

How pay transparency could shake up the city's job market

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FULL TEXT

Employers have gotten a slight delay, but big changes are coming to the way workers hunt for jobs in New York City.

After a City Council vote on April 28, a city law will require almost all job ads to include a salary range starting Nov. 1, rather than May 15. Local Law 32 of 2022 will make it illegal for any firm with more than four employees to advertise a job without a "good faith" salary range. The law was initially approved in December, but a push from businesses brought the delay and a series of amendments.

Labor and employment attorneys have been busy publishing guidelines suggesting how employers can prepare, including by conducting pay-equity audits.

For firms, the challenge "is not just a matter of posting ranges," said Ian Carleton Schaefer, chair of the New York employment and labor practice for the law firm Loeb and Loeb. "It is the second- and third-tier consequences that may be difficult to grapple with internally."

Employees will have the ability to compare their current pay against what the company is offering at similar positions creating the potential for dissatisfaction and in some cases litigation. Workers will also be able to look around at what other companies are willing to pay someone with their skills and experience.

"There will be opportunities for many employers, particularly those who are very well positioned and pay at the top of the market, to use this to their advantage," Carleton Schaefer said.

To prepare, businesses should review existing salary ranges and those of market competitors to ensure fairness for existing employees. Employers also need to "train supervisors on the implications of the disclosure obligation and take steps to ensure that recruiters are prepared to comply with the impending law," Melissa Camire, a partner in the New York office of employment law firm Fisher Phillips, wrote in a client note published online.

An end to wage secrecy

Prompting employers to evaluate the fairness of their pay structure was one of the goals of the new law.

"By ending wage secrecy and listing salaries, you are ending a practice that hasn't benefited employees and hasn't really helped employers either," said Beverly Neufeld, president of PowHer New York, a statewide network of organizations and individuals focused on economic equality.

Studies show that discrimination and fear of backlash in the negotiation process have contributed to the fact that women and people of color earn less on average than white men. Women make 85.6 cents for every dollar a man earns in New York state, according to data from the National Women's Law Center.

New York City is not the first place to require pay disclosure, but its role as a global economic power could help accelerate a "wave or even [a] tsunami" of similar legislation, Neufeld said. There is already a bill in the state Senate to make this a New Yorkwide rule. Lawmakers in California have also offered a bill requiring pay ranges in job ads.

Making the switch

The Corporation for Supportive Housing, a national nonprofit based in Lower Manhattan, began posting salary ranges in all job ads in the spring of 2021. CEO and President Deborah De Santis said the ranges were part of an effort to be more transparent and attract diverse talent.

But listing salaries wasn't as simple as punching numbers into a job ad. CSH has employees across several cities, and its pay policies can vary by geography. To ensure its listed pay ranges are fair and easy to understand, the nonprofit regularly performs a pay-equity audit and benchmarks its pay against that of competitors.

The purpose of the audit is to assess "that the person we are bringing on has an equitable salary and whether there are people in the role currently [whose pay is] no longer equitable," De Santis explained.

CSH's job ads include specific ranges and context around how to understand the information. For instance, a community investment officer position in New York lists an expected salary between \$100,000 and \$140,000, although a senior-level candidate could expect between \$115,000 and \$160,000.

The ad notes that "it is uncommon for salaries to fall above the midpoint at the time of hire."

"We negotiate actual salaries with final candidates based on their exact location, experience in similar roles and expertise related to the qualifications," it added.

De Santis said the policy has helped with recruitment as the nonprofit seeks to grow its headcount from about 150 to 185.

"We are getting these high-quality candidates and a very diverse candidate pool," De Santis said. "I have to believe this has only helped."

In January, between 25% and 30% of all job listings on LinkedIn included salary information, up about 50% from the same month in 2021, according to data the company provided earlier this year. LinkedIn did not immediately return a request for updated data.

The City Council itself did not have any salary ranges included in the 20 or so open positions posted on its website as of last Monday. A representative said the council expects to add ranges soon.

Recent job ads from the city's two largest private employers, Northwell Health and JPMorgan Chase, typically did not include any salary information, Crain's found.

JPMorgan declined to comment. Maxine Carrington, senior vice president and chief people officer at Northwell Health, said the health system started reviewing its pay and career advertisements before the pandemic. Northwell "contemplated the advertisement of pay ranges at some point, so we would have gotten there in the absence of pay transparency laws," Carrington said in an email.

What's next

To officially push back the law's start date, the amended bill the council approved needs a signature from Mayor Eric Adams. Alternatively, he could opt not to sign it and let it lapse into law after 30 days an option mayors commonly choose for bills passed by the City Council. The press office for the mayor did not return emails asking whether Adams planned to sign the bill.

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