



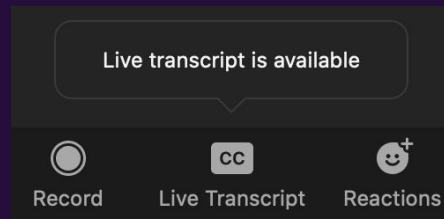
Syndio Briefing

# California's Groundbreaking Pay Reporting & Pay Scale Disclosure Law Passed: What Now?

**We will begin shortly.**

This webinar is being recorded and will be shared with all registrants.

We have live transcript enabled for this webinar. If you would like to use this feature, please turn on this setting in your Zoom toolbar now.

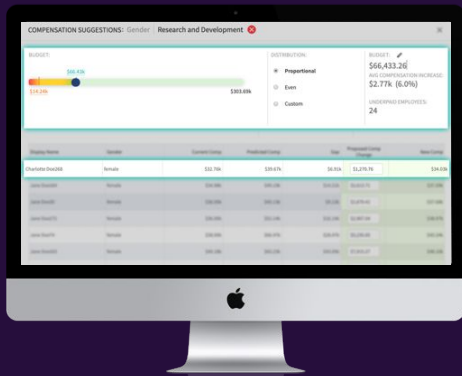


## AGENDA

- 01 Intro & housekeeping
- 02 What does SB 1162 bill entail?
- 03 How to meet the requirements
- 04 Responding to the transparency era
- 05 Q&A



Our mission is to help companies measure, achieve, and sustain workplace equity.



## Workplace Equity Platform

Enterprise platform to analyze, resolve, and prevent disparities in pay and opportunities



## Expert Support and Consulting

Legal best practices, statistics, reporting, and communications guidance and support

**200+ industry leaders trust Syndio**  
*including 30% of Fortune's Most Admired Companies*



NORDSTROM

## | Speakers



**Christine  
Hendrickson**

VP of Strategic  
Initiatives at Syndio



**Nancy  
Romanyshyn**

Director of Pay  
Strategy and Partner  
Success at Syndio



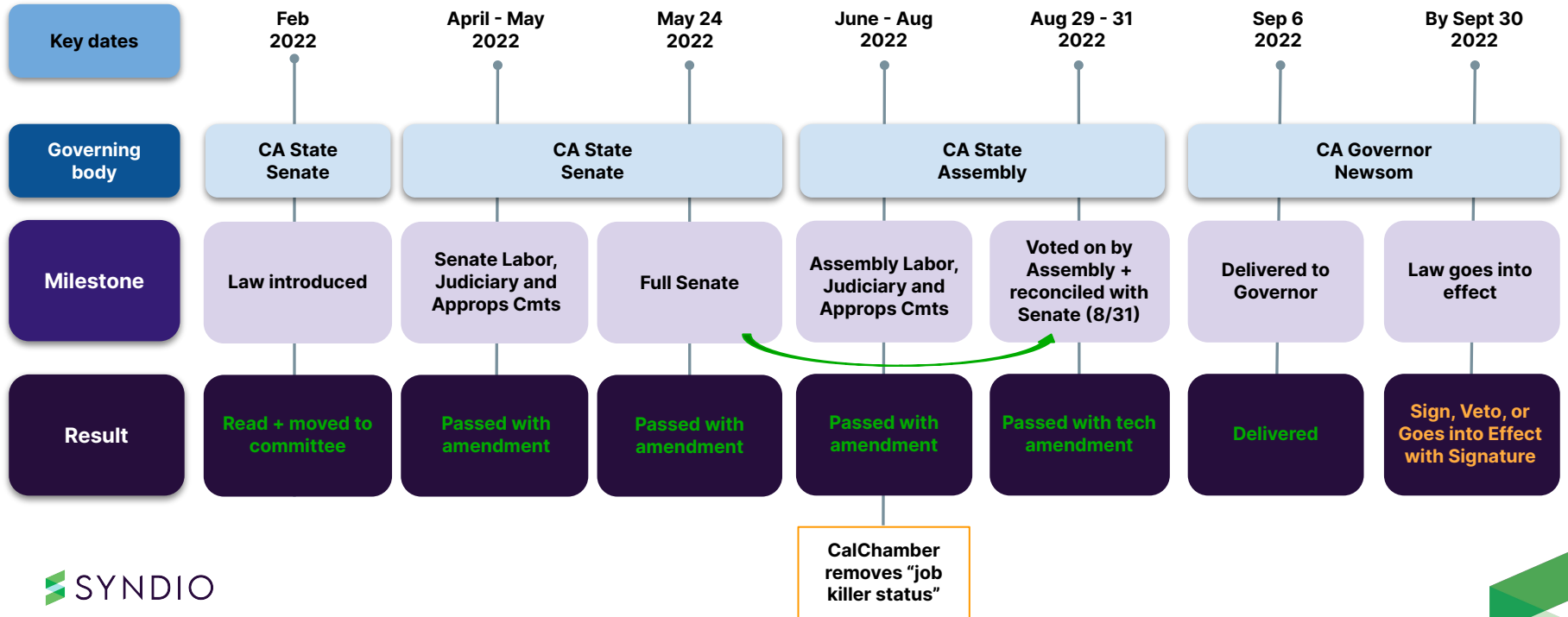
# California is (back) leading the way on pay transparency



