

Richland County Council Request for Action

Subject:

I move that Richland County remove the salary history question on employment applications in an effort to ensure fair hiring practices. The mandated change should apply to employment applications in print and online and the salary history question should also be removed from verbal interviews and employment screenings.

Notes:

May 23, 2019 – The committee recommended Council to accept the analysis as information as well as support of fairing hiring practices, and to have Mr. Hanna bring back a cost for training for the Department heads.

**RICHLAND COUNTY
ADMINISTRATION**

2020 Hampton Street, Suite 4069
Columbia, SC 29204
803-576-2050



Agenda Briefing

To: Committee Chair Joyce Dickerson and Honorable Members of the Committee

Prepared by: T. Dwight Hanna, Director

Department: Human Resources

Date Prepared: May 15, 2019

Meeting Date: May 23, 2019

Legal Review	Elizabeth McLean via email	Date:	April 12, 2019
Budget Review	James Hayes via email	Date:	April 12, 2019
Finance Review	Stacey Hamm via email	Date:	April 10, 2019
Approved for Council consideration:		Assistant County Administrator	Sandra Yúdice, Ph.D.
Committee	Administration and Finance		
Subject:	Removing Salary History from Applications		

Recommended Action:

Staff recommends receipt of this analysis as information as well as support of fair hiring practices. While removing salary history questions from the applications is simple, reducing and/or eliminating wage disparity is more complex and challenging.

Motion Requested:

N/A

Request for Council Reconsideration: ☐ Yes

Fiscal Impact:

Initially, there is a potential for an overall increase in starting pay for all new hires. Usually, applicants attempt to present themselves in the most positive manner and seek the highest salary they feel is appropriate and/or they may successfully secure from the new employer.

In addition to management and process changes, there will also be an initial and ongoing internal investment to develop, present, and attend necessary training to successfully support the objective of the motion.

Motion of Origin:

"I move that Richland County remove the salary history question on employment applications in an effort to ensure fair hiring practices. The mandated change should apply to employment applications in print and online and the salary history question should also be removed from verbal interviews and employment screenings."

Council Member	Allison Terracio
Meeting	Regular Session
Date	March 05, 2019

Discussion:

A Glassdoor study showed women still earn 76 cents to the dollar men earn. The salary history ban attempts to prevent current or previous pay inequality from following a person throughout his/her career. Determining a candidate's compensation based on his/her salary history can perpetuate existing wage inequalities that are the result of gender bias or discrimination. Removing salary history questions from the applications, the interview forms, and screening forms is a relatively simple process; however, careful planning, training, monitoring, and other steps are necessary to successfully achieve the objective of the change.

There has been much debate, research, articles written, and action taken on the topic of the wage variance between women and men. As with any policy consideration, there are advantages and disadvantages presented by those on both sides of the issue. Many state and local governments (mostly in the northeast and west) have enacted ordinances and/or policies to ban or limit questions about an applicant's salary history. However, with all the activity surrounding this issue, there has not been any single successful confirmed solution. Transparency is generally helpful in achieving fair practices. Fortunately, Richland County Government is ahead of many private sector organizations regarding pay transparency because of SC FOIA laws.

PayScale, a compensation data and software company, recently conducted an employee wages survey of about 15,000 job seekers on whether they disclosed their pay during the interview process at their previous jobs. In summary, this study revealed "...that a woman who was asked about her salary history and refused to disclose was actually offered 1.8% less than a woman who was asked and did disclose. Meanwhile, if a man refused to disclose when asked about salary history, he received an offer that was 1.2% higher than a man who did." Based on the results of this study, one [may] conclude not revealing salary history actually worked against the women and in favor of the men. At the very least, this study indicates simply removing the salary history question does not adequately address wage differences based on gender.

Trends

Many jurisdictions - cities, counties, and states have enacted ordinances and/or policies to ban or limit salary history questions during the application process. Some of these restrictions apply only the government body; however, many apply to all employers in the jurisdiction of the respective government.

Advantages and Disadvantages

Employees, supervisors, employers, advocacy groups, elected officials, HR professionals, and many experts have discussed and on the different perspectives regarding how best to reduce the wage variances (gender and race).

Support for keeping salary history on applications:

- By sharing salary history early in the interview stage, candidates can avoid adding weeks or months to their search by pursuing jobs that do not meet their needs.
- Employers are able to inform candidates about a pay disparity early in the interview process, thus increasing their interview-to-hire ratio and shortening their time to hire.

