



WorldatWork[®]
Total Rewards Association

TOTAL REWARDS
Summit Series: Atlanta
March 18

Equity in Compensation

Navigating Compliance and Opportunity



Jayna Smith
VP of Global Partnerships
at Trusaic



Outline

1. **The Clear Imperative for Change**
 - a) How did we get here
 - b) Landscape
2. **Intersection Between Pay Equity, Opportunity Equity and Pay Data Compliance**
3. **Actionable Strategies to Address Pay Disparity, Ensure Opportunity Equity and Global Regulatory Compliance**
4. **Success Stories**
5. **Questions**

“The time is always right to do what is right.”

Dr. Martin Luther King



TRUSAIC

Purpose is in Our DNA

Purpose is in Our DNA

We solve our clients most complex **Technology**, **Data**, and **Compliance** challenges.

- Trusaic specializes in:
- Workplace Equity Software
- ACA Compliance

Trusaic

- ✓ Founded in 1999, based in Los Angeles, CA
- ✓ **EDGE** certified-independent verification of Workplace Equity global standards
- ✓ Regulatory attorneys, accountant and data science expertise



The Journey: March is Women's History Month – Since 1987

- **1920** - Women get to vote-19th Amendment
- **1961** - Esther Peterson: Head of the Women's Bureau in the DOL-Author of EPA
- **1963** - Equal Pay Act
- **1964** - Title VII of the 1964 Civil Rights Act
- **1967** - The Age Discrimination in Employment Act of 1967 (ADEA)
- **1972** - Title IX of the Education Amendment-Basis of Sex
- **1978** - The pregnancy Discrimination Act
- **1990** - Americans with Disabilities Act of 1990 (ADA)

Pew Research Center

- Women make up 47% of the non-gov workforce

College Educated Workforce

- 51% women



“If a man fights his adversaries, he’s called determined. If a woman does it, she’s frustrated.”

Esther Peterson

We Hear a Lot About Pay Equity...

“In 2022, US women on average earned about 82 cents for every dollar a man earned”

Source: <https://www.cnn.com/2023/03/01/success/gender-pay-gap-pew/index.html>

Equal Pay Day - March 12th how far into the year women must work to earn what men earned in the previous year!

Source: equalpayday.org

“Black Women’s Equal Pay Day is on July 9th this year, and means Black women must work an additional 190 days to catch up to what white, non-Hispanic men made the year before”

Source: equalpayday.org

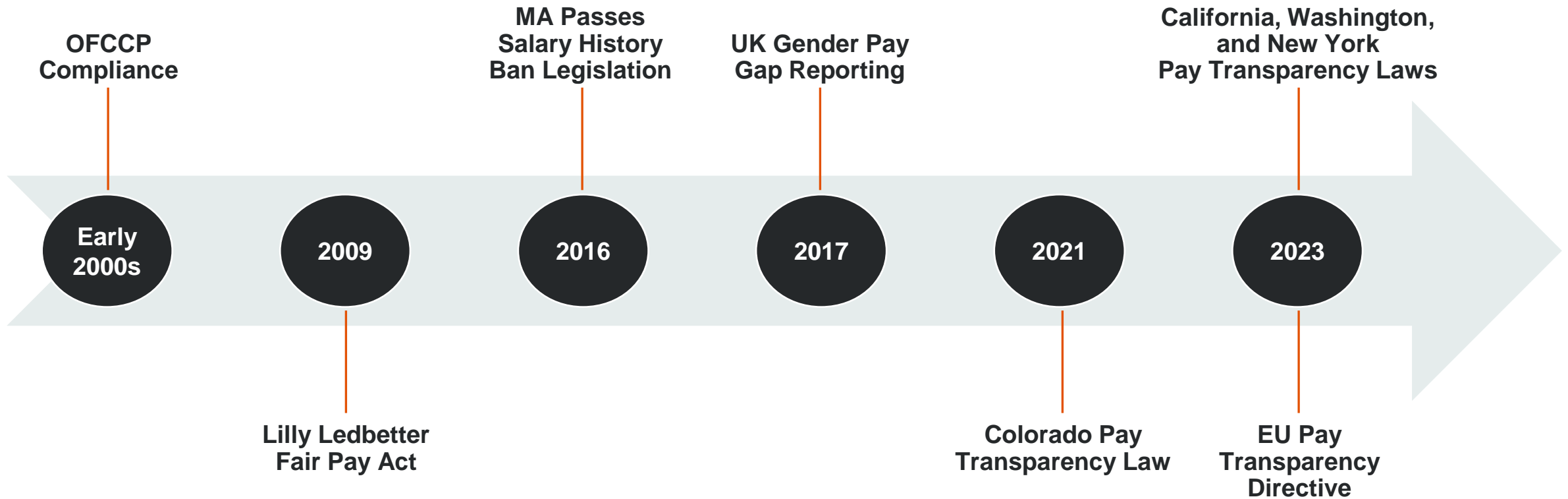
“Latina’s Equal Pay Day is on October 3rd this year, about 57 cents for every dollar a man earns-276 days!

Source: equalpayday.org

The gender gap has narrowed for younger women as they increase their education level and break into occupations traditionally dominated by men.

www.conference-board.org

How Did Pay Equity Become Top of Mind?



What Is Pay Equity?



Pay equity is the practice of ensuring employee compensation is based on legitimate, non-discriminatory factors, such as skill, effort, responsibility level, and working conditions.

Equal Pay for Equal Work.

...But What Do We Mean by Pay Equity?

