

BEYOND THE HEADLINES

At a Glance: Pay Inequity

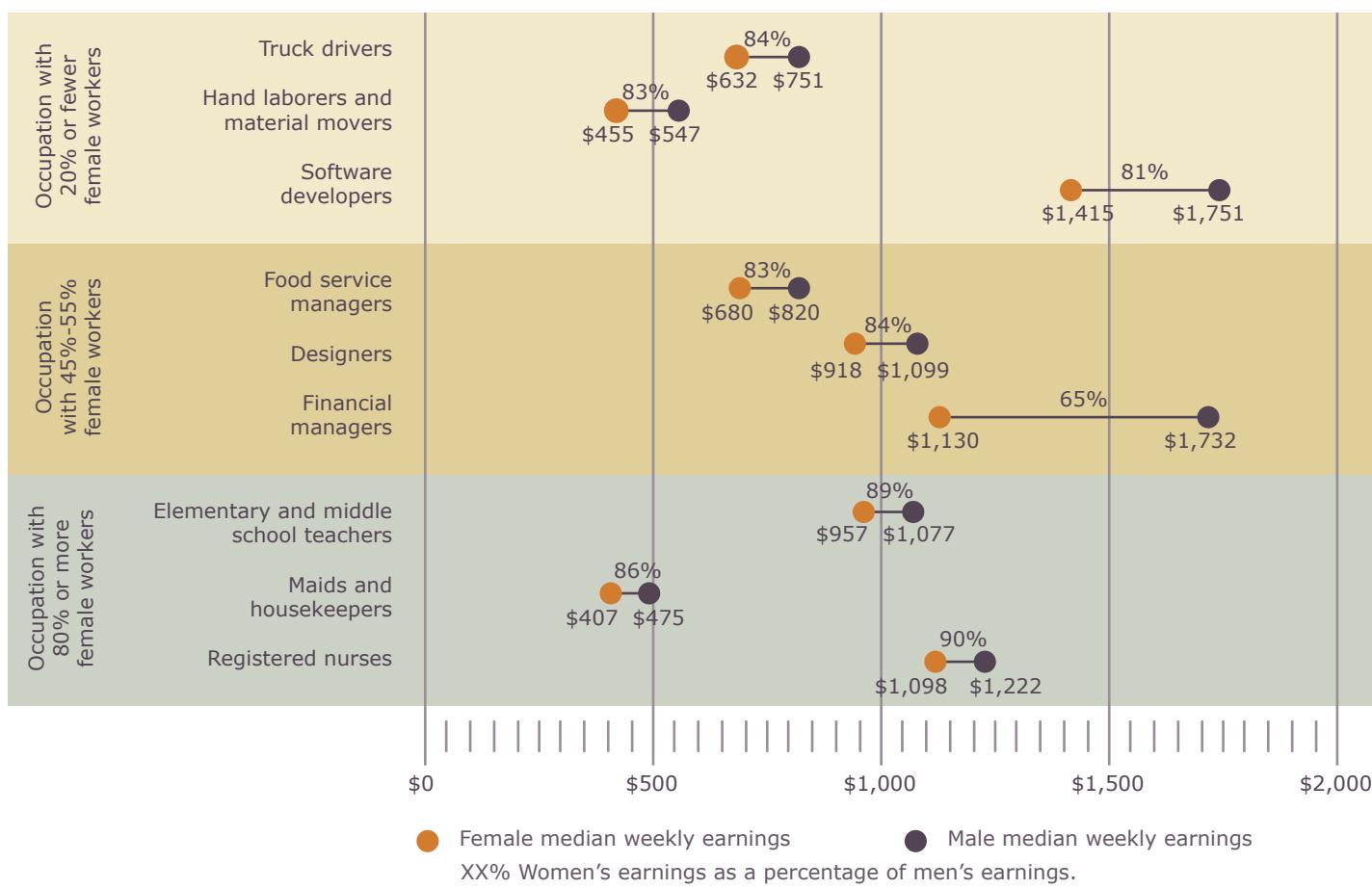
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FOCUS: COMPENSATION

Basing Pay on What Job is Worth, Rather than Past Salary, Can Help Address Pay Inequities

In the [April 2016 edition](#) of Beyond the Headlines, SJI discussed how targeted middle-skill jobs provide a means of addressing the gender wage gap—that is, the fact that women earn less than men, even after considering the type of jobs they do, as illustrated in Figure 1 below. Given that the gender pay gap is not expected to close in Washington until 2071ⁱ, SJI decided to highlight another way to address the issue that can be implemented in the short-term by public sector and private employers.

Figure 1:
Earnings Ratio in Median Weekly Pay among Full-Time Workers, Selected Occupations, 2015

