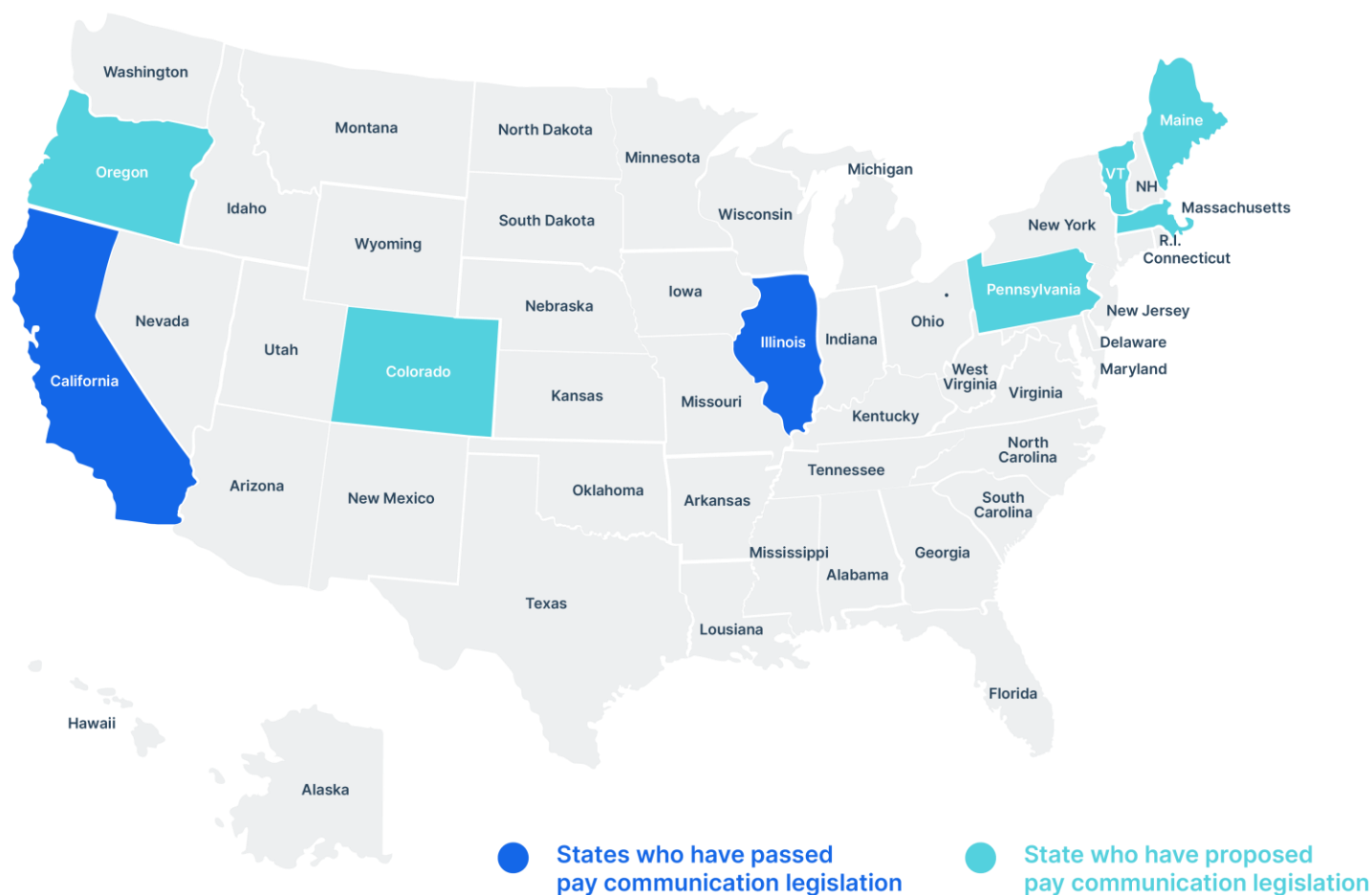


Pay Transparency in Job Advertisements

January 2021: Colorado first state to pass

Pay Communication Legislative Landscape

States who will require pay communication



Maine, Massachusetts, California*

Employers must provide pay
range of the role employee
holds upon request.

*Currently passed





Oregon

Must provide each employee with pay range and general description of benefits at least **once per year, at time of hire**, when employee is promoted/transferred to new role, or **upon request**.



