



Five Things About Obama's New Pay Mandate that All Businesses Should Know

News

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Danielle Moore was quoted in the *San Francisco Business Times* on February 1, 2016. The article "Five Things About Obama's New Pay Mandate that All Businesses Should Know" discussed Obama's new mandate that requires employers with 100 employees or more to compile and submit gender-based pay data with the goal of identifying discrimination has many business owners wondering how this will work in practice.

Danielle shared the top five things that employers need to know about the proposed upcoming EEOC changes.

1. What are the many issues about this plan that could affect both tech- and non-tech employers?

The plan will affect most private employers with 100 or more employees as well as federal contractors, including tech employers.

2. What about employees?

The plan will not impact employees directly, but will result in greater scrutiny of employees' wages which could indirectly result in increased wages for some. Also, employees will likely have heightened awareness right now about all things compensation. Companies should expect to hear more conversations by employees in the workplace and need to remember that these discussions are protected by federal and state laws.

3. What are some other, similar programs that have been used in the past?

The EEOC has not previously employed any similar requirements. Years ago the Labor Department's contract compliance program employed an "EO Survey" to federal contractors in an attempt to establish national compensation standards for benchmarking purposes, but discontinued it. Now, the new broader regulations move this same concept beyond the federal contractor community into the entire business workforce.

4. If this does become implemented, what do employers need to know to be prepared?

Employers need to know the new requirements, the implications of those new requirements, and what they need to do to minimize risk.

Requirements: Beginning in 2017, large employers will be forced to disclose pay data for employees (wages and hours worked) on their EEO-1 forms.

Implications: The purpose of the disclosure is to allow the Equal Employment Opportunities Commission to more easily spot differences in pay between male employees and female employees, so that they can bring discrimination claims against employers.

Prevention: In order to prevent discrimination claims, employers should audit their pay practices and current pay systems to identify and meaningfully address any pay disparity issues, so that they can resolve any disparities in advance of the requirements going into effect. By fixing those issues now, a company may minimize its exposure once the new reporting requirements are in place September 2017.

5. Will this have significant costs for this business (i.e. lawsuits, raising wages, etc.)?

Practically, employers already must file EEO-1 Reports, so in theory, there are no hard costs. However, there will be an additional burden on employers to collect the new required information. The proposed regulations say that it will not be difficult for employers to comply because they can import the data into their human resources information systems (HRIS) and incorporate it into their electronic EEO-1 filings.

However, if employers need to pull the data from multiple systems, we do envision that employers may have difficulty obtaining the required data. Additionally, employers face a greater likelihood of gender discrimination claims. California's new Equal Pay Act also increases the likelihood of such claims. Employers should strongly consider taking preventative steps now.

To read the full article, please visit [*San Francisco Business Times*](#).

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