**“Raw”
Pay Gap**

=

**“Explained”
Pay Gap**

+

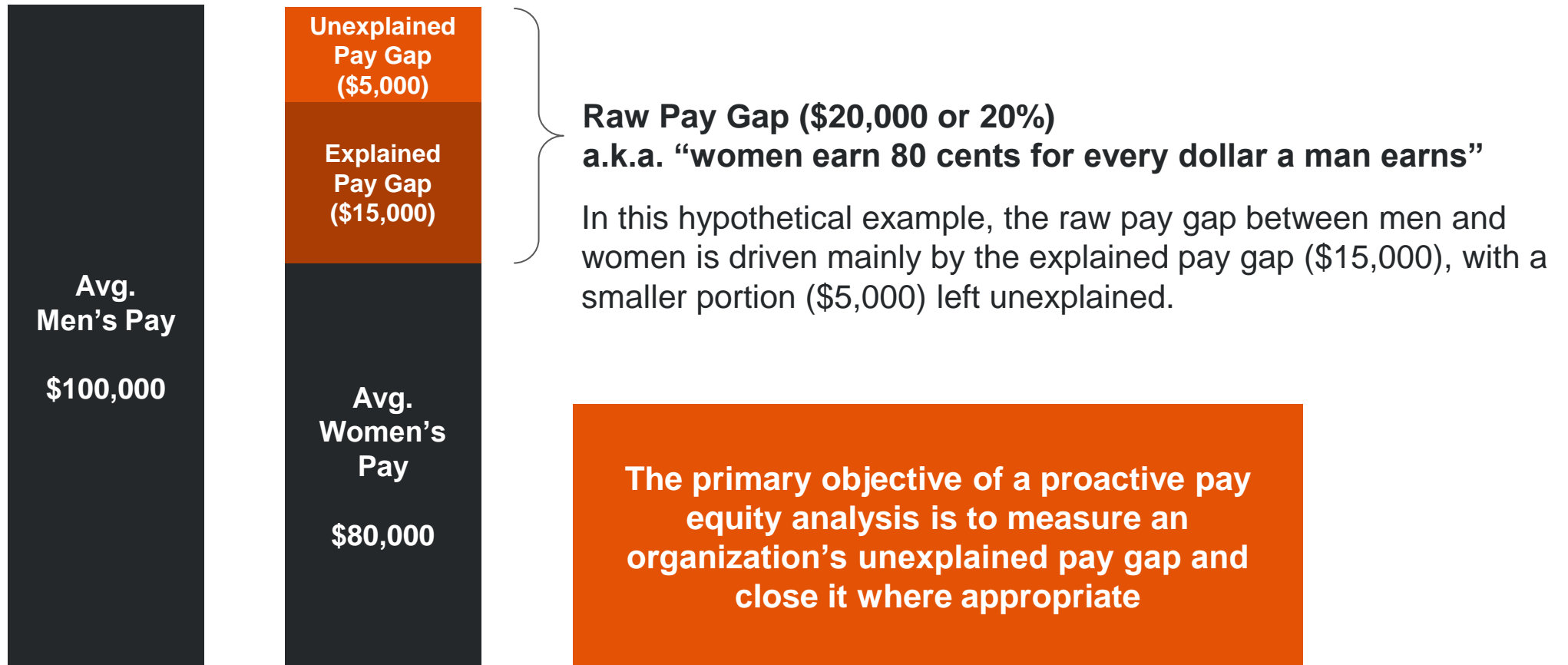
**“Unexplained”
Pay Gap**

How average or median pay differs by demographic group (e.g., women vs. men; Black vs. White)

How pay differs by demographic group due to differences in compensable factors such as occupation, role, education, and experience

Residual pay gap that cannot be explained and may be due to pay inequities; also referred to as the “adjusted” or “controlled” pay gap