Pennsylvania

Upon hire and annually thereafter, employer must provide employee in writing the pay range for that employee's job title AND for jobs within the employer's business that are substantially similar with respect to skill, effort, and responsibility required to perform the jobs and the conditions under which jobs are performed.



Illinois*

Employer provide employee their current wage or salary range and a general description of benefits and other compensation for the position in which the employee is employed **upon hire, promotion, or transfer and at least annually thereafter and upon employee request**.



Colorado

For roles with career progression, employers must disclose and make available to all eligible employees (1) requirements for career progression; (2) each position's terms of compensation, benefits, full-time or part-time status, duties, and access to further advancement.



Rhode Island*

Employer must provide the wage range for an employee's position at the employee's request and "during the course of employment".

New York City Ordinance Amendments

- Include a description of the job, promotion, or transfer opportunity in all advertisements;
- Provide a description of nonwage compensation in postings, including “bonuses, benefits, stocks, bonds, options and equity or ownership”
- Provide the minimum and maximum salary, as well as any nonwage compensation, to current employees **annually and upon request** from an employee.





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



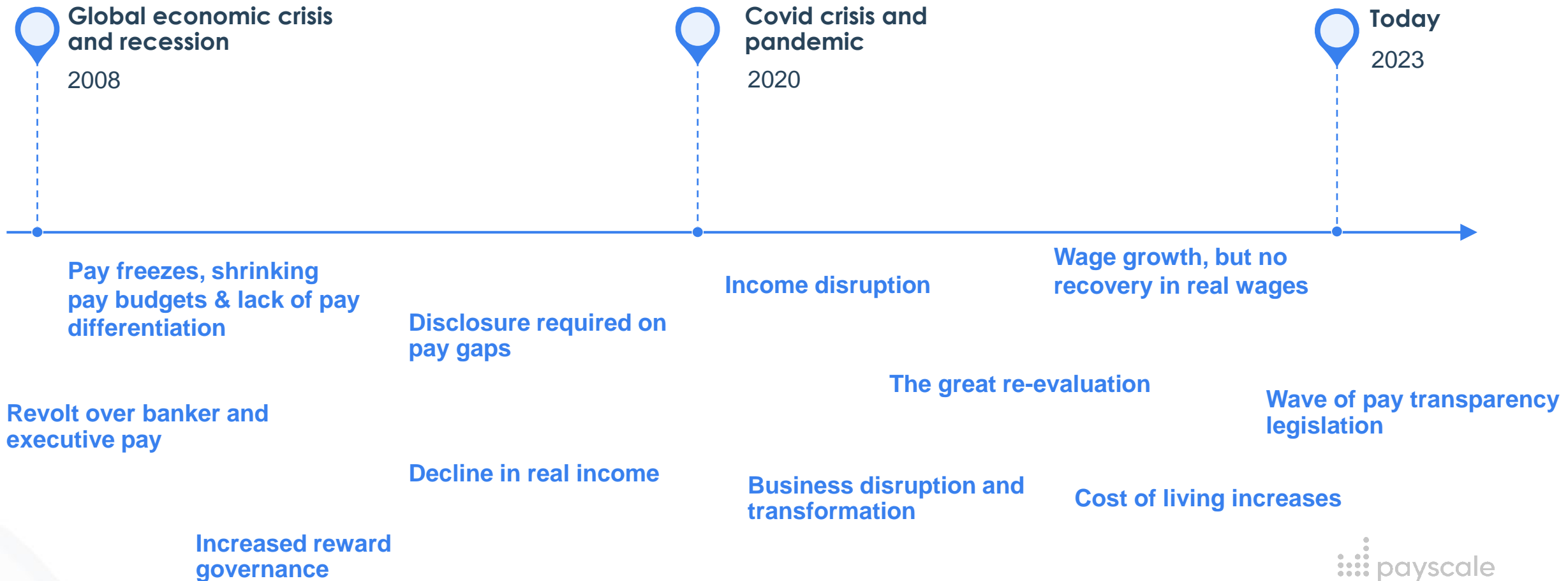
**Right to information
for employees**



- 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

Cultural shifts driving pay transparency and communications

Erosion of trust in pay practices



The information age

Home > For Individuals

Discover your earning potential

Do you know what you should be paid? Payscale for people is the go-to salary tool for assessing the worth of your job-skills on the open market.