- California was the first state in the nation to pass a **mandatory pay scale transparency statute** in October 2017
- California passed the nation's first **pay data reporting obligation** in September 2020
- California first to propose **median pay gap reporting in 2017**, with concept introduced again with SB 1162
- California would be **first with contractor pay report**

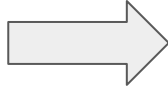


# California's pay transparency + pay reporting bill SB 1162: milestones and timelines



Why does Gov. Newsom have until September 30th?

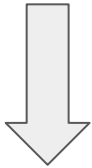
End of session  
**legislative crush**  
**extends deadline**  
from 12 days to  
**September 30th**



California     
**LEGISLATIVE INFORMATION**  
**BILL HISTORY**

SB-1162 Employment: Salaries and Wages. (2021-2022)

Date	Action
09/06/22	Enrolled and presented to the Governor at 3:30 p.m.
08/30/22	Assembly amendments concurred in. (Ayes 31. Noes 9.) Ordered to engrossing and enrolling.



(2) Any bill passed by the Legislature before September 1 of the second calendar year of the biennium of the legislative session and in the possession of the Governor on or after September 1 that is not returned on or before September 30 of that year becomes a statute.



# The **four key requirements** of SB 1162



01

## **Pay scale transparency**

Pay scale to applicants and employees



02

## **Records retention**

Retain records



03

## **Pay gap reporting**

Reporting median and mean pay gap



04

## **Contractor pay report**

Contractor pay report





## | Key milestones

<b>January 1, 2023</b>	<b>Pay scale disclosure + record retention</b>	Proactive disclosure (15+ employees; 1+ in CA); Reactive disclosure upon request to employees (1+ employees in CA)
<b>May 10, 2023</b>	<b>Annual pay report + mean / median</b>	100+ employees (1+ in CA), based on 2022 hours and wages data
<b>May 10, 2023</b>	<b>Contractor pay report</b>	100+ labor contractors, based on 2022 pay data



NOTE THE EARLIER DATES FOR THE PAY REPORTING REQUIREMENTS - BASED ON CONFIRMATION WITH SENATOR LIMON'S OFFICE



## | Transparency and wage scales

- Employers with **15+ employees must include the “pay scale” in job postings**
- Employers with 1+ employees must continue to provide pay scale to applicants and **start to provide to employees** for their current role, upon request
  - Pay scale = base salary or hourly wage
  - Must provide pay scale to third party agencies who post on behalf of employer

Pay scale  
**transparency**



# Three flavors of pay transparency laws

## Reactively provided, upon request

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California\*  
Washington State\*  
Maryland  
Cincinnati, Ohio  
Toledo, Ohio

