

New California pay transparency law opens door to thorny issues

The regulation requires employers post salary ranges for jobs

By **SUSAN WOOD**
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A new state transparency law is intended to make clear to job applicants how much a job pays.

But it's coming across as unclear and problematic to some employer advocates.

"It affects different industries in different ways. One concern is for smaller businesses that can't put a flashing number up," said Ashley Hoffman, a California Chamber of Commerce policy advocate and lobbyist, referring to companies competing for qualified candidates. "It'll be interesting to see how it shakes up."

Starting on Jan. 1, employers with at least 15 staffers are required to disclose a job's salary range, when they post jobs. The aim of California Senate Bill 1162 is to force employers to publicize what they're paying, regardless of an applicant's or employee's gender or race.

But the law, seen by most stakeholders as well-intended, may bring up other issues from the business employment front.

"There could be a ripple effect, with employers increasing the (pay) range for our area," said Lisa Ann Hilario, an attorney-partner and employment law specialist at Spaulding McCullough & Tansil in Santa Rosa.

She fears publicizing a salary range will open the doors to a flood of less qualified candidates who would be expecting to be paid at the top of the salary scale. It also would increase competition among employers seeking qualified applicants.

For one thing, candidates in Petaluma may require more because they're in closer proximity to San Francisco, where salaries tend to be higher, she cited. So, for companies in Santa Rosa to attract these candidates, they may need to bite the bullet and raise the pay scale to lure these candidates.

Not only does the law make it problematic for recruiting, companies will need to answer to current employees who see what the business is willing to pay new hires.

"Then, (the companies) will need to make sure they have pay equity for (existing) employees," she said.



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Santa Rosa City Schools Human Resources assistant Trish Caris, a classified staff member, left, helps former teacher Enid Pickett apply with the district as a substitute teacher during a job fair in October 2021 in Santa Rosa.



Lisa Ann Hilario



Trish Griffus



Kevin Kish

Plus, the widening of the pay scales may result in a job application process taking longer, as company hiring executives may find themselves having to sift through more applicants to meet the requirements of the postings.

"We may advertise for a lawyer with 15 years of experience and get someone who hasn't passed the bar exam and may settle for someone with five years. It could take longer to go through the job applications," Hilario said as one scenario. "How good a fit is may depend on the experience level."

Other under-the-radar hiccups may arise.

"It's also challenging to set (pay) rates. You (as an employer) really have to get a good pulse on what a job pays," she said, adding especially since now a company "can't even ask what a worker makes."

Spaulding, McCullough & Tansil is

hosting an online employment law primer on Jan. 11 to provide overviews of the new laws and field questions from their clients.

Statewide, the questions from the business community have been abundant.

Hoffman of the state chamber said: "Our members have been concerned about the implementation of this law. They still have a lot of questions. It can create some issues."

THE COST-BENEFIT ANALYSIS

For years, it's been taboo for employers to discuss what their people make.

"A lot of small employers have questioned whether they're allowed to talk about wages," Personnel Perspectives Human Resources Consultant Trish Griffus said, while looking at years in which employees were frowned upon if they did.

"It's a thorny issue and puts another barrier out there in terms of hiring people," she said.

Griffus shared concern job candidates will zero in on pay, taking the largest advertised salary while ignoring other company benefits.

Plus, some prospective employees may not realize the pay scale is the "expected rate of pay." If the candidate doesn't meet the experience or education standards, the

job won't pay the amount posted.

That confusion then turns into lengthy negotiations between employer and employee, she added.

"No one disagrees with making wages equitable. But we think the timing is strange, especially since small employers like nonprofits are already struggling and having a rough time," she said.

But it's not like this territory hasn't been covered before, according to the California Civil Rights Department.

"All these concerns are normal for concerned companies that haven't had experience in hiring this way, but the state has already been doing this," said Kevin Kish, department director. "We understand the nervousness from employers. But if the (private sector) would have done this before, the state wouldn't have had to step in."



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