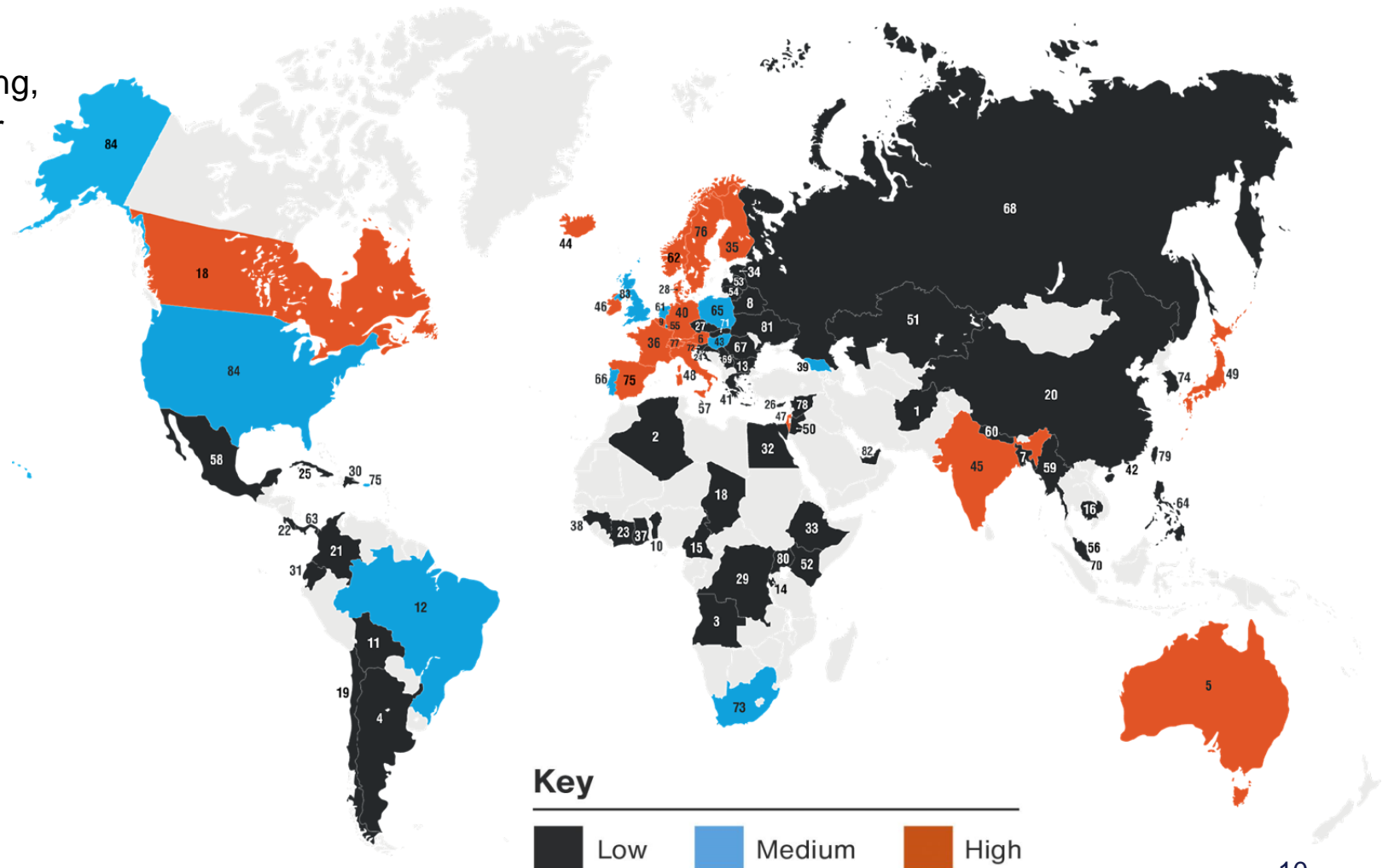
Illustrative Example of Pay Gaps



The Compliance Imperative - Globally

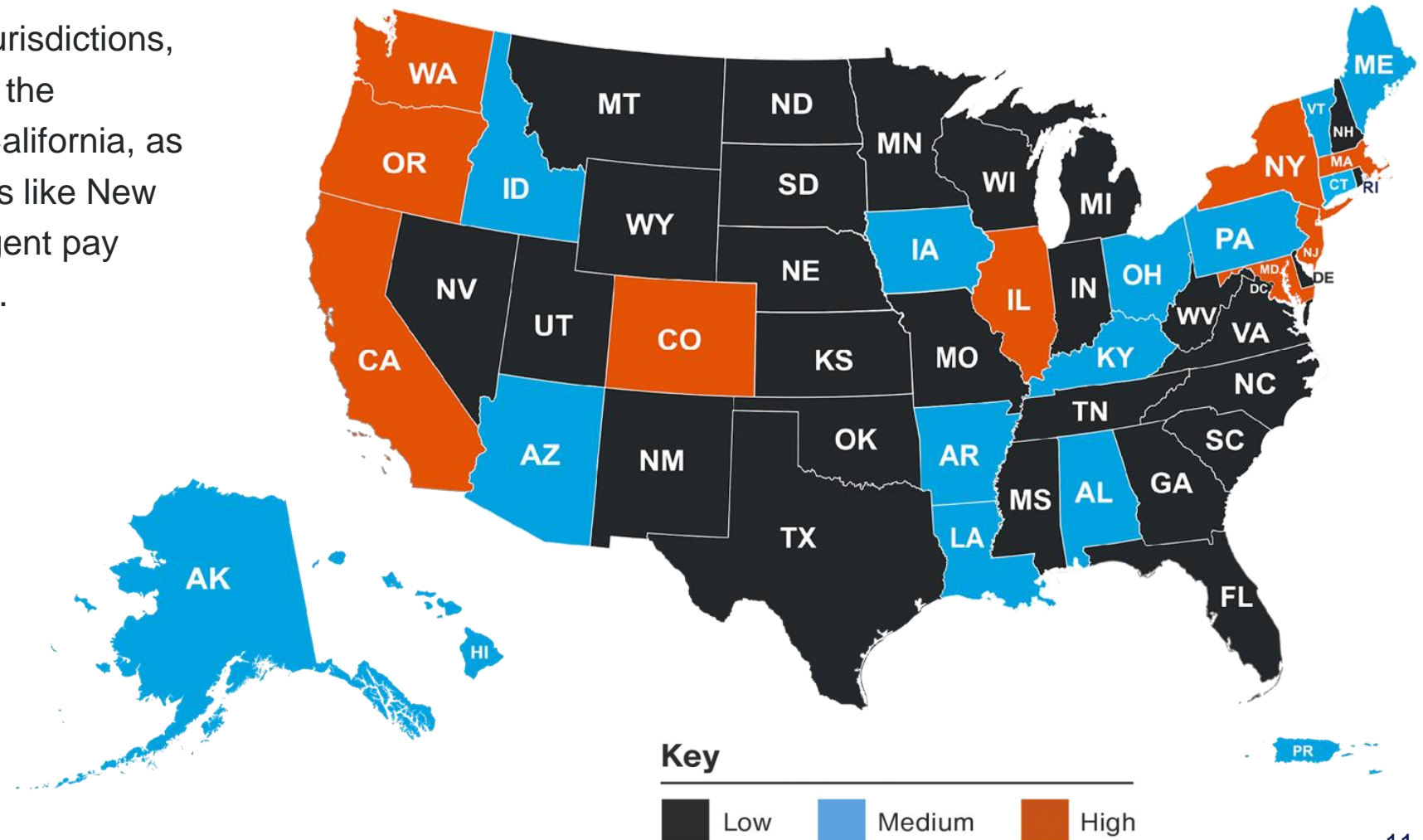
Jurisdictions worldwide are or will soon be mandating the collection, analysis, reporting, and transparency of data, with the number of such requirements on the rise.

- | | | |
|---------------------------------|-----------------------|-------------------------------|
| 1 Afghanistan | 30 Dominican Republic | 60 Nepal |
| 2 Algeria | 31 Ecuador | 61 Netherlands |
| 3 Angola | 32 Egypt | 62 Norway |
| 4 Argentina | 33 Ethiopia | 63 Panama |
| 5 Australia | 34 Estonia | 64 Philippines |
| 6 Austria | 35 Finland | 65 Poland |
| 7 Bangladesh | 36 France | 66 Portugal |
| 8 Belarus | 37 Ghana | 67 Romania |
| 9 Belgium | 38 Guinea | 68 Russia |
| 10 Benin | 39 Georgia | 69 Serbia |
| 11 Bolivia | 40 Germany | 70 Singapore |
| 12 Brazil | 41 Greece | 71 Slovakia |
| 13 Bulgaria | 42 Hong Kong | 72 Slovenia |
| 14 Burundi | 43 Hungary | 73 South Africa |
| 15 Cameroon | 44 Iceland | 74 South Korea |
| 16 Cambodia | 45 India | 75 Spain |
| 17 Canada | 46 Ireland | 76 Sweden |
| 18 Chad | 47 Israel | 77 Switzerland |
| 19 Chile | 48 Italy | 78 Syria |
| 20 China | 49 Japan | 79 Taiwan |
| 21 Colombia | 50 Jordan | 80 Uganda |
| 22 Costa Rica | 51 Kazakhstan | 81 Ukraine |
| 23 Cote d'Ivoire | 52 Kenya | 82 United Arab Emirates (UAE) |
| 24 Croatia | 53 Latvia | 83 United Kingdom (UK) |
| 25 Cuba | 54 Lithuania | 84 United States of America |
| 26 Cyprus | 55 Luxembourg | |
| 27 Czech Republic | 56 Malaysia | |
| 28 Denmark | 57 Malta | |
| 29 Democratic Republic of Congo | 58 Mexico | |
| | 59 Myanmar | |



The Compliance Imperative - U.S.

