AMENDMENT IN THE NATURE OF A SUBSTITUTE то Н.К. 7

OFFERED BY MR. SCOTT OF VIRGINIA

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

- 2 This Act may be cited as the "Paycheck Fairness
- Act". 3
- SEC. 2. FINDINGS.
- 5 Congress finds the following:
- 6 (1) Women have entered the workforce in 7 record numbers over the past 50 years.
- (2) Despite the enactment of the Equal Pay Act 8 9 of 1963, many women continue to earn significantly 10 lower pay than men for equal work. These pay disparities exist in both the private and governmental 12 sectors.
- 13 (3) In many instances, the pay disparities can 14 only be due to continued intentional discrimination 15 or the lingering effects of past discrimination. After 16 controlling for educational attainment, occupation, 17 industry, union status, race, ethnicity, and labor

11

1	force experience roughly 40 percent of the pay gap
2	remains unexplained.
3	(4) The existence of such pay disparities—
4	(A) depresses the wages of working fami-
5	lies who rely on the wages of all members of the
6	family to make ends meet;
7	(B) undermines women's retirement secu-
8	rity, which is often based on earnings while in
9	the workforce;
10	(C) prevents women from realizing their
11	full economic potential, particularly in terms of
12	labor force participation and attachment;
13	(D) has been spread and perpetuated,
14	through commerce and the channels and instru-
15	mentalities of commerce, among the workers of
16	the several States;
17	(E) burdens commerce and the free flow of
18	goods in commerce;
19	(F) constitutes an unfair method of com-
20	petition in commerce;
21	(G) tends to cause labor disputes, as evi-
22	denced by the tens of thousands of charges filed
23	with the Equal Employment Opportunity Com-
24	mission against employers between 2010 and
25	2016;

1	(H) interferes with the orderly and fair
2	marketing of goods in commerce; and
3	(I) in many instances, may deprive workers
4	of equal protection on the basis of sex in viola-
5	tion of the 5th and 14th Amendments to the
6	Constitution.
7	(5)(A) Artificial barriers to the elimination of
8	discrimination in the payment of wages on the basis
9	of sex continue to exist decades after the enactment
10	of the Fair Labor Standards Act of 1938 (29 U.S.C.
11	201 et seq.) and the Civil Rights Act of 1964 (42
12	U.S.C. 2000a et seq.).
13	(B) These barriers have resulted, in significant
14	part, because the Equal Pay Act of 1963 has not
15	worked as Congress originally intended. Improve-
16	ments and modifications to the law are necessary to
17	ensure that the Act provides effective protection to
18	those subject to pay discrimination on the basis of
19	their sex.
20	(C) Elimination of such barriers would have
21	positive effects, including—
22	(i) providing a solution to problems in the
23	economy created by unfair pay disparities;
24	(ii) substantially reducing the number of
25	working women earning unfairly low wages.

1	thereby reducing the dependence on public as-
2	sistance;
3	(iii) promoting stable families by enabling
4	all family members to earn a fair rate of pay;
5	(iv) remedying the effects of past discrimi-
6	nation on the basis of sex and ensuring that in
7	the future workers are afforded equal protection
8	on the basis of sex; and
9	(v) ensuring equal protection pursuant to
10	Congress' power to enforce the 5th and 14th
11	Amendments to the Constitution.
12	(6) The Department of Labor and the Equal
13	Employment Opportunity Commission carry out
14	functions to help ensure that women receive equal
15	pay for equal work.
16	(7) The Department of Labor is responsible
17	for—
18	(A) collecting and making publicly avail-
19	able information about women's pay;
20	(B) ensuring that companies receiving
21	Federal contracts comply with anti-discrimina-
22	tion affirmative action requirements of Execu-
23	tive Order 11246 (relating to equal employment
24	opportunity);

1	(C) disseminating information about wom-
2	en's rights in the workplace;
3	(D) helping women who have been victims
4	of pay discrimination obtain a remedy; and
5	(E) investigating and prosecuting systemic
6	gender based pay discrimination involving gov-
7	ernment contractors.
8	(8) The Equal Employment Opportunity Com-
9	mission is the primary enforcement agency for
10	claims made under the Equal Pay Act of 1963, and
11	issues regulations and guidance on appropriate in-
12	terpretations of the law.
13	(9) Vigorous implementation by the Depart-
14	ment of Labor and the Equal Employment Oppor-
15	tunity Commission, increased information as a result
16	of the amendments made by this Act, wage data
17	and more effective remedies, will ensure that women
18	are better able to recognize and enforce their rights
19	(10) Certain employers have already made
20	great strides in eradicating unfair pay disparities in
21	the workplace and their achievements should be rec-
22	ognized.

