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2D SESSION

H. R. 1338

IN THE SENATE OF THE UNITED STATES

AUGUST 1, 2008

Received; read twice and referred to the Committee on Health, Education,
Labor, and Pensions

AN ACT

To amend the Fair Labor Standards Act of 1938 to provide more effective remedies to victims of discrimination in the payment of wages on the basis of sex, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Paycheck Fairness
3 Act”.

4 **SEC. 2. FINDINGS.**

5 Congress finds the following:

6 (1) Women have entered the workforce in
7 record numbers over the past 50 years.

8 (2) Despite the enactment of the Equal Pay Act
9 in 1963, many women continue to earn significantly
10 lower pay than men for equal work. These pay dis-
11 parities exist in both the private and governmental
12 sectors. In many instances, the pay disparities can
13 only be due to continued intentional discrimination
14 or the lingering effects of past discrimination.

15 (3) The existence of such pay disparities—

16 (A) depresses the wages of working fami-
17 lies who rely on the wages of all members of the
18 family to make ends meet;

19 (B) undermines women’s retirement secu-
20 rity, which is often based on earnings while in
21 the workforce;

22 (C) prevents the optimum utilization of
23 available labor resources;

24 (D) has been spread and perpetuated,
25 through commerce and the channels and instru-

1 mentalities of commerce, among the workers of
2 the several States;

3 (E) burdens commerce and the free flow of
4 goods in commerce;

5 (F) constitutes an unfair method of com-
6 petition in commerce;

7 (G) leads to labor disputes burdening and
8 obstructing commerce and the free flow of
9 goods in commerce;

10 (H) interferes with the orderly and fair
11 marketing of goods in commerce; and

12 (I) in many instances, may deprive workers
13 of equal protection on the basis of sex in viola-
14 tion of the 5th and 14th amendments.

15 (4)(A) Artificial barriers to the elimination of
16 discrimination in the payment of wages on the basis
17 of sex continue to exist decades after the enactment
18 of the Fair Labor Standards Act of 1938 (29 U.S.C.
19 201 et seq.) and the Civil Rights Act of 1964 (42
20 U.S.C. 2000a et seq.).

21 (B) These barriers have resulted, in significant
22 part, because the Equal Pay Act has not worked as
23 Congress originally intended. Improvements and
24 modifications to the law are necessary to ensure that

1 the Act provides effective protection to those subject
2 to pay discrimination on the basis of their sex.

3 (C) Elimination of such barriers would have
4 positive effects, including—

5 (i) providing a solution to problems in the
6 economy created by unfair pay disparities;

7 (ii) substantially reducing the number of
8 working women earning unfairly low wages,
9 thereby reducing the dependence on public as-
10 sistance;

11 (iii) promoting stable families by enabling
12 all family members to earn a fair rate of pay;

13 (iv) remedying the effects of past discrimi-
14 nation on the basis of sex and ensuring that in
15 the future workers are afforded equal protection
16 on the basis of sex; and

17 (v) ensuring equal protection pursuant to
18 Congress' power to enforce the 5th and 14th
19 amendments.

20 (5) The Department of Labor and the Equal
21 Employment Opportunity Commission have impor-
22 tant and unique responsibilities to help ensure that
23 women receive equal pay for equal work.

24 (6) The Department of Labor is responsible
25 for—

1 (A) collecting and making publicly avail-
2 able information about women's pay;

3 (B) ensuring that companies receiving
4 Federal contracts comply with anti-discrimina-
5 tion affirmative action requirements of Execu-
6 tive Order 11246 (relating to equal employment
7 opportunity);

8 (C) disseminating information about wom-
9 en's rights in the workplace;

10 (D) helping women who have been victims
11 of pay discrimination obtain a remedy; and

12 (E) being proactive in investigating and
13 prosecuting equal pay violations, especially sys-
14 temic violations, and in enforcing all of its man-
15 dates.

16 (7) The Equal Employment Opportunity Com-
17 mission is the primary enforcement agency for
18 claims made under the Equal Pay Act, and issues
19 regulations and guidance on appropriate interpreta-
20 tions of the law.

21 (8) With a stronger commitment by the Depart-
22 ment of Labor and the Equal Employment Oppor-
23 tunity Commission to their responsibilities, increased
24 information about the provisions added by the Equal
25 Pay Act of 1963, wage data, and more effective rem-

1 edies, women will be better able to recognize and en-
 2 force their rights.

