CLEVELAND
PAY EQUITY
ALLIANCE

Frequently Asked Questions about Pay Equity and Transparency Legislation

1. What does pay equity and transparency legislation do?

- Prohibits employers from soliciting pay history from jobseekers.
- Requires employers to post salary range in job posting

2. What is pay equity and why is it important?

Pay equity refers to the concept of ensuring that all employees receive fair compensation for their work, regardless of gender, race, or other characteristics. It's important because:

- In the United States, women are paid 79 cents for every dollar earned by men. Over a 40-year career, the gender wage gap costs white women $406,280.

- For every dollar made by white, non-Hispanic men, Black women make 63 cents and Latinas make 58 cents.

- Transgender people make 32% less than cisgender employees, even with similar or higher education levels.

3. Why are cities and states across the country supporting pay equity and transparency legislation?

At least twenty-two (22) states and dozens of other cities have successfully implemented similar legislation for several reasons:

- **Reduces Wage Disparities:** Asking for salary history can perpetuate existing wage gaps, particularly for women and minorities, by anchoring their pay to past undervaluations.
- **Encourages Fair Compensation:** Employers are more likely to offer salaries based on the value of the job rather than previous earnings, promoting fairness.
- **Based on evidence:**
    - After passing and implementing pay transparency legislation, Colorado reduced the gender wage gap by 6.8%. Men's earnings did not change significantly, while

women's wages increased. Colorado's economy remained strong with unemployment below the US average and its GDP growth outpacing the US average.
    - Women older than 35 saw the greatest earnings increase—particularly women who were married and had children older than age 5—which likely highlights the existing wage penalty for caregivers with young children.

4. How does mandating the posting of salary ranges on job postings benefit job seekers?

Mandating salary ranges in job postings offers multiple benefits:

- **Transparency:** Job seekers can better understand the pay scale for a position, leading to more informed decisions.
- **Reduces Negotiation Disparities:** It levels the playing field by providing a benchmark, reducing the likelihood of disadvantaged groups receiving lower offers.
- **Saves Time:** Both employers and candidates save time by ensuring alignment on salary expectations early in the hiring process.

5. What are the broader social and economic impacts of implementing pay equity and transparency legislation?

The broader impacts include:

- **Economic Growth:** Fair wages increase disposable income, driving consumer spending and boosting the economy.
- **Social Equity:** It helps to reduce income inequality and promote social justice.
- **Workplace Diversity:** Transparent and equitable pay practices attract a diverse workforce, fostering innovation and better decision-making.

6. How do these legislative measures affect employers?

Employers benefit in several ways:

- **Attracts Talent:** Competitive and transparent pay practices attract top talent.
- **Employee Retention:** Fair pay practices improve job satisfaction and reduce turnover.
- **Reputation:** Companies known for equitable pay practices enhance their reputation and brand, making them more attractive to customers and clients.
- **Eases compliance burdens:** As more cities and states are legislating around pay equity, multi-state and multi-city employers have the opportunity to streamline HR and hiring processes for consistency across communities.

7. How will this ordinance be enforced?

The existing Fair Employment Wage Board (FEWB) will oversee enforcement of the policy. Enforcement will prioritize education, conference, conciliation and persuasion with all interested

parties. If the violation cannot be resolved by the means outlined previously, the FEWB shall refer the complaint to the Director of Law for review, and if appropriate, fines.

8. Who is the Pay Equity Alliance?

The Pay Equity Alliance is a joint project of Collaborate Cleveland and the Northeast Ohio Worker Center. The Pay Equity Alliance represents over thirty labor, advocacy, and community organizations that support pay equity and transparency policy.