



Equal Pay Class Action Lawsuit Against Google

Insights

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Google, Inc. (“Google”) is the latest high profile employer in an onslaught of class actions by female employees alleging systemic discrimination in pay against women. Coupled with the Office of Federal Contract Compliance Program’s (“OFCCP”) investigation into Google’s pay practices and the recent media firestorm over a memo by a disgruntled male (now former) employee, this class action lawsuit has brought Google’s compensation practices into the spotlight.

On September 14, 2017, three former Google employees filed a class action lawsuit alleging violations of the California Equal Pay Act, among other state laws, on behalf of themselves and all other similarly situated current and former female Google employees in California. Relying in part on OFCCP’s probe into Google’s pay practices and statistical regression analysis of compensation data for approximately 21,000 employees, the plaintiffs point to alleged widespread compensation disparities against women. In fact, these three women claim they resigned from Google because of this imbalance in compensation and lack of opportunities for advancement for women.

The lawsuit describes Google’s compensation policy of placing its employees on certain “ladders,” which dictate compensation bands and set employees on a specific track for opportunities for advancement. According to the plaintiffs, when they first began working for Google, they and other women were initially placed at lower levels of the ladder than their male counterparts with the same level of experience. In certain situations, the plaintiffs claim that they and other women were placed on different, parallel ladders from their male counterparts, despite performing substantially similar jobs. The plaintiffs allege that placement at lower steps on the ladder and/or different ladders led to lower compensation, an inability to ever bridge the gap, and lesser earning potential within the organization.

California has been a pioneer in enacting aggressive, employee-friendly equal pay laws that go beyond the federal Equal Pay Act. California law requires employers to pay the same wages to male and female workers and workers of different races or ethnicities who perform substantially similar work. Employees who succeed in these types of lawsuits can recover the pay differential, an additional equal amount as liquidated damages, interest, litigation costs, and attorneys’ fees. When a class of plaintiffs makes these claims, the potential costs to an employer increase dramatically. Here, given Google’s thousands of employees in California, the number of plaintiffs and potential damages are significant.

California continues to push the envelope on gender pay equity issues. Pending legislation (AB 168) would prohibit employers from seeking or relying on salary history information concerning applicants. Another pending bill (AB 1209) would require large employers to disclose gender wage differentials for high level employees and board members by job classification or title. This information would ultimately be published on a public website. Governor Brown has until October 15, 2017 to sign or veto these measures.

This class action lawsuit, and others recently filed against law firms, national sports leagues, and other prominent employers, highlights the importance for employers of any size to reevaluate compensation practices and conduct a self-audit to ensure that all employees performing substantially similar work—under the various federal, state and local standards--are paid equally, regardless of gender, race, or ethnicity.

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