



SB 171 (Jackson) Wage Gap: Pay Data Reporting

Summary

This bill would require that California employers with 100 employees or more submit a pay data report annually to the Department of Fair Employment and Housing, outlining the compensation and hours worked of its employees by sex, race, ethnicity and job category.

Background

Despite significant improvements to California's equal pay laws in recent years, including the enactment of SB 358 (Jackson), the California Fair Pay Act, in 2016, the gender pay gap has persisted, resulting in an estimated \$78.6 billion in lost wages for women each year in California. Pay discrimination is not just a women's issue, but also harms working families and the state's economy. In California, women working full-time make a median 89 cents to every dollar earned by men, and for women of color, the gap is far worse. In 2016, Asian-American women earned 73.5 cents, African-American women 61 cents, Native American women 50 cents, and Latinas just 42 cents for every dollar earned by white, non-Hispanic men. Nationwide, women overall make 80 cents to every dollar a man earns.

For more than 50 years, large companies have submitted demographic information annually to the federal agency responsible for enforcing workplace anti-discrimination laws, the Equal Employment Opportunity Commission (EEOC). This data has helped identify patterns of employment segregation and discrimination. Recognizing that pay discrimination is difficult to detect and address, the Obama Administration announced a proposed revision to the Employer Information Report (EEO-1) to include the reporting of pay data by race, ethnicity and sex beginning in 2018. The EEO-1 pay data collection rule was adopted by the EEOC and approved by Office of Management and Budget after a rigorous and transparent process that spanned years and

included a pilot study, a public hearing and two public comment periods. The agency heard from employer and employee advocates, researchers, academics, and members of the public, and ultimately determined that the final rule's burden to employers was manageable and the overall benefit substantial.

However, in August 2017, the Trump Administration put a halt to the implementation of this new rule, dealing a significant blow to the fight for equal pay.

Solution

SB 171 would ensure that despite setbacks at the federal level, this important pay data will continue to be compiled and aggregated in California. Modelled after the Obama Administration order, payroll data would be broken down by sex, race, ethnicity, and job category.

SB 171 would encourage employers to analyze their own pay and hiring practices to ensure they are fair and to allow for self-evaluation and correction. In addition, SB 171 would allow DFEH to more efficiently identify patterns of wage disparities, particularly as they relate to job segregation by sex and race, which, with additional information, could lead to the targeted enforcement of equal pay and anti-discrimination laws.

Sponsors

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