- Departments have greater power in negotiating salaries for new hires.
- Greater perceived and/or real difficulty for hiring managers discussing and negotiating starting salaries with new hires because of the long-standing common use of historical salaries. Because of historical reliance on salary history vs. value of the job and qualifications of the candidate – this would represent a huge change for management.
- Some have raised a constitutional question regarding being able to ask questions about salary history. A case is currently pending in the court in Pennsylvania
- Transitional hurdles normally experienced by employees, applicants, and management for this type of organizational wide and cultural change.
- Increase in salary cost is a possibility if not a probability. Removing salary history may increase the total cost of [female and/or male] new hires, as departments will not have information to negotiate salaries and thus may respond based on salary expectations rather than actual earnings.
- Removing salary history questions does not adequately address the root cause of wage disparity.+

Support for removing salary history on applications:

- Starting wages are based on the value of the job to the County, relevant experience, qualifications, skills, experience, certifications, and competencies of the applicant
- For those employers insisting on using salary history to determine future compensation, applicants face an uphill battle to prove pay inequality, as this requires knowing the salaries of other employees.
- The theory is women sometimes have begun their careers at a pay disadvantage; therefore if their past salary is used as a marker for future salary offers, their pay will remain behind men's.
- Employers must be able to identify specific reasons for differences in compensation between employees with similar backgrounds performing similar job duties.
- Potentially perpetuates the wage gap disparity between men and women.
- Places too much importance on the pay at a single employer and not the market as a whole.
- Better negotiating power to both gender candidates
- A larger, more diverse pool of candidates. Job candidates are not automatically dismissed because they earn more than the salary range.

The County's current process involves asking salary history questions on the application and during the application process. The salary histories of applicants are used to eliminate candidates who may seek a salary higher than what the County deems appropriate to offer because of internal equity, budget limitations, and/or value the County places on the job. Hiring managers would generally consider removing the salary history question to make their job much more difficult to successfully negotiate with candidates.

The Richland County Government application has a salary history field for each job listed. It is a mandatory field for the most recent employment; however, it is optional for the other employment listed. The application also includes a response optional "salary expectations" question.

Implementation Considerations

Removing salary history information alone from the application process will not erase the wage difference between women and men or men and/or minorities. If the Council's objective is to reduce wage disparity, the County may consider other actions. Proper planning, training, and resources will greatly enhance the acceptance and probability of success for a policy change of this type. Following is a list of recommendations from the Human Resources Department if the Council approves the motion as presented:

1. Get clear total rewards compensation philosophy approved by County Council to guide all actions surrounding employee compensation;
2. Update and maintain all job descriptions to include accurate, ethical, legal, and complete minimum requirements and complete essential functions for each job;
3. Consistently maintain market competitive pay ranges for all jobs;
4. Update electronic and paper application forms;
5. Mandate all departments update all interview questions, applicant screening forms and/or criteria, and internal operating procedures to remove salary history questions;
6. Ensure consistent and proper Performance Management Process for each employee. This becomes essential once the County links pay increases to the employee's job performance;
7. Establish clear career paths;
8. Implement Succession Development Management;
9. Provide negotiation skills training specifically targeted towards female employees;
10. Conduct a comprehensive review of all County policies relating to compensation to ensure equal pay for all genders and demographic groups. Consider adding, revising, and/or deleting policies and/or guidelines that do not support the objectives of County Council;
11. Ensure policies have validity and are defensible;
12. Consistently enforce County policies once implemented. Exceptions to County policy should be rare and documented to be legally defensible;
13. Develop and/or update training and provide for all personnel involved in the hiring process relating to negotiations, respect, procedural justice, unconscious bias, accountability, inclusion, demographic diversity, cognitive diversity, trust, active listening, compensation technology available to employees, compensation program, and compensation discussions with employees, and civility;
14. Developing resources to help supervisors, managers, and directors discuss and negotiate wages with new hires;
15. Monitor compliance with policies approved by County Council;
16. Inform Elected Officials of the County's policy change as they use a different application form.

The Human Resources Department fully endorses equal pay for equal work regardless of gender and/or race. Unfortunately, more factors, including years of experience and education, may contribute to the wage differences between demographic groups other than salary history inquiries. However, if women and/or minorities' salaries are less because of inappropriate reasons, continuing to utilize disparate salaries in salary negotiations perpetuates the problem. Consequently, Human Resources recommends Council consider the recommendations above in addition to the motion.