In the United States, various jurisdictions, including federal agencies like the OFCCP, such as Illinois and California, as well as cities and municipalities like New York, have implemented stringent pay data compliance requirements.



Global Pay Data Reporting Compliance Calendar

Compliance Calendar

Jurisdictions with specific deadlines for all employers

January	February	March	April	May	June	July	August	September	October	November	December
		France <u>Date:</u> March 1 <u>Cadence:</u> Annual	United Kingdom <u>Date:</u> April 4 <u>Cadence:</u> Annual	U.S. - California <u>Date:</u> May 8 (2024) <u>Cadence:</u> Annual	Israel <u>Date:</u> June 1 <u>Cadence:</u> Annual			Canada - Federal (Pay Equity Plan*) <u>Date:</u> September 3 <u>Cadence:</u> Every 5 Years	South Africa** <u>Date:</u> October 1 <u>Cadence:</u> Annual	Canada - British Columbia <u>Date:</u> November 1 <u>Cadence:</u> Annual	Denmark <u>Date:</u> December 31 <u>Cadence:</u> Annual
		Belgium <u>Date:</u> March 31 <u>Cadence:</u> Every 2 Years	Portugal <u>Date:</u> April 15 <u>Cadence:</u> Annual	Australia <u>Date:</u> May 31 <u>Cadence:</u> Annual	U.S.- Federal (EE-O1) <u>Date:</u> June 4 <u>Cadence:</u> Annual			Brazil <u>Date:</u> September (TBD) <u>Cadence:</u> Semi-Annual			Iceland <u>Date:</u> December 31 <u>Cadence:</u> Annual
		Austria <u>Date:</u> March 31 <u>Cadence:</u> Every 2 Years	Italy <u>Date:</u> April 30 <u>Cadence:</u> Every 2 Years		Switzerland <u>Date:</u> June 30, 2025 <u>Cadence:</u> Every 4 Years						Ireland <u>Date:</u> December 31 <u>Cadence:</u> Annual
		U.S. - New Jersey <u>Date:</u> March 31 <u>Cadence:</u> Annual			Canada - Federal (Annual Statement) <u>Date:</u> June 30 <u>Cadence:</u> Annual (begins 2025)						
		Brazil <u>Date:</u> March (TBD) <u>Cadence:</u> Semi-Annual									

*Canada – Federal Pay Equity Plan dates for most employers will land in earl September, but will depend on the trigger date for each employer.

**South Africa: manual filings are due in October, electronic filings are not due until January.

Source: <https://docs.google.com/spreadsheets/d/1hklpraQNV6a7cCHY1gnJCyK4AsHxdqevXwRN-EWeUfw/edit#gid=0>

Workplace Equity

The screenshot shows the homepage of the U.S. Equal Employment Opportunity Commission (EEOC) for the 'Equal Pay/Compensation Discrimination' section. The page features the EEOC logo, a search bar, and navigation links for 'About EEOC', 'Employees & Job Applicants', 'Employers / Small Business', 'Federal Sector', and 'Contact Us'. The main heading is 'Equal Pay/Compensation Discrimination'. Below the heading, there is a paragraph explaining the Equal Pay Act, which requires that men and women in the same workplace be given equal pay for equal work. The text states that job content (not job titles) determines whether jobs are substantially equal. It lists various forms of pay covered by the law, including salary, overtime pay, bonuses, stock options, profit sharing, and bonus plans, as well as life insurance, vacation, and holiday pay. A 'Translate this Page' button is visible, and a section titled 'Employer Coverage' indicates that the law applies to 15 or more employees under Title VII and ADA.

Goldman Sachs pays \$215m to settle female employees' discrimination claim

LEAD
Pay Transparency Is Not Enough But it is a start. Here's how to make your workplace more equitable and attract top talent.

Google Agrees to Pay \$118 Million to Settle Pay Equity Suit

- Deal reached the same day a judge decertified an Oracle suit
- Preliminary approval hearing is scheduled for June 21

U.S. Soccer and Women's Players Agree to Settle Equal Pay Lawsuit

Under the terms of the agreement, the athletes will receive \$24 million and a pledge from the soccer federation to equalize pay for the men's and women's national teams.

Why New Pay Transparency Laws Are Good For Recruiting

Pay Equity Its Good for Companies...

Companies that make rewards and recognition fair and equitable are:

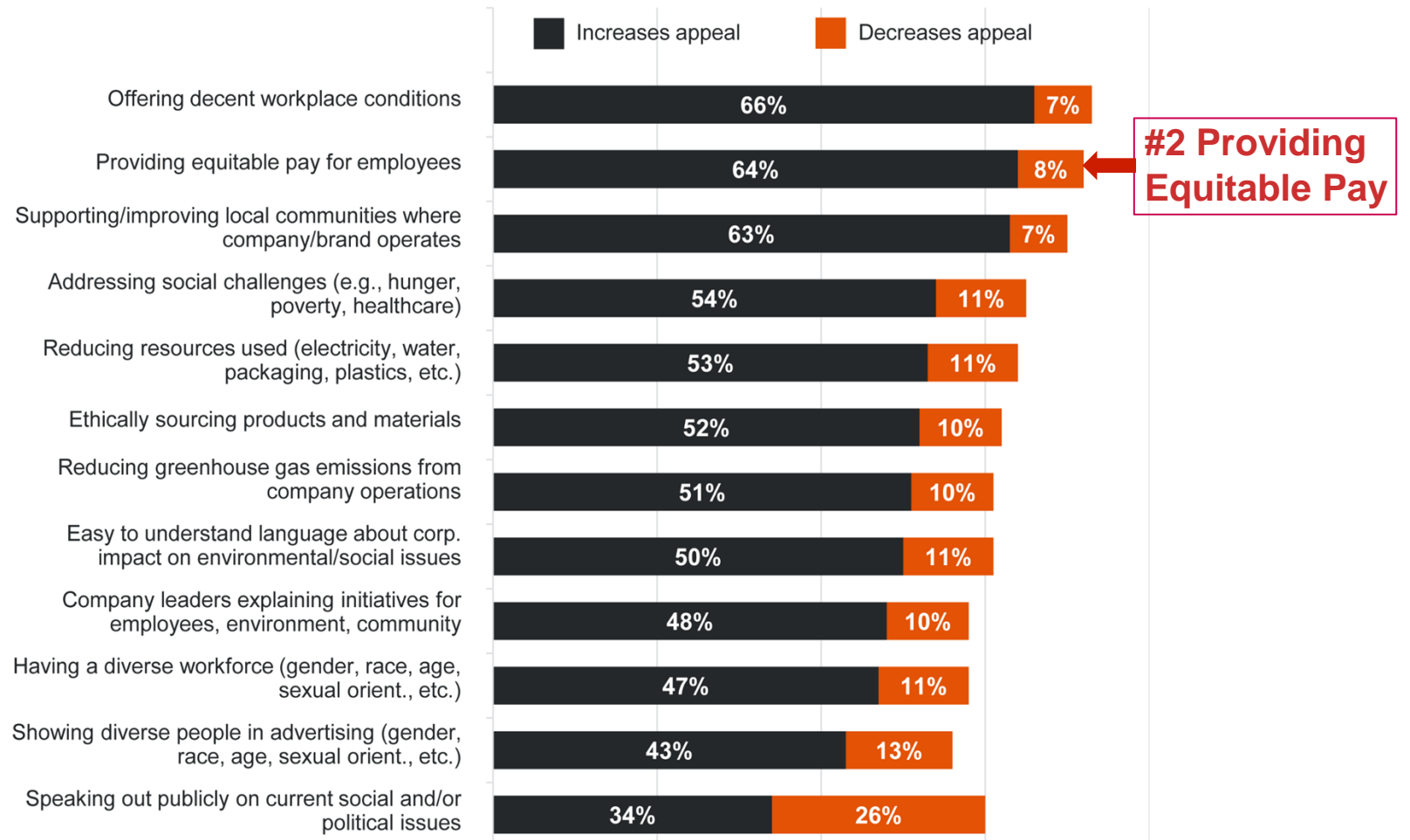
5x More likely to have outstanding financial and customer service

5x More likely to accomplish outstanding people outcomes (retention and engagement)

6x More likely to innovate and adapt well to change

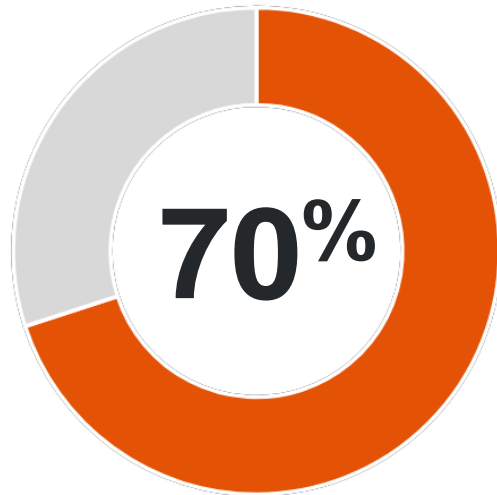
Source: The Josh Bersin Company, 2022

Q. How do the following actions by a company/brand change its appeal for you? Decrease a lot, decreases a little, doesn't change, increases a little, increases a lot?



Note: Numbers show the aggregate of "a little" and "a lot" responses for "increase" and "decrease."
Source: The Conference Board Consumer Confidence Survey, Sept. 2023, n=3,000 U.S. respondents.

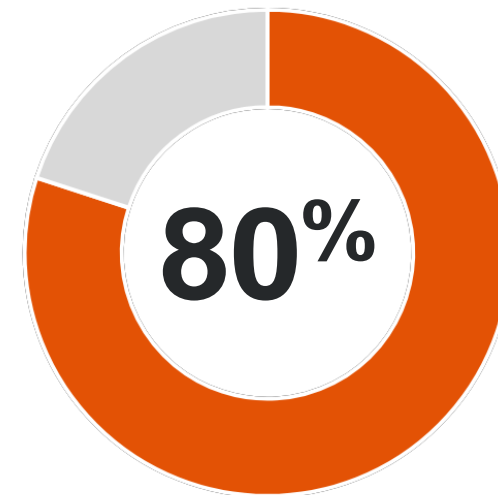
We're Seeing More Organizations Act On Pay Equity



According to a 2022 WorldatWork survey, **70% of organizations reported taking action on pay equity**



This represents a **10-percentage point increase** from WorldatWork's 2019 survey



Of those taking action on pay equity, **80% have an ongoing process** for conducting a pay equity analysis

What are the Challenges to Achieving Pay Equity?

- By In from the Top
- Legal Risk
- Cost-Resources-Expertise
- Inaccurate Data-job descriptions, etc....
- Lack of Transparency
- Implicit bias in corporate culture
- Understanding how managers hire - negotiating skills
- Global workplace regs
- Market Trends
- Hiring practices, performance, promotions, succession planning, training, development
- The Industry
- What else??



Starting Point....

Pay Equity Audit

Who is on the team?