## Proactively provided during hiring process

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Connecticut  
Nevada  
Rhode Island

## Proactively provided in job posting

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Colorado  
New York City, NY  
Washington State\*  
Jersey City, NJ  
Ithaca, NY  
Westchester County, NY

Get the U.S. Pay Scale Transparency Cheat Sheet at  
[syndio.com/cheatsheet](https://syndio.com/cheatsheet)



# Pay scales coming to more job postings soon!

## Effective Now

- Colorado
- Jersey City, NJ
- Ithaca, NY

## Effective November 2022

- NYC, NY (11/1)
- Westchester County, NY (11/5)

## Effective January 2023

- Washington State
- California (if signed)
- + Rhode Island (proactive disclosure in hiring process and to employees)

*Plus more on the horizon - New York State (270 days after the Governor signature)*

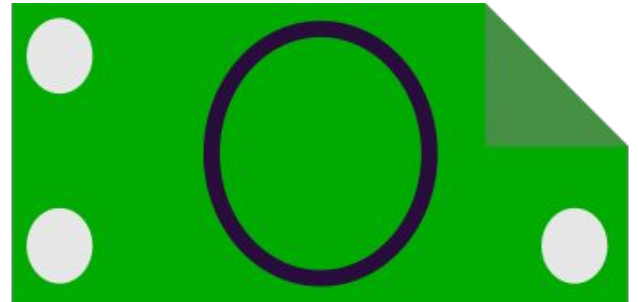


## Record retention

- Must maintain:
  - Job title
  - Wage rate history
- Retention period:
  - Duration of employment
  - 3+ years after employee terminates
- Open for inspection by California Labor Commissioner

## | Pay transparency and record retention penalty

- At least **\$100 but no more than \$10,000**, per violation
  - No fine for 1st violation if update job postings
- Rebuttable presumption in favor of claim if fail to keep records
- Plaintiff may bring complaint with Labor Commissioner **or** file civil action



## | Annual pay report

- Changes to filing deadline to 2nd Wednesday in May
- Removes EEO-1 filing requirement
- No consolidated report - but watch out
- Can still provide “clarifying remarks”

Changes to  
annual  
**pay  
report**



## | Calculation of pay gaps

“Within each [EEO-1] job category, for each combination of race, ethnicity, and sex, median and mean hourly rate”

- **HOURLY rate calculated from the total W-2 earnings**
- Based on the entire “Reporting Year” regardless of whether or not an employee worked for the full calendar year

Mean and median  
**pay gap**





# Median and mean

## Median

**“Median pay gap”:** The median pay gap is the difference between midpoints. So, taking a gender example, you take the W-2 earnings of all women, line them up in order from lowest to highest, and pick the middle employee. Then you do the same of men. Then you compare the pay of the middle male and middle female to calculate the median pay gap.

## Mean

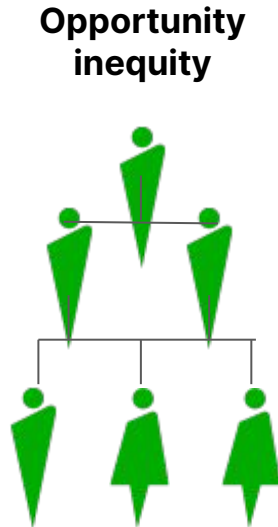
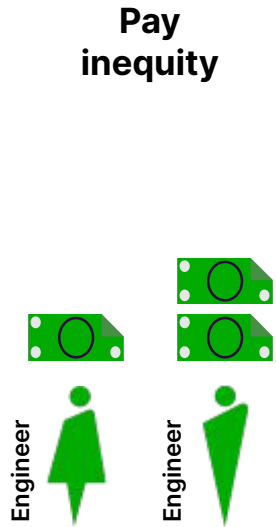
**“Mean pay gap”:** The mean pay gap is just the average, not adjusting for any factors that are relevant to pay. The mean gap is more sensitive to outliers (an advantage of the median) but the mean may be more revealing for employers with large hourly populations.



