



# Pay Transparency

Janie Thornley & Heather Shelton

Dallas/Fort Worth Chapter  
August 10, 2023



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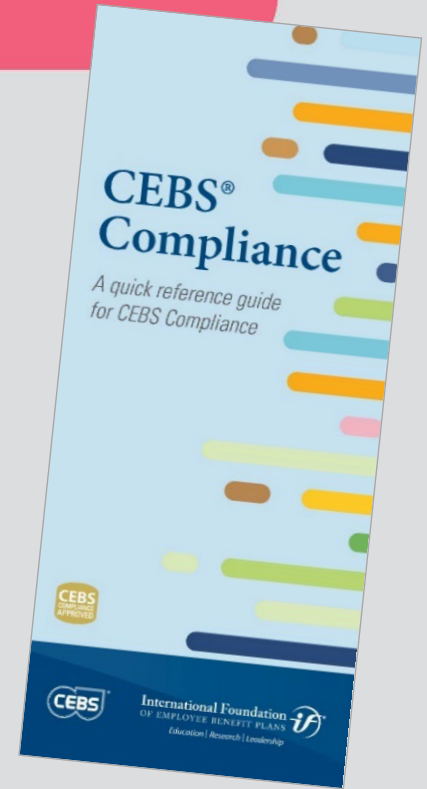
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# Today's Speaker & Topic

Janie Thornley & Heather Shelton

**Pay Transparency**

# Pay Transparency and Pay Equity

Changing legislation, pay philosophy, and pay practices

# SPEAKERS

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**Janie Thornley**

**Director – Compensation and Retirement Programs**



**Heather Alexander Shelton**

**Manager – Compensation**



# AGENDA

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- ❑ Pay Transparency
  - What is Pay Transparency
  - Levels of Transparency
  - Strategy
  - Pitfalls & Benefits
- ❑ Pay Equity
  - Impacts of Pay Transparency
  - Improving Pay Equity
  - Internal Audits



# PAY TRANSPARENCY

## What is Pay Transparency

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- Pay transparency is the practice of sharing salary information with employees and prospective hires.
- Legislation is being passed across the U.S., but not in Texas. Legislation requirements vary by States and municipalities.
  - Various levels of requirements:
    - Publish pay scales or “good faith salary range” on job postings for every job listing, internal promotion, or transfer
    - Provide pay range once an applicant has completed an interview
- Beyond the legal compliance requirements, employers can choose how to embrace pay transparency and must decide how much information they want to share.
- *Federal law prohibits most companies from requiring employees to keep their salaries a secret. Under the National Labor Relations Act, you have the right to discuss your pay with your co-workers in person, in writing, or over social media (as long as you do not use company equipment to do so).*

# PAY TRANSPARENCY

## Levels of Transparency

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# PAY TRANSPARENCY

## Impacts to Pay Practices and Strategies

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How does your company compensation practices adapt or change with new legislation? Does your company communicate the below topics?

- Company Pay Philosophy
  - Michaels = Pay for Performance
- Pay Strategy & Practices
  - Define your competition
    - Michaels = Retail
  - Pay cycles & opportunities
- Pay Rates/Grades/Salary Bands
  - Range Minimums/Midpoints/Maximums
  - Position in Range
- Market Data
  - Target 10<sup>th</sup>/25<sup>th</sup>/50<sup>th</sup>/75<sup>th</sup> Percentile

# PAY TRANSPARENCY

## Our Company Strategy

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### **Employees:**

- Share full ranges for hourly Team Members:
  - Stores
  - Distribution Centers
  - Manufacturing
- Share ranges with Managers/Leaders for their direct reports

### **Prospective Hires:**

- Post full ranges in locations where pay transparency laws exist:
  - CA / CO / CT / NY / NJ / RI / WA
- Watchout:
  - Indeed will post aggregate data to your job postings if you do not provide the actual data in the feed