See My Earning Potential →



Shifts in pay transparency 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

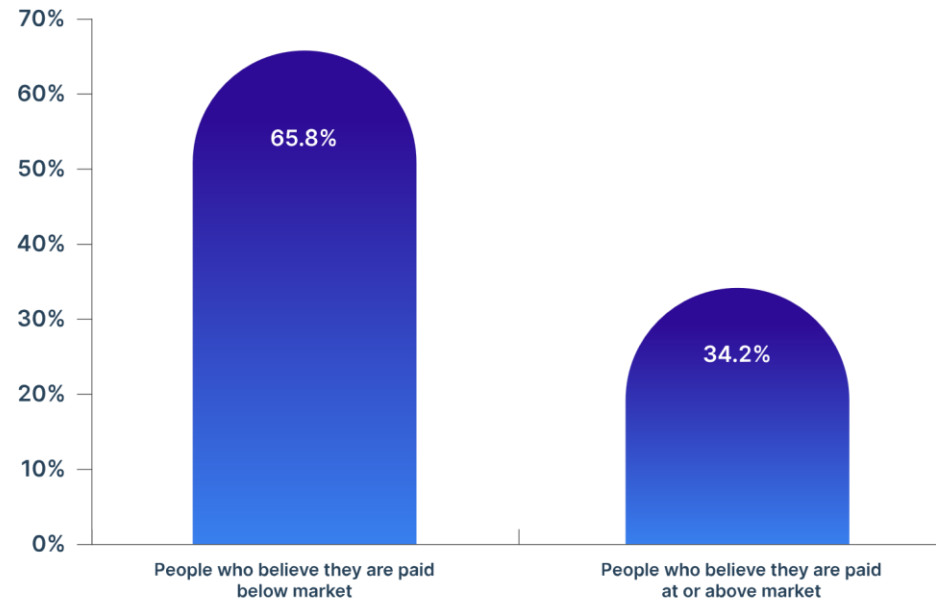
Source: LinkedIn Market Research

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



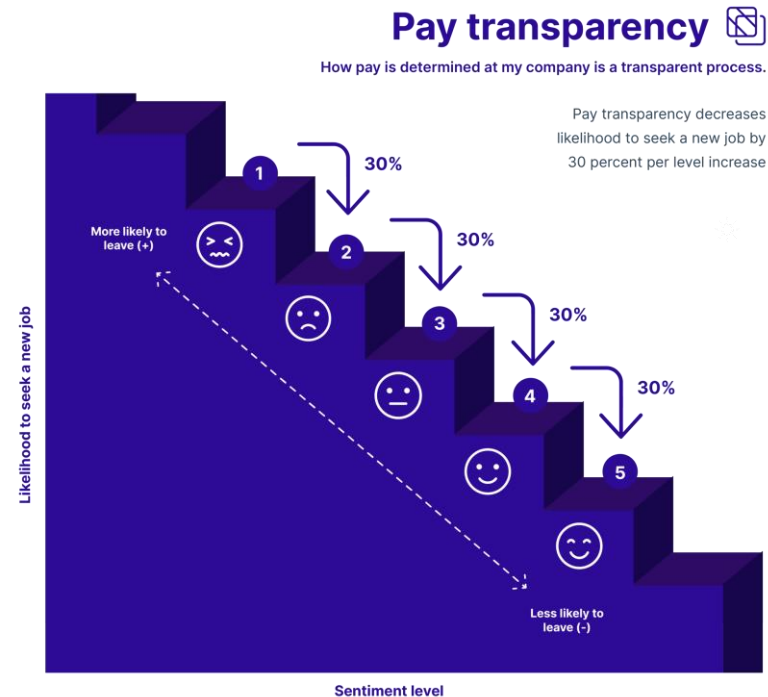
Pay transparency has a positive impact on retention overall, especially when combined with comp strategy, pay communications and pay equity.

Perception of fair pay impacts intent to leave



<https://www.payscale.com/research-and-insights/fair-pay-impact/>

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



<https://www.payscale.com/research-and-insights/retention-report/>

Poll 2: What is getting in your way to communicating pay internally?



- ☐ We need to increase confidence in our ranges first
- ☐ 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

We are seeing a shift in 2023 towards internal pay communication and education being a critical step to external pay transparency

What are your greatest roadblocks to posting job ranges (select all that apply)?



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



How to drive meaningful pay conversations

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.



