

POINT/COUNTERPOINT:

Are salary range transparency laws a good thing?

EDITOR’S NOTE: The Illinois Business Journal has gathered reactions to the discussion regarding salary range transparency laws in the United States. Illinois is one of 11 states currently considering this, while eight other states and many municipalities throughout the country already have this type of mandate in place.

In a recent article published by the **Center for American Progress**, an increasing number of states over the past few years have passed, or are considering passing, salary range transparency laws as one measure to help close the gender pay gap.

Part of a general trend toward recognizing the importance of transparency in bolstering wage equality overall, these laws require employers to disclose salary ranges to job applicants, either in job postings, during the hiring process, or upon request. Eight states have enacted salary range transparency laws, and 11 more are currently considering them.

Illinois is among the 11 currently considering the enactment of salary range transparency legislation.

At the time of this writing, Illinois HB3129 had been placed on the General Assembly’s calendar for second reading. Known with a short description as “Equal Pay Act-Pay Scale,” it would amend Illinois’ Equal Pay Act of 2003, and would make it unlawful for an employer with 15 or more employees to fail to include the pay scale for a position in any job posting.

It also would require that, if an employer with 15 or more employees engages a third party to announce, post, publish, or otherwise make known a job posting, the employer must provide the pay scale

to the third party and the third party shall include the pay scale in the job posting.

Illinois HB3129 further provides clarity to the definition of “pay scale” and proposes further conforming changes to provisions concerning violations of the Act and fines and penalties. If the bill passes, it would be implemented immediately.

The Center for American Progress article noted: “In general, it is clear that measures to promote transparency can help narrow persistent gender and racial wage gaps by reducing pay secrecy and bolstering negotiation efforts,” while adding, “Salary range transparency also benefits employers. One study found that including salary information in job postings cut down on recruiting costs by lowering postings’ cost per click.”

Several economists have gone on to note that mandating upfront disclosures from the employer’s side could help close wage gaps across gender, racial and LGBTQ identities.

And in a global survey conducted by **GlassDoor**, 72 percent of employees surveyed around the world believe wage transparency is good for business and 70 percent believe it can increase employee satisfaction. Many also believe discussing salaries openly is a critical step in ensuring people have a baseline knowledge of what others in the field are making in order to negotiate with an employer.

Here’s what other experts are sharing:

C. Nicole Mason, a gender and racial equity researcher and CEO of the **Institute for Women’s Policy Research**, said salary transparency laws alone aren’t very effective as a way to close the gender and racial pay gaps, but they are an important first step because it forces employers

to confront these disparities (as noted in an April 28, 2022, blog post authored by Loyola University Chicago School of Law Senior Editor Zachary Mauer.)

“We’re making the assumption that no company wants this kind of pay disparity, that it is unintentional,” Mason says. “But pay disparity is a deep-seated issue, and not all employers will be enthusiastic about fixing it. Even for earnest companies in states with new rules, bucking the trend could prove difficult.”

Brendan Sterne, group vice president and general manager at **Indeed.com**: “Compensation information is, unsurprisingly, one of the top factors when considering a job.” According to an Indeed survey, 75 percent of respondents say they’re more likely to apply for a job if the salary range is listed in the job posting.

Posting salaries can also be advantageous to companies when it comes to negotiating, said **Zoe Cullen**, assistant professor of economics at **Harvard University** in a conversation with the Arizona Daily Star. “Firms that firmly set a price for a particular job have a high degree of bargaining power in the sense that they are announcing to potential job candidates that, ‘if you try to negotiate anything higher than this price, it is going to effect everybody else because I will have to publicly adjust the going rate for this job.’” Sharing salary ranges can also help attract workers.

Mimi Kravetz of **Hillel International** shared insights from a nonprofit’s perspective on the subject of salary transparency in a story by Jeanne Bell written for NPQ. In Bell’s write-up, Kravetz shared: “What we know about pay transparency, specifically, is that having more information about compensation builds employee

loyalty and engagement through building trust in management and people having a larger context on something that’s so critical to their workplace satisfaction.

“It’s certainly not a cure-all on creating a great culture, but pay is so important to people. It matters in their everyday lives and their abilities to support their lifestyle and their family. And it’s a key concern when we think about diversity, equity, and inclusion as well to make sure that there’s fair and equitable pay. And transparency helps a lot with that because people are able to trust the system when they have equal information to other people, and they’re also able to advocate for themselves better,” Kravetz further said.

On the flip side, in **UCLA Anderson’s Ricardo Perez-Truglia** and **Harvard’s Zoe Cullen** published series of papers, it was also noted, “Many assume salary transparency will benefit employees, but research suggests downsides, too.”

The review said further: “A team of UC-affiliated researchers surveyed a random subset of university employees, first informing them about the website and later polling them about job satisfaction. Lower-paid employees who visited the site reported feeling less satisfied with their jobs and likelier to look for new ones... In one sense, the finding is troubling: People felt bad about their relatively low pay, or the fact it became known.”