# What causes the pay gap?

## Typically 4 Root Causes of the Pay Gap

Explained using a gender example



## | Contractor pay report

“a private employer that has 100 or more employees hired through labor contractors within the prior calendar year shall submit a separate pay data report to the department covering the employees hired through labor contractors in the prior calendar year.”

Contractor  
**pay**



California is also focused on names of labor contractors

**PLUS must disclose names of labor contractor**

- Labor contractors must provide worker pay data to employers



# Pay reporting penalty

- Previously: No penalty, just costs
- Would add a civil penalty not to exceed \$100 per employee upon any employer who fails to file the required report; if fail to file subsequent report up to \$200
  - 10,000 employees = \$1M fine
- If employer cannot submit a complete and accurate report because a labor contractor has not provided the pay data, labor contractors can be on the hook, too



## | No public disclosure

- The original SB 1162 would have required CRD will publish each private employer's pay data report an internet website available to the public
  - The current report
- For this reason the CA Chamber has called the bill a "job killer" and attractive to plaintiff's counsel
- Final version **removed this requirement**

no  
public  
**disclosure**



## | Still watch out! CRD will use data for enforcement purposes

- CRDs FAQs say: “Employers’ pay data reports allow CRD to more efficiently identify wage patterns and allow for effective enforcement of equal pay or anti-discrimination laws, when appropriate”
- CRD analyses and releases aggregate data, across companies so data could be compared by the CRD — potentially unfavorably — against this aggregated dataset



# Responding to the transparency era





# We're entering the era of pay transparency



## Employees

sharing pay on  
LinkedIn, TikTok,  
RepVue, etc



## Indeed

automatically posts  
salary ranges if  
you don't



## Companies

like Microsoft are  
posting ranges for  
all positions  
nationwide



## Lawmakers

enact pay range  
posting legislation



# Who needs laws when we have TikTok?



## Are you being paid fairly? Young workers share salary information as pay transparency gains steam

Some 42% of Gen Z workers, ages 18-25, and 40% of millennial employees, ages 26-41, have shared their salary information with a coworker or...



**Jarrett Carson, MBA, NCCO, Doctoral Candidate** · 3rd+ 1d (edited) ...

Started new position at Zo Financial

Nothing worse than applying for a job and not knowing what the range is. Posting a salary range also helps a candidate identify if an employer is within range for a specific job, region, experience, and industry. This also helps an employer locate candidates that understand their value and worth. Any employer who is hesitant to publish their salary may be unsure of how they are positioned as compared to others in the same industry.

Like · 1 | Reply



SUCCESS MONEY WORK LIFE VIDEO

WORK

## Companies that refuse to be transparent about pay will be 'under fire,' says salary expert

Published Fri, Jan 28 2022·11:40 AM EST · Updated Fri, Jan 28 2022·2:45 PM EST

## Top concerns we're hearing from the inside

*Will our posted ranges be **too low** and turn away needed candidates?*

*Will our posted ranges be **high** compared to what current employees are making and cause them to insist on increases?*

*Will our posted ranges be **too wide** because they're not considered 'reasonable' according to the new laws?*

*Will our **competitors** for talent see our ranges and pay more, causing us to lose out on good candidates?*



