

Illinois Equal Pay Act (EPA)

On July 31, 2019, Gov. J.B. Pritzker (Dem-IL) signed an amendment to the Illinois Equal Pay Act (EPA), prohibiting Illinois employers from asking a job applicant about or otherwise inquiring about a job applicant's compensation history. The amendment goes into effect on **Sept. 29, 2019**. The EPA applies to all Illinois employers.

THE LAW DETAILS

- On July 31, 2019, Gov. Pritzker signed into law a measure prohibiting employers from inquiring about applicants' previous salary history.
- Employers will not be able to use salary history to determine how much to pay a new employee.
- Under the measure, prospective employees can self-disclose a previous wage and negotiate wages, but a final salary can only be determined by skill or seniority.
- Even if a candidate offers to disclose salary voluntarily, that doesn't make it legal to use the information when crafting an employment offer.
- The Law takes effect Sunday, Sept. 29, 2019.



WHY

- Statistics show a significant gap between average pay for men and average pay for women and minorities.
- “Start low, stay low phenomenon” - Employees, especially women who start their careers on a low salary, stay below the average permanently. One of the reasons is that every time they interview for a new job, they are forced to unveil their previous salary level. The offered salary is then calculated as an increase on current salary. In other words, the rationale behind the new equal pay laws is that asking a candidate for their salary history perpetuates discrimination.
- According to a 2016 McKinsey Global Institute study, companies that have parity in pay are 15% more likely to outperform their competition. That level of increased performance can result in a 10% addition to GDP by 2025 when compared to no changes in current pay structures.

IMPLICATIONS

- Allows for a more widespread, thoughtful, market-based approach to compensation policies. In theory, this will put a system in place that will have employers indicate a market range on each position in the company, and then adjust up or down according to a unique individual's experience, track record of contributions, and skill set instead of their compensation history.