3 (9) Certain employers have already made great
 4 strides in eradicating unfair pay disparities in the
 5 workplace and their achievements should be recog-
 6 nized.

7 **SEC. 3. ENHANCED ENFORCEMENT OF EQUAL PAY RE-**
 8 **QUIREMENTS.**

9 (a) BONA-FIDE FACTOR DEFENSE AND MODIFICA-
 10 TION OF SAME ESTABLISHMENT REQUIREMENT.—Section
 11 6(d)(1) of the Fair Labor Standards Act of 1938 (29
 12 U.S.C. 206(d)(1)) is amended—

13 (1) by striking “No employer having” and in-
 14 serting “(A) No employer having”;

15 (2) by striking “any other factor other than
 16 sex” and inserting “a bona fide factor other than
 17 sex, such as education, training, or experience”; and

18 (3) by inserting at the end the following:

19 “(B) The bona fide factor defense described in sub-
 20 paragraph (A)(v) shall apply only if the employer dem-
 21 onstrates that such factor (i) is not based upon or derived
 22 from a sex-based differential in compensation; (ii) is job-
 23 related with respect to the position in question; and (iii)
 24 is consistent with business necessity. Such defense shall
 25 not apply where the employee demonstrates that an alter-

1 native employment practice exists that would serve the
2 same business purpose without producing such differential
3 and that the employer has refused to adopt such alter-
4 native practice.

5 “(C) For purposes of subparagraph (A), employees
6 shall be deemed to work in the same establishment if the
7 employees work for the same employer at workplaces lo-
8 cated in the same county or similar political subdivision
9 of a State. The preceding sentence shall not be construed
10 as limiting broader applications of the term ‘establish-
11 ment’ consistent with rules prescribed or guidance issued
12 by the Equal Opportunity Employment Commission.”.

13 (b) NONRETALIATION PROVISION.—Section 15 of the
14 Fair Labor Standards Act of 1938 (29 U.S.C. 215(a)(3))
15 is amended—

16 (1) in subsection (a)(3), by striking “employee
17 has filed” and all that follows and inserting “em-
18 ployee—

19 “(A) has made a charge or filed any com-
20 plaint or instituted or caused to be instituted
21 any investigation, proceeding, hearing, or action
22 under or related to this Act, including an inves-
23 tigation conducted by the employer, or has tes-
24 tified or is planning to testify or has assisted or
25 participated in any manner in any such inves-

1 tigation, proceeding, hearing or action or in an
2 investigation conducted by the employer, or has
3 served or is planning to serve on an industry
4 Committee; or

5 “(B) has inquired about, discussed or dis-
6 closed the wages of the employee or another
7 employee.”; and

8 (2) by adding at the end the following:

9 “(c) Subsection (a)(3)(B) shall not apply to instances
10 in which an employee who has access to the wage informa-
11 tion of other employees as a part of such employee’s essen-
12 tial job functions discloses the wages of such other employ-
13 ees to individuals who do not otherwise have access to such
14 information, unless such disclosure is in response to a
15 complaint or charge or in furtherance of an investigation,
16 proceeding, hearing, or action under section 6(d) or an
17 investigation conducted by the employer. Nothing in this
18 subsection shall be construed to limit the rights of an em-
19 ployee provided under any other provision of law.”.

20 (c) ENHANCED PENALTIES.—Section 16(b) of the
21 Fair Labor Standards Act of 1938 (29 U.S.C. 216(b)) is
22 amended—

23 (1) by inserting after the first sentence the fol-
24 lowing: “Any employer who violates section 6(d)
25 shall additionally be liable for such compensatory

1 damages, or, where the employee demonstrates that
2 the employer acted with malice or reckless indiffer-
3 ence, punitive damages as may be appropriate, ex-
4 cept that the United States shall not be liable for
5 punitive damages.”;

6 (2) in the sentence beginning “An action to”,
7 by striking “either of the preceding sentences” and
8 inserting “any of the preceding sentences of this
9 subsection”;

10 (3) in the sentence beginning “No employees
11 shall”, by striking “No employees” and inserting
12 “Except with respect to class actions brought to en-
13 force section 6(d), no employee”;

14 (4) by inserting after the sentence referred to
15 in paragraph (3), the following: “Notwithstanding
16 any other provision of Federal law, any action
17 brought to enforce section 6(d) may be maintained
18 as a class action as provided by the Federal Rules
19 of Civil Procedure.”; and

20 (5) in the sentence beginning “The court in”—

21 (A) by striking “in such action” and in-
22 serting “in any action brought to recover the li-
23 ability prescribed in any of the preceding sen-
24 tences of this subsection”; and

1 (B) by inserting before the period the fol-
2 lowing: “, including expert fees”.