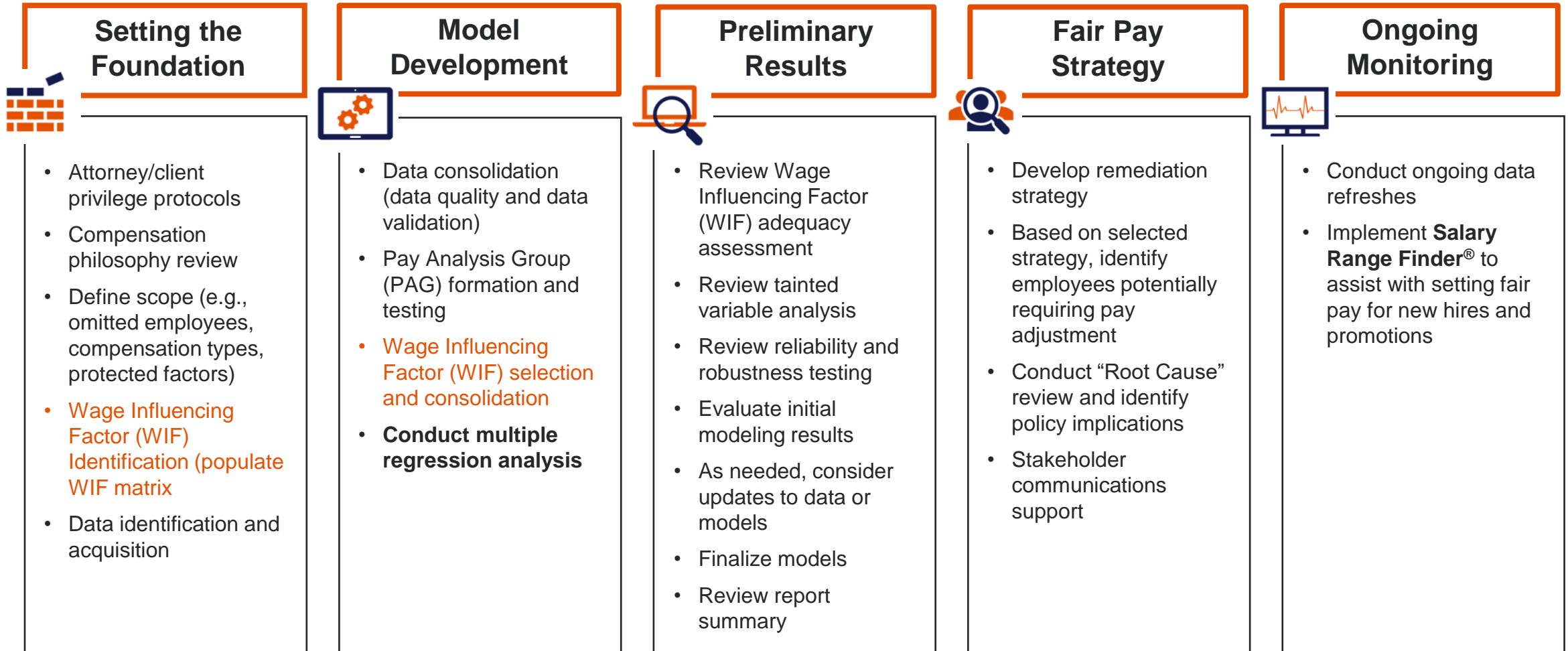
HR, Comp, Finance, Legal, Regulatory, Statisticians

How do we begin?

There are essentially three different options for conducting a pay equity audit:

- **Do it yourself:** Try to conduct the pay equity audit on your own, within your organization, using spreadsheets or general analytical tools.
- **Legal or consulting support:** Bring in a consulting and/ or law firm periodically to conduct the pay equity audit for you.
- **Specialized software:** Leverage specialized software like Trusaic's PayParity® to conduct the pay equity analysis-Experts
- and Technology.

Simple in Concept, Complex in Application



Setting the Foundation

- Attorney/client privilege protocols
- Compensation philosophy review
- Define scope (e.g., omitted employees, compensation types, protected factors)
- **Wage Influencing Factor (WIF) Identification (populate WIF matrix)**
- Data identification and acquisition

Model Development

- Data consolidation (data quality and data validation)
- Pay Analysis Group (PAG) formation and testing
- **Wage Influencing Factor (WIF) selection and consolidation**
- **Conduct multiple regression analysis**

Preliminary Results

- Review Wage Influencing Factor (WIF) adequacy assessment
- Review tainted variable analysis
- Review reliability and robustness testing
- Evaluate initial modeling results
- As needed, consider updates to data or models
- Finalize models
- Review report summary

Fair Pay Strategy

- Develop remediation strategy
- Based on selected strategy, identify employees potentially requiring pay adjustment
- Conduct “Root Cause” review and identify policy implications
- Stakeholder communications support

Ongoing Monitoring

- Conduct ongoing data refreshes
- Implement **Salary Range Finder®** to assist with setting fair pay for new hires and promotions

Leveraging Your HRIS System to Capture Data



Setting the Foundation

- * Scope (omitted employees, compensation types, protected factors)
- * Attorney / Client privilege
- * Compensation Philosophy Review (WIF Matrix)
- * Employee Data Identification



Model Refinement

- * Evaluation to review initial model results and make any required updates to data/factors/employees.

- These two steps can result in identifying data fields necessary for ongoing pay equity monitoring
- Moving forward making sure there is a process for capturing, storing and aging all necessary data in your HRIS
 - E.g. if performance ratings are not captured in the system, working with your HRIS specialist, managers and HR business partners to capture

A Note on Leveraging Your HRIS System for Seamless Remediation

Key component of achieving authentic pay equity is making sure you follow through with the remediation, even if it means you're chipping away at it.

With the remediation amounts in your HRIS system:

- **Remediation during annual or semi-annual comp planning/cycle (Comp Team Role):**
 - Comp team members can tag the HR business partner / manager asking if there is a reason why a certain employee shouldn't receive an adjustment
 - Approve adjustments in your HRIS system
- **Remediation during annual or semi-annual comp planning/cycle (Manager Role):**
 - During annual comp cycle / calibration window, managers can see the remediation amounts while making pay adjustments, thereby accounting for this information during the calibration process
 - Request/Approve adjustments in your HRIS
- **Remediation during annual or semi-annual comp planning/cycle (HRBP):**
 - HRBP's can provide feedback to the comp team on (a) why in their opinion was that employee's pay a certain amount and (b) provide any information as to why this employee shouldn't receive an adjustment in a particular cycle

Leveraging Your HRIS System for Making Fair Offers

Key component of achieving authentic pay equity is to **stop the bleeding....**

With the statistically calculated **Equitable Pay Ranges**:

- **During recruiting of candidates (Talent Acquisition):**
 - Can see this range in context with the internal approved range (function of the market data) and make fair and market competitive offers during the recruiting process for a candidate
 - If TA needs to go outside of a range for a particular candidate, can they trigger an approval flow. Going outside of the range for a candidate could have a negative or a positive impact on an organization's pay equity status.

You are not building out an approval flow in a new system but either leveraging an existing approval flow or building one in the system itself.

