



April 8, 2014

MEMORANDUM FOR THE SECRETARY OF LABOR

SUBJECT: Advancing Pay Equality Through Compensation Data Collection

While working women have made extraordinary progress over the past five decades since enactment of the Equal Pay Act of 1963, they still earn only 77 cents for every dollar that a man earns. For African-American women and Latinas, the pay gap is even greater. This pay differential shortchanges women and their families by thousands of dollars a year, and potentially hundreds of thousands of dollars over a lifetime. Moreover, given the connected impact on benefits and retirement savings, the loss and the accompanying threat to economic security are even greater.

Federal law, including the Equal Pay Act of 1963, Title VII of the Civil Rights Act of 1964, and Executive Order 11246 of September 24, 1965 (Equal Employment Opportunity), specifically prohibits compensating men and women differently for the same work. Effective enforcement of this mandate, however, is impeded by a lack of sufficiently robust and reliable data on employee compensation, including data by sex and race. The National Equal Pay Task Force, which I created to improve enforcement of equal pay laws, identified this lack of data as a barrier to closing the persistent pay gap for women and minorities. To address this lack of data, the Department of Labor (DOL) solicited stakeholder input on the design and operation of a potential compensation data collection tool in an Advance Notice of Proposed Rulemaking (ANPRM) published on August 10, 2011. The extensive response to the ANPRM provides ample information from which DOL can develop a tool that will enhance the effectiveness of its enforcement.

Therefore, I hereby direct you to propose, within 120 days of the date of this memorandum, a rule that would require Federal contractors and subcontractors to submit to DOL summary data on the compensation paid their employees, including data by sex and race. In doing so, you shall consider approaches that: (1) maximize efficiency and effectiveness by enabling DOL to direct its enforcement resources toward entities for which reported data suggest potential discrepancies in worker compensation, and not toward entities for which there is no evidence of potential pay violations; (2) minimize, to the extent feasible, the burden on Federal contractors and subcontractors and in particular small entities, including small businesses and small nonprofit organizations; and (3) use the data to encourage greater voluntary compliance by employers with Federal pay laws and to identify and analyze industry trends. To the extent feasible, you shall avoid new record-keeping requirements and rely on existing reporting frameworks to collect the summary data. In addition, in developing the proposal you should consider independent studies regarding the collection of compensation data.

This memorandum is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

You are hereby authorized and directed to publish this memorandum in the *Federal Register*.

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