3 (d) ACTION BY SECRETARY.—Section 16(c) of the
4 Fair Labor Standards Act of 1938 (29 U.S.C. 216(c)) is
5 amended—

6 (1) in the first sentence—

7 (A) by inserting “or, in the case of a viola-
8 tion of section 6(d), additional compensatory or
9 punitive damages,” before “and the agree-
10 ment”; and

11 (B) by inserting before the period the fol-
12 lowing: “, or such compensatory or punitive
13 damages, as appropriate”;

14 (2) in the second sentence, by inserting before
15 the period the following: “and, in the case of a viola-
16 tion of section 6(d), additional compensatory or pu-
17 nitive damages”;

18 (3) in the third sentence, by striking “the first
19 sentence” and inserting “the first or second sen-
20 tence”; and

21 (4) in the last sentence—

22 (A) by striking “commenced in the case”
23 and inserting “commenced—
24 “(1) in the case”;

1 (B) by striking the period and inserting “;
2 or”; and

3 (C) by adding at the end the following:

4 “(2) in the case of a class action brought to en-
5 force section 6(d), on the date on which the indi-
6 vidual becomes a party plaintiff to the class action.”.

7 **SEC. 4. TRAINING.**

8 The Equal Employment Opportunity Commission
9 and the Office of Federal Contract Compliance Programs,
10 subject to the availability of funds appropriated under sec-
11 tion 11, shall provide training to Commission employees
12 and affected individuals and entities on matters involving
13 discrimination in the payment of wages.

14 **SEC. 5. NEGOTIATION SKILLS TRAINING FOR GIRLS AND**
15 **WOMEN.**

16 (a) PROGRAM AUTHORIZED.—

17 (1) IN GENERAL.—The Secretary of Labor,
18 after consultation with the Secretary of Education,
19 is authorized to establish and carry out a grant pro-
20 gram.

21 (2) GRANTS.—In carrying out the program, the
22 Secretary of Labor may make grants on a competi-
23 tive basis to eligible entities, to carry out negotiation
24 skills training programs for girls and women.

1 (3) ELIGIBLE ENTITIES.—To be eligible to re-
2 ceive a grant under this subsection, an entity shall
3 be a public agency, such as a State, a local govern-
4 ment in a metropolitan statistical area (as defined
5 by the Office of Management and Budget), a State
6 educational agency, or a local educational agency, a
7 private nonprofit organization, or a community-
8 based organization.

9 (4) APPLICATION.—To be eligible to receive a
10 grant under this subsection, an entity shall submit
11 an application to the Secretary of Labor at such
12 time, in such manner, and containing such informa-
13 tion as the Secretary of Labor may require.

14 (5) USE OF FUNDS.—An entity that receives a
15 grant under this subsection shall use the funds made
16 available through the grant to carry out an effective
17 negotiation skills training program that empowers
18 girls and women. The training provided through the
19 program shall help girls and women strengthen their
20 negotiation skills to allow the girls and women to ob-
21 tain higher salaries and rates of compensation that
22 are equal to those paid to similarly-situated male
23 employees.

24 (b) INCORPORATING TRAINING INTO EXISTING PRO-
25 GRAMS.—The Secretary of Labor and the Secretary of

1 Education shall issue regulations or policy guidance that
2 provides for integrating the negotiation skills training, to
3 the extent practicable, into programs authorized under—

4 (1) in the case of the Secretary of Education,
5 the Elementary and Secondary Education Act of
6 1965 (20 U.S.C. 6301 et seq.), the Carl D. Perkins
7 Vocational and Technical Education Act of 1998 (20
8 U.S.C. 2301 et seq.), the Higher Education Act of
9 1965 (20 U.S.C. 1001 et seq.), and other programs
10 carried out by the Department of Education that the
11 Secretary of Education determines to be appro-
12 priate; and

13 (2) in the case of the Secretary of Labor, the
14 Workforce Investment Act of 1998 (29 U.S.C. 2801
15 et seq.), and other programs carried out by the De-
16 partment of Labor that the Secretary of Labor de-
17 termines to be appropriate.