What employees want to know about pay



What is my pay and total reward offering?



How does my pay compare with others?



How was my pay was determined?

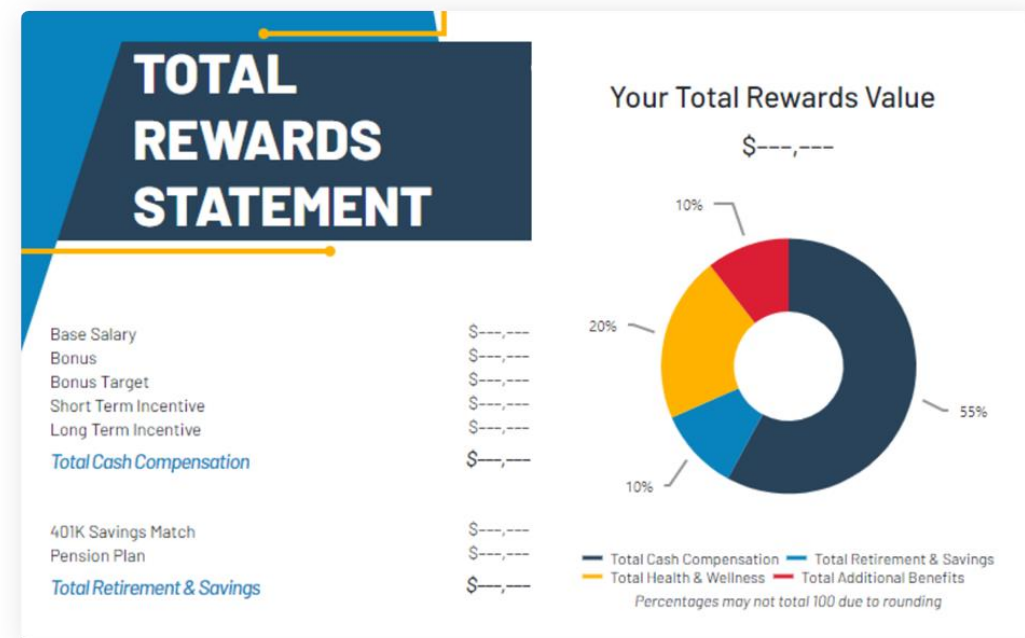
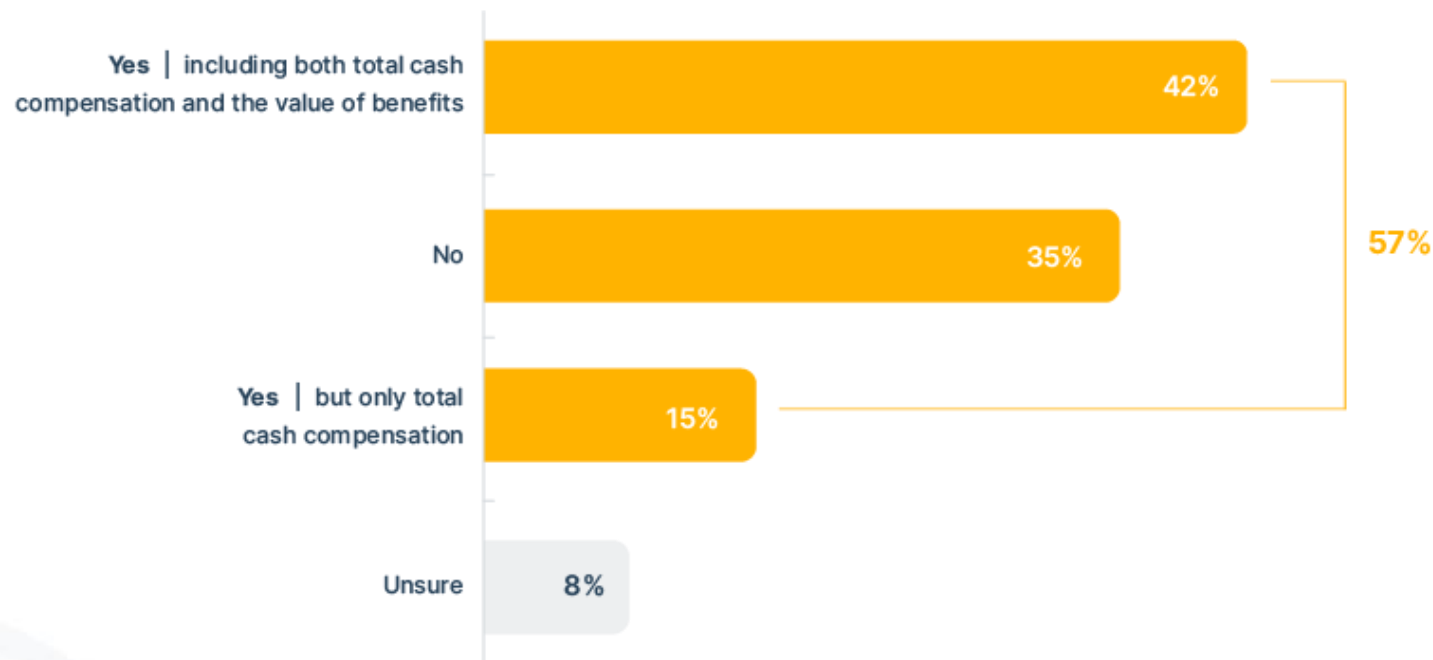


