



Equal Pay Act and Pay Equity: What You Need To Know

Efforts, including legislation such as the Equal Pay Act of 1963 and observation of Equal Pay Day that began in 1996, have raised awareness and encouraged businesses to develop more equitable pay practices. However, pay inequity remains an issue in the United States. According to the [U.S. Department of Labor \(U.S. DOL\)](#), women consistently earn less than their male counterparts in the same position across nearly all industries and job titles.

The Importance of Pay Equity – Closing the Wage Gap

A commitment to transparency of a company's stance on pay equity can help attract top talent. Recently, many large companies have adopted branding campaigns and are promoting their commitments to pay equity. Others have made high-level overviews of their practices available to the public, such as internal audits and past-salary blind compensation analyses.

Communication and Compensation

Establishing an open environment for compensation discussions can drive efforts toward positive changes in compensation practices. [The U.S. Bureau of Labor Statistics \(BLS\)](#) has tracked earnings by sex and wage disparities since 1979, when women's earnings were approximately 62% of men's earnings for full-time positions in the same year. Women only made 57 cents per dollar earned by men in 1973 when this Department of Labor PSA was made. Since then, progress toward pay equity has stalled, and we're still far from closing the pay gap. Employers should also be aware that The National Labor Relations Act (NLRA) prohibits employers from limiting employees' concerted activities for the purpose of "collective bargaining or other mutual aid or protection."

Equal Pay Laws

In addition to legislation protecting employees' rights to discuss pay, the federal Equal Pay Act of 1963 aimed to abolish wage disparities based on sex. Since its enactment, many states and localities have developed laws aimed at supporting or expanding the protection of pay equity.

Strategies for Pay Equity

Review Pay Policies

Utilizing standard pay policies can help minimize bias or subjective discretion when setting compensation levels for employees when these standard policies are created in accordance with applicable laws.

Collect and Analyze Data

While both employees and managers may have strong opinions about pay scales and compensation strategies, data will provide an accurate picture of how employees are currently compensated. Employers should consider consulting their legal counsel when collecting and analyzing their data.

Conclusion

For HR leaders, it's important to understand the continued focus on pay equity and confirm that the business's policies follow applicable laws and best practices. Employers and employees benefit most when there is a safe environment for discussing compensation guidelines, and managers should frequently evaluate pay scales to eliminate bias and potential discrimination.

Utilizing expertise from [HR consulting services](#) can be a great way to help a business develop effective equal pay strategies. Talk with a Paychex representative to learn more.