18 (c) REPORT.—Not later than 1 year after the date
19 of enactment of this Act, and annually thereafter, the Sec-
20 retary of Labor and the Secretary of Education shall pre-
21 pare and submit to Congress a report describing the ac-
22 tivities conducted under this section and evaluating the ef-
23 fectiveness of such activities in achieving the purposes of
24 this Act.

1 **SEC. 6. RESEARCH, EDUCATION, AND OUTREACH.**

2 The Secretary of Labor shall conduct studies and
3 provide information to employers, labor organizations, and
4 the general public concerning the means available to elimi-
5 nate pay disparities between men and women, including—

6 (1) conducting and promoting research to de-
7 velop the means to correct expeditiously the condi-
8 tions leading to the pay disparities;

9 (2) publishing and otherwise making available
10 to employers, labor organizations, professional asso-
11 ciations, educational institutions, the media, and the
12 general public the findings resulting from studies
13 and other materials, relating to eliminating the pay
14 disparities;

15 (3) sponsoring and assisting State and commu-
16 nity informational and educational programs;

17 (4) providing information to employers, labor
18 organizations, professional associations, and other
19 interested persons on the means of eliminating the
20 pay disparities;

21 (5) recognizing and promoting the achievements
22 of employers, labor organizations, and professional
23 associations that have worked to eliminate the pay
24 disparities; and

1 (6) convening a national summit to discuss, and
2 consider approaches for rectifying, the pay dispari-
3 ties.

4 **SEC. 7. ESTABLISHMENT OF THE NATIONAL AWARD FOR**
5 **PAY EQUITY IN THE WORKPLACE.**

6 (a) IN GENERAL.—There is established the Secretary
7 of Labor’s National Award for Pay Equity in the Work-
8 place, which shall be awarded, as appropriate, to encour-
9 age proactive efforts to comply with this Act.

10 (b) CRITERIA FOR QUALIFICATION.—The Secretary
11 of Labor shall set criteria for receipt of the award, includ-
12 ing a requirement that an employer has made substantial
13 effort to eliminate pay disparities between men and
14 women, and deserves special recognition as a consequence
15 of such effort. The secretary shall establish procedures for
16 the application and presentation of the award.

17 (c) BUSINESS.—In this section, the term “employer”
18 includes—

19 (1)(A) a corporation, including a nonprofit cor-
20 poration;

21 (B) a partnership;

22 (C) a professional association;

23 (D) a labor organization; and

24 (E) a business entity similar to an entity de-
25 scribed in any of subparagraphs (A) through (D);

1 (2) an entity carrying out an education referral
2 program, a training program, such as an apprentice-
3 ship or management training program, or a similar
4 program; and

5 (3) an entity carrying out a joint program,
6 formed by a combination of any entities described in
7 paragraph (1) or (2).

8 **SEC. 8. COLLECTION OF PAY INFORMATION BY THE EQUAL**
9 **EMPLOYMENT OPPORTUNITY COMMISSION.**

10 Section 709 of the Civil Rights Act of 1964 (42
11 U.S.C. 2000e–8) is amended by adding at the end the fol-
12 lowing:

13 “(f)(1) Not later than 18 months after the date of
14 enactment of this subsection, the Commission shall—

15 “(A) complete a survey of the data that is cur-
16 rently available to the Federal Government relating
17 to employee pay information for use in the enforce-
18 ment of Federal laws prohibiting pay discrimination
19 and, in consultation with other relevant Federal
20 agencies, identify additional data collections that will
21 enhance the enforcement of such laws; and

22 “(B) based on the results of the survey and
23 consultations under subparagraph (A), issue regula-
24 tions to provide for the collection of pay information

1 data from employers as described by the sex, race,
2 and national origin of employees.

3 “(2) In implementing paragraph (1), the Commission
4 shall have as its primary consideration the most effective
5 and efficient means for enhancing the enforcement of Fed-
6 eral laws prohibiting pay discrimination. For this purpose,
7 the Commission shall consider factors including the im-
8 position of burdens on employers, the frequency of required
9 reports (including which employers should be required to
10 prepare reports), appropriate protections for maintaining
11 data confidentiality, and the most effective format for the
12 data collection reports.”.