How can I progress my pay?

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?



How was my pay determined?

This question is really about your **pay strategy**. Is there some kind of pay range? The employee also wants to know **how you decided** that this range is appropriate

Then consider how you determine **where they fall in the range** and reflect on the compensable factors that contributed to that decision. For example, was performance, experience, or time in role a factor?

How does my pay compare with others?

For this question, it is worth noting that the issue of **pay fairness** has become a critical part of all conversations on pay.

Without a **formal pay structure** or **data-backed compensation rationale**, this question can be difficult to answer.

This **does not mean** you have to share other employees pay information; it is about relativity, and the work you do to ensure pay fairness.

How do I progress my pay?

Talking about **pay progression** is important because most employees will have personal and professional goals that they are trying to meet. For example, how does an entry level marketer become a mid-level marketer? Are there tiers for certain roles and, if so, **how do they get from tier to tier?**

If not, what are the options for **growth**?

If the answers employees get are rational, honest, and offer a path upward that they feel they can achieve, the employee is **more likely to feel valued** and stay with your organization.

Poll 3: What are you using to facilitate pay communication internally?

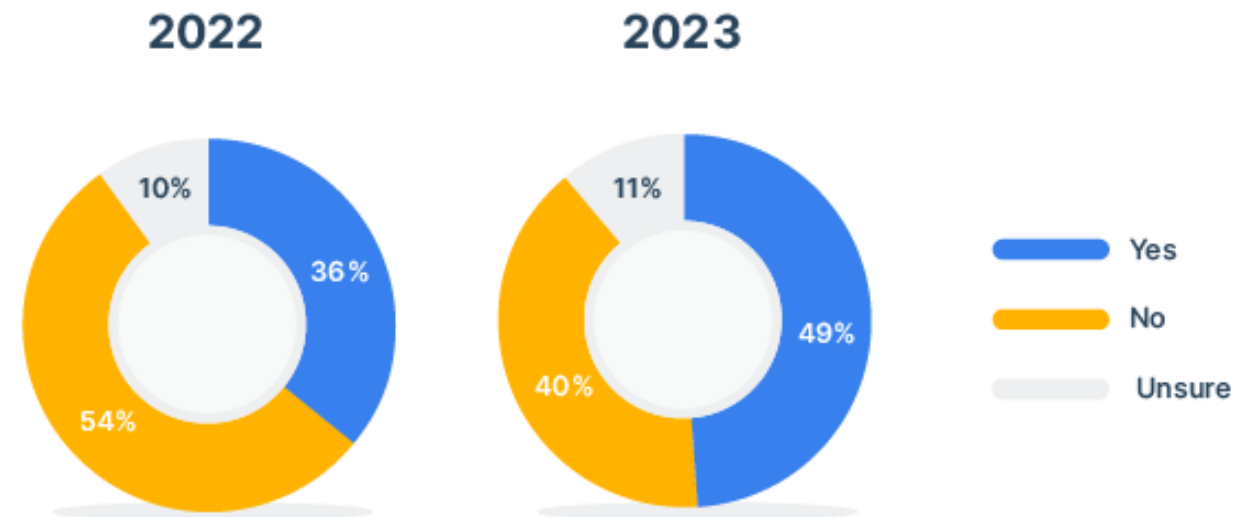


- We are doing this ourselves using our own homegrown tool
- We are using a total rewards software
- We are not yet communicating pay, but we are looking for a tool to help
- We are not doing this at all
- Other please specify

Why managers are important

- 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?