# PAY TRANSPARENCY

## Pitfalls

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- Lower morale within the workforce
- Create internal competition and conflict
- Struggle to hire and retain quality employees
- Increase legal risks regarding pay equity laws. Lower paid employees may question if the perceived inequity is really discrimination against a protected characteristic, disability, etc.
- Companies may hire or retain fewer people
- Transparency could pit employees against each other

# PAY TRANSPARENCY

## Benefits to Employees and Employers

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# PAY EQUITY

## Pay Transparency Can Positively Impact Pay Equity

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- What is it
  - Pay equity is the legal concept that equal work deserves equal pay regardless of an employee's race, gender, ethnicity, age, religion or other non-job-related factors. This means employees who perform the same or similar jobs should receive equal pay.
- Why is it important
  - Pay equity helps ensure that all employees are treated fairly by eliminating wage discrimination, which helps promote diversity and inclusion in the workplace.
- Pay Equity Benefits
  - Employees feel valued
  - Creates a positive work environment
  - Attract and retain top talent
  - Prevent discrimination lawsuits
  - Comply with equal pay regulations
  - Improve productivity and morale
  - Reduce workplace turnover

# PAY EQUITY

## How to Improve Pay Equity

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- Businesses don't always intentionally pay certain groups less. To avoid pay disparity in your business, recognize that pay inequity still happens.
- How to reduce pay issues
  - Analyze your pay
  - Practice transparency
  - Create salary bands and standardization
  - Write a pay policy
  - Work on overall DEI efforts
  - Communicate regularly and honestly with employees
  - Train leaders on compensation practices and decisions
- How to ensure internal pay equity
  - Achieving pay equity is a multi-faceted process
  - Ensure compensation policies are fair
  - Review market data from salary surveys
  - Limit salary negotiations, which can put underrepresented groups at a disadvantage
  - Base raises and bonuses strictly on performance and merit
  - Analyze results from a pay equity audit to spot signs of wage discrimination
  - Perform remediation



# PAY EQUITY AUDITS

## Compensation Analysis

- 1 Gender, Race/Ethnicity, Age
- 2 Education, Experience, Tenure
- 3 Position History, Job Level
- 4 Performance Ratings
- 5 Recommend Remediation

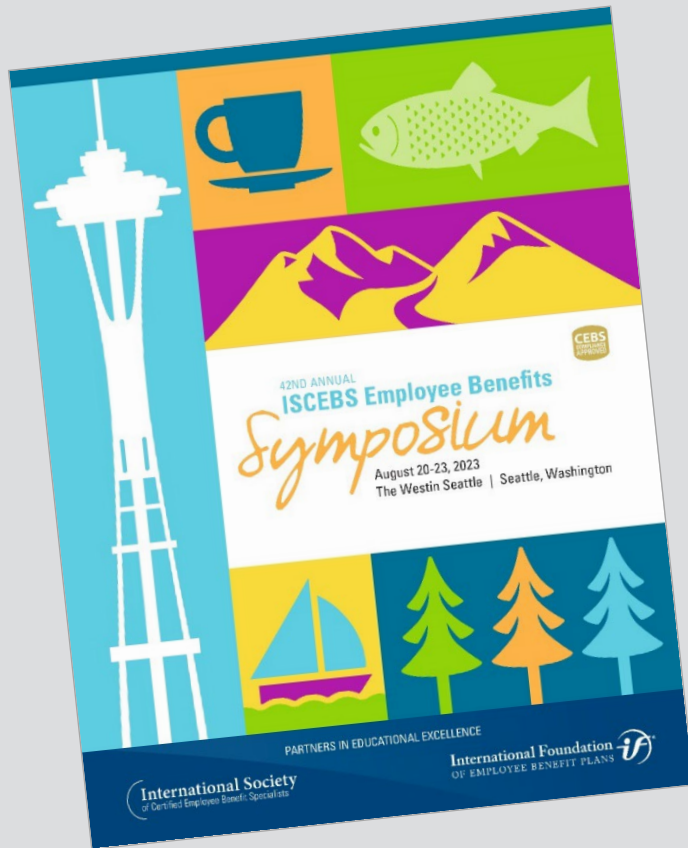
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