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Meridian Client Update

White House Nixes Proposal to Expand Employer Reporting to Include Pay Data
The Trump administration recently informed the Equal Employment Opportunity Commission (EEOC) that it is reviewing and immediately staying the effectiveness of employer requirements to report extensive pay data.

Currently, private sector employers with 100 or more employees and federal contractors with 50 or more employees are required each year to submit to the EEOC on Form EEO-1 the number of individuals employed by job category and by race, ethnicity and gender. While employers will continue to have to report such information, the Office of Management and Budget (“OMB”) has halted the requirement to report additional data on Form EEO-1, including:

- The number of individuals employed by job category and by race, ethnicity and gender across 12 pay bands (based on W-2 income), and
- The total number of hours worked by the employees counted in each pay band for the reporting year, by their ethnicity, race and gender.

The OMB found good cause to stay expansive reporting of pay data due to concerns that “some aspects of the revised collection of information lack practical utility, are unnecessarily burdensome, and do not adequately address privacy and confidentiality issues.”

As discussed in our Client Update dated July 28, 2016, in proposing to expand the EEO-1 report, the EEOC believed that pay data would assist it and other Federal agencies in identifying possible pay discrimination and assist employers in promoting equal pay in their workplaces. The Trump administration disagreed and reversed course. In deciding not to go forward, the White House issued a statement from Ivanka Trump, who said, “Ultimately, while I believe the intention was good and agree that pay transparency is important, the proposed policy would not yield the intended results. We look forward to continuing to work with EEOC, OMB, Congress and all relevant stakeholders on robust policies aimed at eliminating the gender wage gap.”

Meanwhile, the acting chair of the EEOC said in a statement, “Going forward, we at the EEOC will review the order and our options. I do hope that this decision will prompt a discussion of other more effective solutions to encourage employers to review their compensation practices to ensure equal pay and close the wage gap. I stand ready to work with Congress, federal agencies, and all stakeholders to achieve that goal.”

Meridian Comment. Although the Trump administration’s decision to stay the expansion of the EEO-1 report to include pay data will remove a significant regulatory burden on corporate America, it may also serve to increase the spotlight on equal pay and gender wage gap issues. This in turn may lead to greater shareholder activism on pay issues. In this regard, we have seen an increase in shareholder proposals calling for public companies to report on gender wage gaps, from five in 2016 to thirteen in 2017 (none passed).

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The **Client Update** is prepared by Meridian Compensation Partners' Technical Team led by Donald Kalfen. Questions regarding this Client Update or executive compensation technical issues may be directed to Donald Kalfen at 847-235-3605 or dkalfen@meridiancp.com.

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