Check out our fair pay handbook



Let's talk fair pay

Your fair pay handbook

Talking about pay is still taboo for many. Employees are not confident in how to approach their employer, and many employers are not prepared to have pay conversations, so they are often discouraged. But pay conversations are a vital driving force in creating fair pay for everyone, hence the importance of committing to talk about fair pay.

At Payscale, we aim to spark real conversation around pay by providing employers and employees the tools and best practices to understand how to have an informed conversation together around pay. If we all talk about pay more openly in a more informed manner, we increase transparency, reduce bias, and ensure fair pay and ultimately help to close pay gaps.

This handbook will give you the steps and tools to help you establish clear pay strategies and structures, guide you on how to have effective pay conversations, and provide you with powerful data to support pay transparency and fair pay initiatives so that you can take action and work toward achieving fair pay within your organization.



Do your managers
know how to respond
to the following
questions?

- Why does so-and-so **make more than me?**
- What is **the salary range** for my position?
- How often can I **expect a raise?**
- Where does our **salary data** come from?

Can your managers respond to the following scenarios?

- When an employee is **overpaid**
- When an employee **isn't eligible** for a raise
- When **more money** isn't an option
- When an employee **reacts negatively** to an increase

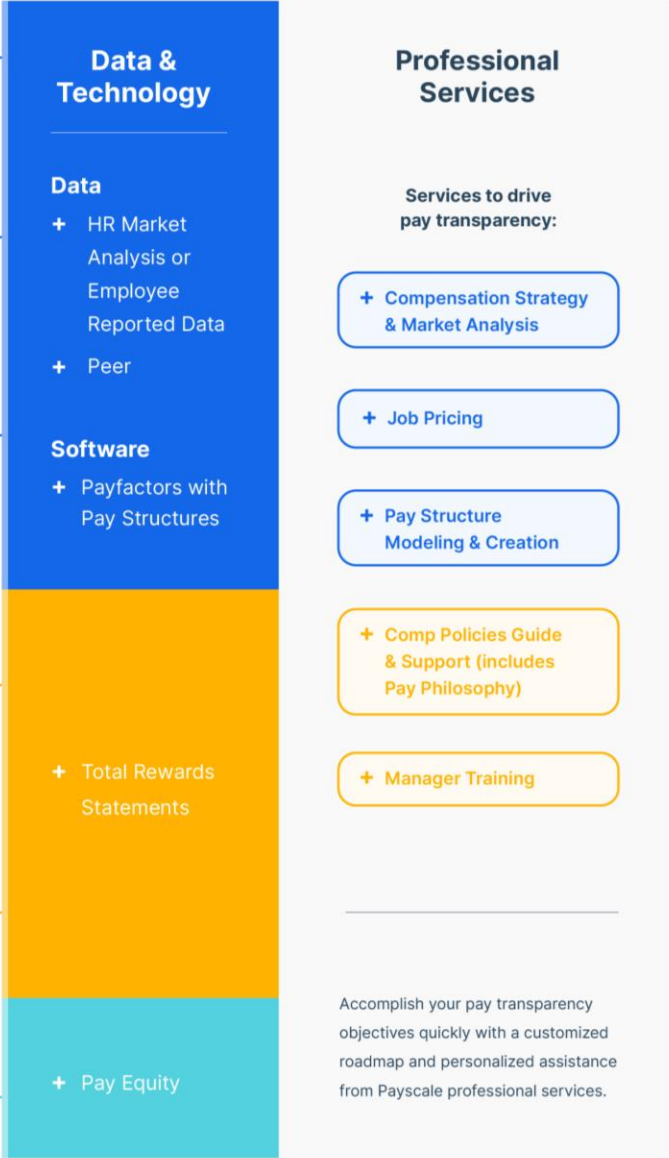


“Pay conversations are a vital driving force in ensuring your employers feel valued and trust they are treated fairly.”

Payscale's Pay Transparency Solution

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.



- ✓ **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

Outcomes of the Pay Transparency Solution

01

Increasing confidence
in public salary ranges

03

Addressing and
maintaining internal
equity

02

Improving the effectiveness
of internal pay comms

04

Guiding the journey and
accelerating objectives

Q&A

Feel free to ask any questions in the chat!