- **During merit cycles for employees (Manager Role):**
 - During annual comp cycle / calibration window, managers can see the equitable pay range for that position and all other positions that the manager can promote/transition an employee into

Challenges of the Old Approach: Pay Equity Without Modern Solutions

OLD APPROACH



- Reliance on consultants/law firms
- High cost
- Spreadsheet-based
- Quickly outdated analysis
- Lack of visibility into analysis details
- Difficult to directly use results to fulfill compliance requirements

PAY EQUITY SOFTWARE



Empower With Technology

PayParity

Abhi Vora ▼

Project: US Analysis Q4 ▼

Dimension: Department ▼

Comp: Total Cash ▼

Stat Sig: 5% ▼

Standard Deviation ▼

Pay groups

Impacted pay groups

Impacted employees

Annualized pay disparity

Unadjusted annualized pay gap

Representation

SUMMARY
TRENDS

Pay groups

12

Impacted pay groups

1

Impacted employees

225

Annualized pay disparity

\$5M

This is the disparity **after** adjusting for protected classes and factors

Unadjusted annualized pay gap

\$20M

This is the gap **before** adjusting for protected classes and factors

Representation

Employee representation across protected classes

Pay Disparity

Class effect only

Employees: 905
Race ▼

White	\$0.68
Hispanic	\$0.88
Asian	\$0.98
Other	\$0.52
Black or African American	\$0.96
Native Hawaiian or other Pacific Islander	\$0.74
Native American or Alaska native	\$0.94

PayParity

Inclusion

Documents

Approvals

ACA

Settings

Pay Data Reporting

More apps

Overview

Manage data

Pay disparity

Model effects

Root cause

Budget and planning

Salary range finder

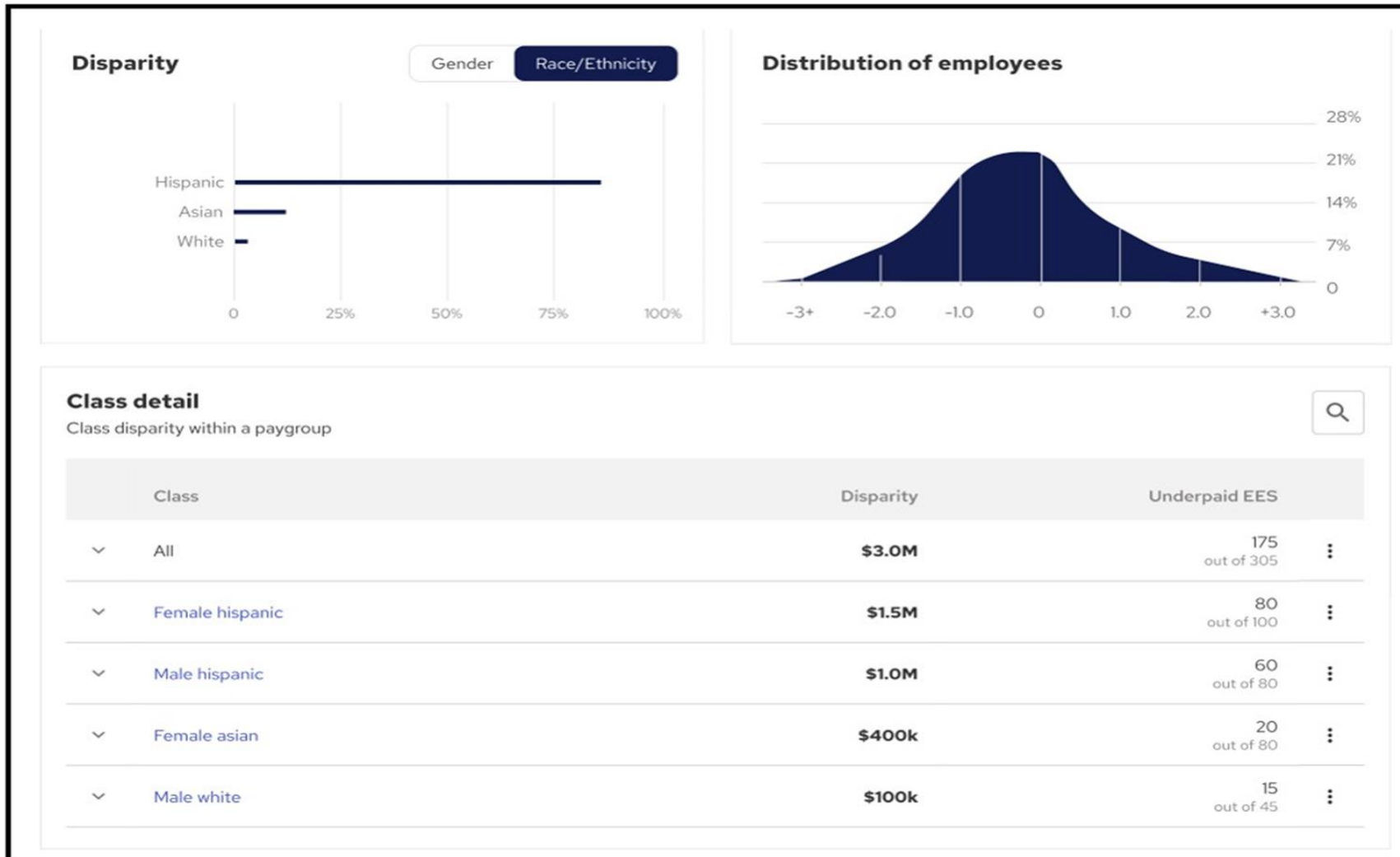
Diversity

Talent

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Empower With Technology



Empower With Technology

Based on your budget, review your remediation options to determine how much of the pay equity exposure you could address compared with what you are able to spend.

Employee groups ⓘ

Impacted classes only
 All classes
 Customize

Remediation strategy ⓘ

Minimum remediation ⓘ
 Address class pay differences ⓘ
 Address individual pay differences ⓘ

