

EQUAL PAY

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The Ninth Circuit, following remand from the Supreme Court, held that employers cannot justify pay disparities under the federal Equal Pay Act by showing that those disparities are based on employees' past earnings.

The Ninth Circuit joined the Tenth and Eleventh Circuits in holding that the Equal Pay Act precludes employers from relying solely on prior salary to justify pay differences.

The following court opinion (Lenzi v. Systemax, Inc.) issued by the Second Circuit on December 6, 2019 brings into focus another aspect that must be evaluated.

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Employee salary, bonus, incentive, and equity programs should be reviewed or audited on a periodic basis to determine their effectiveness, competitiveness, and compliance.

START YOUR REVIEW BY ANSWERING THESE QUESTIONS:

- Has your company recently changed its business or sales strategy?
- If yes, have you reviewed the compensation plan to determine if it supports the new strategy?
- Has your company been experiencing growth?
 - Do you feel satisfied that your pay programs provide sufficiently motivating rewards for your company to achieve its business objectives?
 - Are there fair differentials in pay for current employees, when compared with pay offered to new hires?
 - Do you feel comfortable that there are good compensation systems to ensure employees are paid in a fair manner relative to their responsibilities, performance, and overall contributions?
- Have there been recruiting or retention issues of employees and executive management due to inadequate employee compensation or financial rewards?
- Are you comfortable that all levels of management are appropriately setting employee performance standards to measure and reward performance?
- Are you satisfied with the information that you have about competitor compensation and benefit practices?

Your review should include an analysis of compensation documents and policies, payroll and personnel records, and interviews with key management personnel.

Call us at 412.394.9997 to discuss.

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