13 **SEC. 9. REINSTATEMENT OF PAY EQUITY PROGRAMS AND**
14 **PAY EQUITY DATA COLLECTION.**

15 (a) BUREAU OF LABOR STATISTICS DATA COLLEC-
16 TION.—The Commissioner of Labor Statistics shall con-
17 tinue to collect data on women workers in the Current
18 Employment Statistics survey.

19 (b) OFFICE OF FEDERAL CONTRACT COMPLIANCE
20 PROGRAMS INITIATIVES.—The Director of the Office of
21 Federal Contract Compliance Programs shall ensure that
22 employees of the Office—

23 (1)(A) shall use the full range of investigatory
24 tools at the Office’s disposal, including pay grade
25 methodology;

1 (B) in considering evidence of possible com-
2 pensation discrimination—

3 (i) shall not limit its consideration to a
4 small number of types of evidence; and

5 (ii) shall not limit its evaluation of the evi-
6 dence to a small number of methods of evalu-
7 ating the evidence; and

8 (C) shall not require a multiple regression anal-
9 ysis or anecdotal evidence for a compensation dis-
10 crimination case;

11 (2) for purposes of its investigative, compliance,
12 and enforcement activities, shall define “similarly
13 situated employees” in a way that is consistent with
14 and not more stringent than the definition provided
15 in item 1 of subsection A of section 10–III of the
16 Equal Employment Opportunity Commission Com-
17 pliance Manual (2000), and shall consider only fac-
18 tors that the Office’s investigation reveals were used
19 in making compensation decisions; and

20 (3) shall reinstate the Equal Opportunity Sur-
21 vey, as required by section 60–2.18 of title 41, Code
22 of Federal Regulations, designating not less than
23 half of all nonconstruction contractor establishments
24 each year to prepare and file such survey, and shall
25 review and utilize the responses to such survey to

1 identify contractor establishments for further evalua-
2 tion and for other enforcement purposes as appro-
3 priate.

4 (c) DEPARTMENT OF LABOR DISTRIBUTION OF
5 WAGE DISCRIMINATION INFORMATION.—The Secretary of
6 Labor shall make readily available (in print, on the De-
7 partment of Labor website, and through any other forum
8 that the Department may use to distribute compensation
9 discrimination information), accurate information on com-
10 pensation discrimination, including statistics, explanations
11 of employee rights, historical analyses of such discrimina-
12 tion, instructions for employers on compliance, and any
13 other information that will assist the public in under-
14 standing and addressing such discrimination.

15 **SEC. 10. AUTHORIZATION OF APPROPRIATIONS.**

16 (a) AUTHORIZATION OF APPROPRIATIONS.—There
17 are authorized to be appropriated \$15,000,000 to carry
18 out this Act.

19 (b) PROHIBITION ON EARMARKS.—None of the funds
20 appropriated pursuant to subsection (a) for purposes of
21 the grant program in section 5 of this Act may be used
22 for a Congressional earmark as defined in clause 9(d) of
23 rule XXI of the Rules of the House of Representatives.

1 **SEC. 11. SMALL BUSINESS ASSISTANCE.**

2 (a) **EFFECTIVE DATE.**—This Act and the amend-
3 ments made by this Act shall take effect on the date that
4 is 6 months after the date of enactment of this Act.

5 (b) **TECHNICAL ASSISTANCE MATERIALS.**—The Sec-
6 retary of Labor and the Commissioner of the Equal Em-
7 ployment Opportunity Commission shall jointly develop
8 technical assistance material to assist small businesses in
9 complying with the requirements of this Act and the
10 amendments made by this Act.

11 (c) **SMALL BUSINESSES.**—A small business shall be
12 exempt from the provisions of this Act to the same extent
13 that such business is exempt from the requirements of the
14 Fair Labor Standards Act pursuant to section
15 3(s)(1)(A)(i) and (ii) of such Act.

16 **SEC. 12. RULE OF CONSTRUCTION.**

17 Nothing in this Act, or in any amendments made by
18 this Act, shall affect the obligation of employers and em-
19 ployees to fully comply with all applicable immigration
20 laws, including any penalties, fines, or other sanctions.

Passed the House of Representatives July 31, 2008.

Attest: LORRAINE C. MILLER,
Clerk.