Statistical Significance ⓘ

5% ▼

Standard Deviation ⓘ

Select ▼

Update

Set your budget

\$7,500,000

\$0
\$7.5M

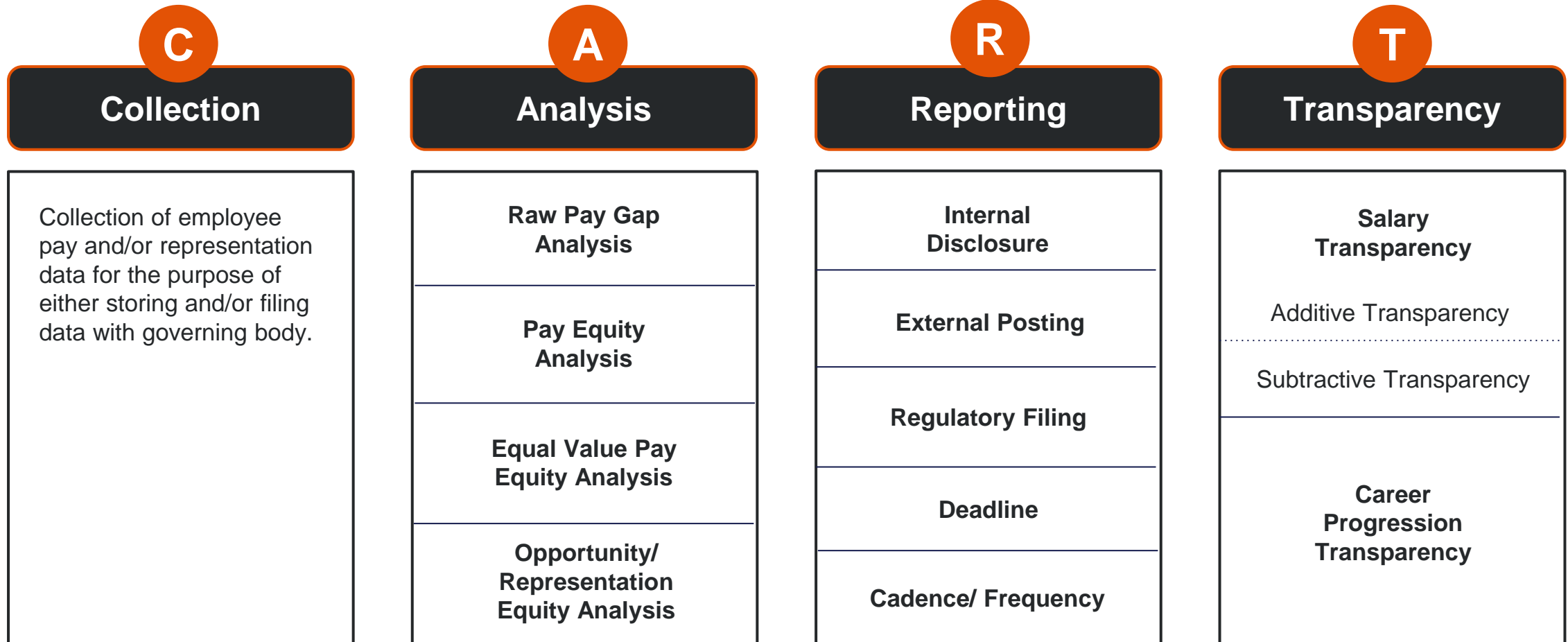
Summary	IMPACTED EMPLOYEES	OTHER UNDERPAID EMPLOYEES
Receiving raises	518	200
Spend	\$5,000,000	\$2,500,000
	Download View employees	Download View employees

Total impacted workforce disparity
\$7,500,000

Percent remaining
0%

10 employees omitted from the budget model

Embracing the CART Framework for Compliance



Principles for Success

1. **Be Objective.** Work to identify and fix issues.
2. **Don't Wait for Data to Be Perfect.** Rely on all relevant data and information you have, for whomever you have it. If your assessment identifies important unaccounted for factors, consider collecting and incorporating into future analyses.
3. **Support Your Pay Philosophy.** Ensure your pay equity strategy does not unwittingly undermine your pay philosophy (e.g., no pay adjustments for poor performers; pay changes constrained by the official range for the role).
4. **Manage Risk:** The actions you take regarding pay equity should consider their potential legal impact.
5. **Consider Systemic Solutions.** Embed systemic solutions to ensure issues do not arise again. Implement processes and tools with the aim of preventing pay inequities throughout the employee lifecycle (e.g., hire, promotion, off-cycle adjustments).
6. **Connect to Related Initiatives.** Ensure clear linkages to other major compensation-related initiatives (e.g., career architecture).
7. **Keep It Up!** Workforces are dynamic—with hires, exits, promotions, transfers, reorganizations, and pay changes—so pay equity needs to be an on-going process (not “one and done”). Changes to the workforce and related pay programs could easily disrupt or change a seemingly strong pay equity position.

Success Stories

Major Insurance Company

- 95K employees
- Efforts to build their own tool fell short
- PayParity® for identifying, remediating, and preventing pay inequity
- Replacing outside consultant's spreadsheet-based approach
- Continuous pay equity monitoring
- Transparent progress communication
- Attorney-client privilege maintenance
- Built in compliance with pay equity, transparency, and data reporting laws



"With Trusaic, we now have the right tools and the right partnership to solve pay equity and pay transparency from start to finish."





Major Airline

- 30K employees
- Experts in compensation
- Desire for a proactive pay equity solution
- Shift from annual audits to continuous prevention with Trusaic's Salary Range Finder®
- Hungry for a better way
- Trusaic's answers: pay equity, opportunity equity, ESG/CSR reporting
- Confidence in results and pay equity maintenance



"We finally have the system and partnership in place to be able to confidently go out to our shareholders, employees, potential candidates and feel really good about the results and the processes in place to maintain pay equity."

Workplace Equity

Global Employer Requirements		Key Employer Action Items	Trusaic Products	
Opportunity Equity	Address Diversity Representation Differences	<p>Identify differences in rates of hiring/promotion/retention across protected demographic groups.</p> <p>Determine the <i>drivers</i> of differences in rates.</p> <p>Standardize processes to ensure they are free of bias.</p>		<p>OpportunityParity™ Ensure workforce diversity</p>
	Ensure Equal Pay for Comparable Work	<p>Identify employees in protected demographic groups that are paid less on average at a statistically significant level.</p> <p>Make Individual Pay Adjustments if applicable.</p> <p>Standardize processes to ensure they are free of bias.</p>		<p>PayParity® Resolve pay disparities</p>
Pay Equity	Ensure Equal Pay for Work of Equal Value	<p>Perform Job Evaluation to determine whether there are Job Roles that need to be adjusted (in terms of pay ranges, job levels).</p> <p>Identify employees in protected demographic groups that are paid less on average at a statistically significant level.</p> <p>Make Individual Pay Adjustments if applicable</p> <p>Standardize processes to ensure they are free of bias.</p>		<p>Salary Range Finder® Stop pay inequity</p>
	Global Pay Data Reporting	<p>Fulfill jurisdiction specific data reporting requirements.</p> <p>Fulfill jurisdictional requirements and meet disclosure, posting and regulatory filing deadlines.</p>		<p>Global Pay Data Reporting Ensure jurisdictional reporting compliance</p>



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