## What it means



Applicants will know  
how you pay roles  
before applying



Employees will  
know how you  
pay for roles



Other employers will  
know how you pay  
for roles

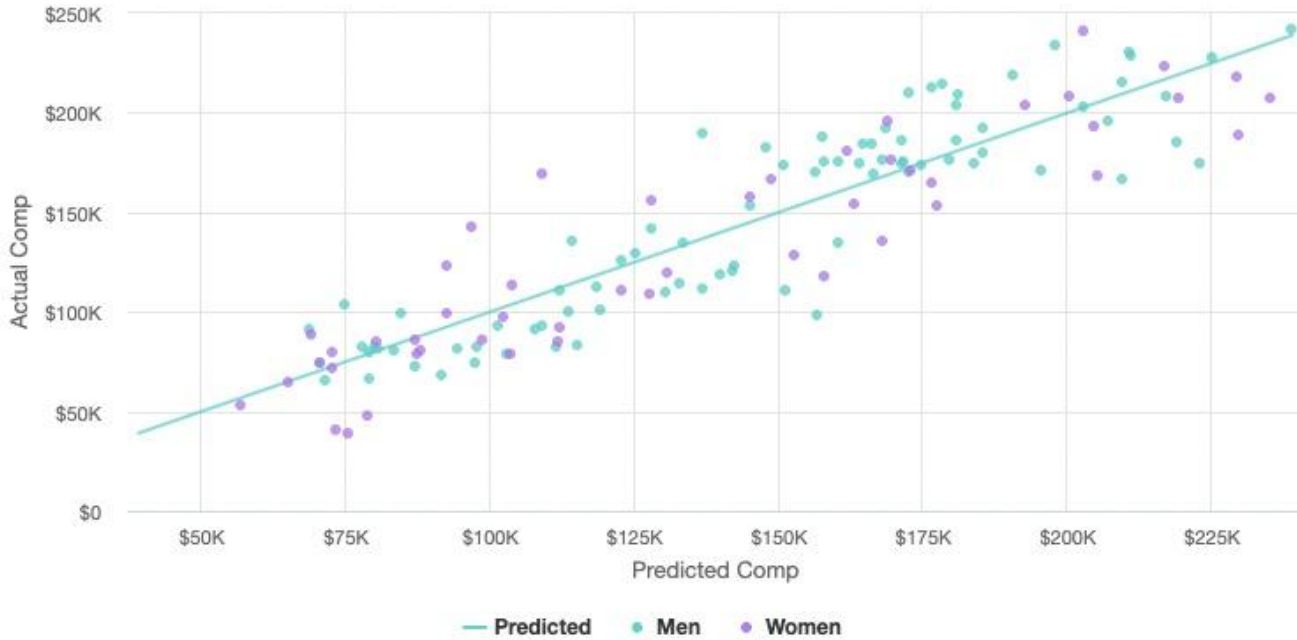


## | What steps can your company take to prepare?

1. First things first - **measure, resolve, and prevent** pay disparities
2. **Look for outliers**, are individual employees are being paid consistently based on the compensation of their peers
3. **Analyze your comp programs** to see if they are working as intended and to determine the impact of each of your pay policies — so you can tell employees why they're being paid what they're paid
4. Start **communications planning** early by building a framework, gathering stakeholders, and phasing the roll-out, including on opportunity equity
5. Leverage **expertise and technology** to operationalize and scale



COMPENSATION VS. PREDICTED W/ SELECTED CONTROLS



## Drivers of Pay: Summary

Job Function	Controls / Variables Explaining Variation in Pay				Total Variation Explained
	Job Level	Job Family	Location	Performance	
Engineering	52%	14%	12%	4%	82%
Finance	25%	33%	22%	11%	91%
Marketing	35%	23%	6%	19%	83%
HR	36%	4%	47%	3%	90%
Operations	42%	15%	25%	2%	84%



## Which factors drive the gap?

The average woman earns 82 cents for each \$1 earned by the average man.