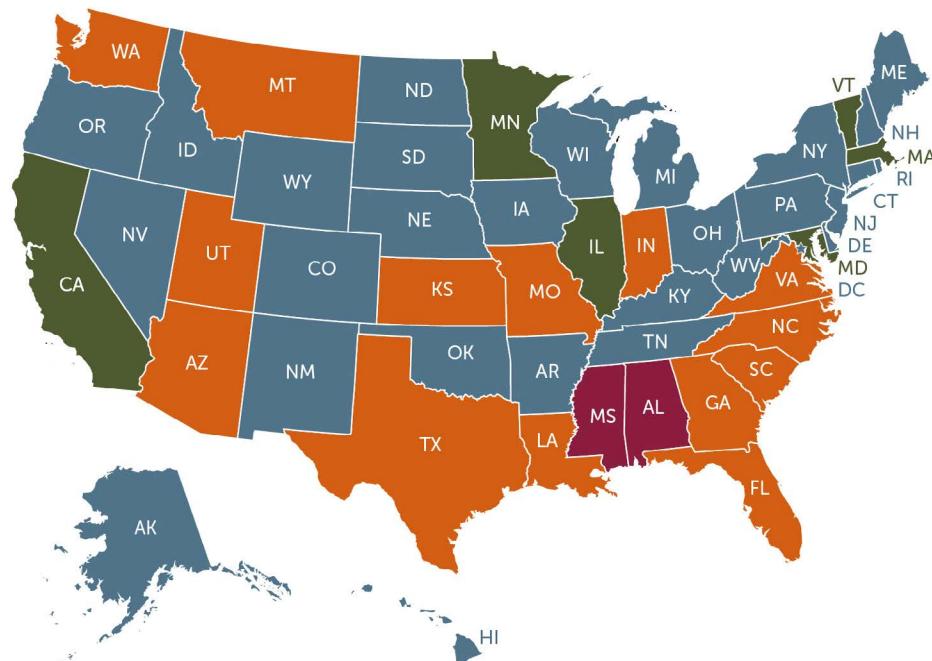


Source: American Association of University Women (AAUW)

In August, Massachusetts became the first state to prohibit employers from asking job applicants to disclose their past salaries.ⁱⁱ The bill enacting this measure was unanimously approved by both chambers of the Legislature.ⁱⁱⁱ Does such broad support indicate that there is widespread discrimination against women in Massachusetts? No: while many companies may not be actively deciding to pay women less than their male counterparts performing comparable work, the practice of using past salary to determine pay can have that effect, perpetuating past inequities.¹ It means that women's depressed salaries follow them wherever they go. Even if a woman makes the leap from a job in a lower-paying, female-dominated sector to a more lucrative position, she may still make less than the man in the neighboring cubicle with the same amount of experience doing the same job.

But what's a business to do without an applicant's past salary information? Determine what a particular position is worth to the company and consider what competitors pay. In other words, activities that companies already engage in to determine the salary range for a position. There are many factors still available to employers to determine where someone falls within an established range, such as work experience and specialized skills. Many companies don't have a problem doing this. For example, Google bases pay on what a job is worth, not on what individuals are making when they apply to work at the company.^{iv} Reddit has gone a step further, banning pay negotiation altogether.^v In Massachusetts, the Greater Boston Chamber of Commerce—which represents 1,500 businesses of varying sizes and industries—expressed pride in being "an early and vocal supporter" of the pay equity legislation.^{vi}

Figure 2:
Map of States with Equal Pay Provisions, 2016



● No equal pay law ● Weak equal pay law ● Moderate equal pay law ● Strong equal pay law

Source: AAUW

¹ Men can be negatively impacted by past salary disclosures as well, particularly if their work history is in lower-paying sectors, such as the non-profit sector.

² According to the Institute for Women's Policy Research, pay secrecy is more common in the private sector. Greater transparency in the public sector may contribute to the greater gender pay equity that tends to be found in this sector.

The Massachusetts law offers a model that Washington can adopt. According to the American Association of University Women (AAUW), Washington is currently one of 16 states with poor (or no) equal pay protections, as shown in Figure 2 above.^{vii} In Washington, a bill banning employers from retaliating against workers who compare wages failed to pass in 2016.^{2, viii} In contrast, 39 states already have such a law on the books.^{ix} Clearly, we can do better.

In the meantime, companies can take the initiative to change their own practices. Seattle Jobs Initiative did just this by revising its job application so that it no longer asks prospective employees to report how much they earned at previous jobs. Will your company join SJI in this endeavor? Start the New Year by showing your current and prospective employees that you stand for equity.

- i. Institute for Women's Policy Research. *The Status of Women in the States 2015*. Available at: http://www.iwpr.org/publications/pubs/the-status-of-women-in-the-states-2015-full-report/at_download/file.
- ii. Stacy Cowley. Illegal in Massachusetts: Asking Your Salary in a Job Interview. *The New York Times*, August 2, 2106.
- iii. Commonwealth of Massachusetts. Bill S.2119: *An Act to Establish Pay Equity*. Available at: <https://malegislature.gov/Bills/189/Senate/S2119>
- iv. Jena McGregor. The worst question you could ask women in a job interview. *The Washington Post*, April 14, 2015.
- v. Ellen Pao. *Ellen Pao on How to Fix the Pay Gap: I Eliminated Salary Haggling at Reddit*. The Hollywood Reporter, December 10, 2015.
- vi. James E. Rooney. *Statement from Greater Boston Chamber of Commerce on Proposed House Pay Equity Legislation*, July 13, 2016. Available at: http://bostonchamber.com/wp-content/uploads/2016/07/07.13.16_Statement-on-House-Pay-Equity-Legislation.pdf.
- vii. American Association of University Women (AAUW). *The Simple Truth About the Gender Pay Gap, Fall 2016 Edition*. Available at: www.aauw.org/research/the-simple-truth-about-the-gender-pay-gap/.
- viii. Washington State House Bill 1646 (2015-16). Available at: <http://app.leg.wa.gov/billsummary?BillNumber=1646&Year=2015>
- ix. AAUW. *AAUW Policy Guide to Equal Pay in the States*. Available at: www.aauw.org/resource/state-equal-pay-laws/.

BEYOND THE HEADLINES: Policy & Labor Market Updates for Those Working to Help Low-Income and Low-Skill Individuals Advance through Education, Training & Living-Wage Jobs

About Seattle Jobs Initiative

Seattle Jobs Initiative creates opportunities for students, workers and business to succeed by helping education and job training programs meet the demands of a new economy. We find and apply solutions for people to gain the skills they need for good jobs that create prosperity for all in today's marketplace.

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