This seems to be yet another challenge to be dotted with strong arguments from all sides for a long time into the foreseeable future. Human resource managers and senior leaders undoubtedly have their work cut out for them as employees also weigh the pros and cons of going public with their pay.

Commentary: Pritzker pushes cash to keep teachers in Illinois schools

By **DYLAN SHARKEY**
Illinois Policy Institute

Gov. J.B. Pritzker has introduced a Teacher Pipeline Grant Program to address teacher vacancies, but getting more money into classrooms rather than it chasing retirement debt is a better solution. He has launched the new program hoping to draw more teachers to Illinois public schools.

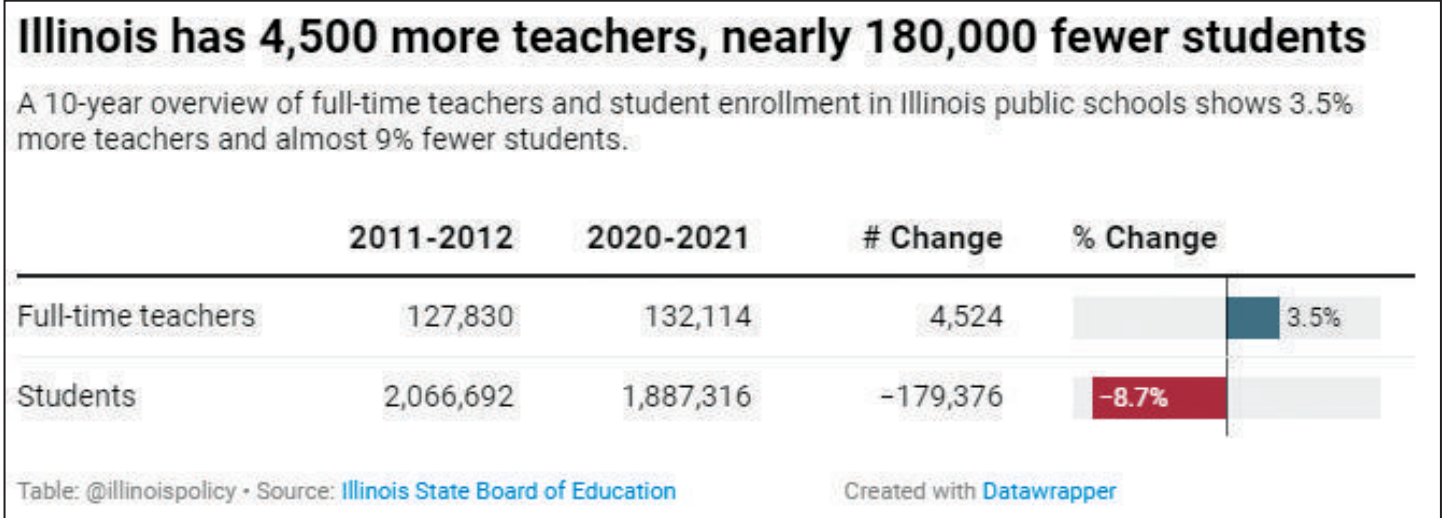
Pritzker visited Streamwood High School in Elgin to announce \$70 million for the Teacher Pipeline Grant Program.

“All across the nation, school districts are fighting the impact of teacher shortages — as education professionals struggle to weigh their passion for their classrooms with their own mental, financial and personal wellbeing. So as part of my education investment plan, I’m proposing an additional \$70 million annually specifically targeted at addressing teacher shortages,” Pritzker said.

From 2011-2021, Illinois public schools lost nearly 180,000 students but gained 4,500 teachers.

Illinois public schools currently have more than 5,300 unfilled positions, but nearly half of those vacancies are for paraprofessionals, not traditional teachers. The need may be about the type of teacher and where they are.

But the \$70 million to possibly increase some of the teaching ranks will not fix the real problem. That would be



how the \$210 billion pension hole is sucking up too many education dollars.

Illinois’ Teacher Retirement System, the largest public pension fund in the state, reached \$80.6 billion in pension debt in 2022. TRS has only 43.8 percent of funds needed to pay retirees.

It is one of five statewide systems, which combined have \$140 billion less than they need even though Illinois already spends 25 percent of its general fund on pensions. Add to that state burden another \$70 billion in local pension debt and Illinois taxpayers face a \$210 billion burden that eventually will cost each household about \$42,600.

Reforming pensions by amending the Illinois Constitution would

help ensure young teachers have a retirement at the end of their careers. It would also allow more education dollars to flow to teachers in classrooms rather than to retirement costs.

Illinois has the second-highest property taxes in the nation, and schools get 61.5 percent of those taxes. Unless state lawmakers amend the Il-

linois Constitution, Illinoisans will have no shortage of pension debt to keep driving up those property taxes and ever less to spend on classrooms.

• *Dylan Sharkey is a writer focusing on the effects of policy decisions in everyday life and serves as assistant editor for the Illinois Policy Institute.*

(EDITOR’S NOTE: The opinions expressed in this publication on its Commentary pages are those of their authors. They do not necessarily reflect the opinions or views of the Illinois Business Journal or its corporate family.)



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