8¢

**Level:** Differences in the distribution of women across levels contribute to 8 cents of the difference in pay.

5¢

**Job Group:** Differences in distribution of women across job functions contribute to 5 cents of the difference in pay.

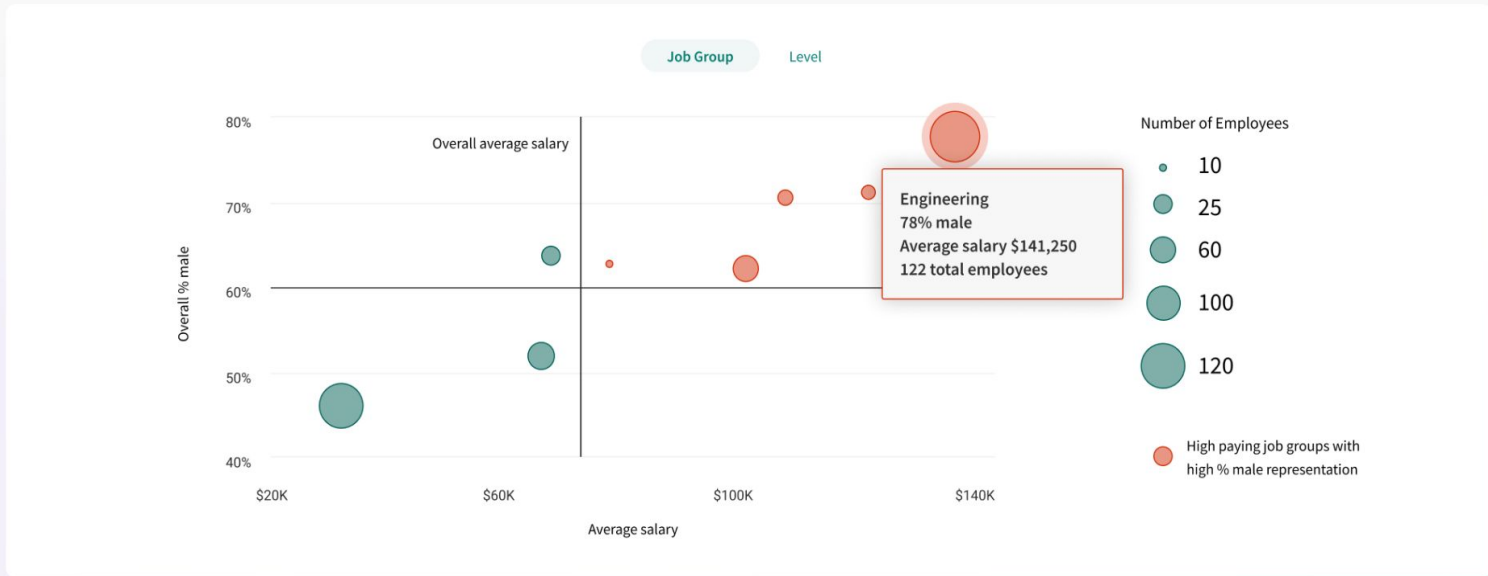
5¢

**Other:** All other reasons, explainable or not, except level and job function, contribute to 5 cents of the difference in pay.





### Which job groups are driving the pay gap? ?



# Clarity, context, action

## Starbucks explains for each factor impacting pay equity:

- Reason for the U.S. pay gap
- Best practices and tools they use to achieve pay equity



### HOW STARBUCKS IS

## ACHIEVING 100% PAY EQUITY

Working with experts and our partners (employees), we've developed a set of best practices and tools designed to address systemic barriers impeding equal pay for equal work. We hope that others will join us in employing best practices, not only at Starbucks, but at companies across the world.



HIRING



BENEFITS AND DEVELOPMENT



CULTURE

#### REASON FOR THE U.S. PAY GAP



Starting compensation offers are subjective and determined by the hiring manager, allowing for the effects of bias.



New salary offers are based on salary history, so pay inequities follow employees from job to job.



Lack of transparency about pay ranges for roles within companies.

#### BEST PRACTICES AND TOOLS WE USE TO ACHIEVE PAY EQUITY

**We create all compensation offers consistently.** For our most common jobs, we use an offer standards calculator to determine target starting pay ranges based on a candidate's experience. Other offers follow guidelines that account for geography and capability in role when setting pay within a competitive range.

**We do not ask for compensation history.** We do not use someone's prior compensation to determine the base compensation offer for a new role.

**We provide pay ranges** for any role to U.S. and Canada job candidates who ask.

# Don't miss our upcoming webinar!

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## The Fight for Talent: How Workplace Equity Can Help You Win

Tuesday, September 13 | 9:00am PT / 12:00pm ET / 4:00pm GMT

Register at:

[SYNDIO.COM/WEBINARS](https://SYNDIO.COM/WEBINARS)





# SYNDIO

# Thank you

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