1	SEC. 3. ENHANCED ENFORCEMENT OF EQUAL PAY RE-
2	QUIREMENTS.
3	(a) Bona Fide Factor Defense and Modifica-
4	TION OF SAME ESTABLISHMENT REQUIREMENT.—Section
5	6(d)(1) of the Fair Labor Standards Act of 1938 (29
6	U.S.C. 206(d)(1)) is amended—
7	(1) by striking "No employer having" and in-
8	serting "(A) No employer having";
9	(2) by striking "any other factor other than
10	sex" and inserting "a bona fide factor other than
11	sex, such as education, training, or experience"; and
12	(3) by inserting at the end the following:
13	"(B) The bona fide factor defense described in sub-
14	paragraph (A)(iv) shall apply only if the employer dem-
15	onstrates that such factor (i) is not based upon or derived
16	from a sex-based differential in compensation; (ii) is job-
17	related with respect to the position in question; (iii) is con-
18	sistent with business necessity; and (iv) accounts for the
19	entire differential in compensation at issue. Such defense
20	shall not apply where the employee demonstrates that an
21	alternative employment practice exists that would serve
22	the same business purpose without producing such dif-
23	ferential and that the employer has refused to adopt such
24	alternative practice.
25	"(C) For purposes of subparagraph (A), employees
26	shall be deemed to work in the same establishment if the

1	employees work for the same employer at workplaces lo-
2	cated in the same county or similar political subdivision
3	of a State. The preceding sentence shall not be construed
4	as limiting broader applications of the term 'establish-
5	ment' consistent with rules prescribed or guidance issued
6	by the Equal Employment Opportunity Commission.".
7	(b) Nonretaliation Provision.—Section 15 of the
8	Fair Labor Standards Act of 1938 (29 U.S.C. 215) is
9	amended—
10	(1) in subsection (a)—
11	(A) in paragraph (3), by striking "em-
12	ployee has filed" and all that follows and insert-
13	ing "employee—
14	"(A) has made a charge or filed any com-
15	plaint or instituted or caused to be instituted
16	any investigation, proceeding, hearing, or action
17	under or related to this Act, including an inves-
18	tigation conducted by the employer, or has tes-
19	tified or is planning to testify or has assisted or
20	participated in any manner in any such inves-
21	tigation, proceeding, hearing or action, or has
22	served or is planning to serve on an industry
23	committee; or

1	"(B) has inquired about, discussed, or dis-
2	closed the wages of the employee or another
3	employee;";
4	(B) in paragraph (5), by striking the pe-
5	riod at the end and inserting "; or"; and
6	(C) by adding at the end the following:
7	"(6) to require an employee to sign a contract
8	or waiver that would prohibit the employee from dis-
9	closing information about the employee's wages.";
10	and
11	(2) by adding at the end the following:
12	"(c) Subsection (a)(3)(B) shall not apply to instances
13	in which an employee who has access to the wage informa-
14	tion of other employees as a part of such employee's essen-
15	tial job functions discloses the wages of such other employ-
16	ees to individuals who do not otherwise have access to such
17	information, unless such disclosure is in response to a
18	complaint or charge or in furtherance of an investigation,
19	proceeding, hearing, or action under section 6(d), includ-
20	ing an investigation conducted by the employer. Nothing
21	in this subsection shall be construed to limit the rights
22	of an employee provided under any other provision of
23	law.".

1	(c) Enhanced Penalties.—Section 16(b) of the
2	Fair Labor Standards Act of 1938 (29 U.S.C. 216(b)) is
3	amended—
4	(1) by inserting after the first sentence the fol-
5	lowing: "Any employer who violates section 6(d)
6	shall additionally be liable for such compensatory
7	damages, or, where the employee demonstrates that
8	the employer acted with malice or reckless indiffer-
9	ence, punitive damages as may be appropriate, ex-
10	cept that the United States shall not be liable for
11	punitive damages.";
12	(2) in the sentence beginning "An action to",
13	by striking "the preceding sentences" and inserting
14	"any of the preceding sentences of this subsection";
15	(3) in the sentence beginning "No employees
16	shall", by striking "No employees" and inserting
17	"Except with respect to class actions brought to en-
18	force section 6(d), no employee";
19	(4) by inserting after the sentence referred to
20	in paragraph (3), the following: "Notwithstanding
21	any other provision of Federal law, any action
22	brought to enforce section 6(d) may be maintained
23	as a class action as provided by the Federal Rules
24	of Civil Procedure."; and
25	(5) in the sentence beginning "The court in"—

1	(A) by striking "in such action" and in-
2	serting "in any action brought to recover the li-
3	ability prescribed in any of the preceding sen-
4	tences of this subsection"; and
5	(B) by inserting before the period the fol-
6	lowing: ", including expert fees".
7	(d) ACTION BY SECRETARY.—Section 16(c) of the
8	Fair Labor Standards Act of 1938 (29 U.S.C. 216(c)) is
9	amended—
10	(1) in the first sentence—
11	(A) by inserting "or, in the case of a viola-
12	tion of section 6(d), additional compensatory or
13	punitive damages, as described in subsection
14	(b)," before "and the agreement"; and
15	(B) by inserting before the period the fol-
16	lowing: ", or such compensatory or punitive
17	damages, as appropriate";
18	(2) in the second sentence, by inserting before
19	the period the following: "and, in the case of a viola-
20	tion of section 6(d), additional compensatory or pu-
21	nitive damages, as described in subsection (b)";
22	(3) in the third sentence, by striking "the first
23	sentence" and inserting "the first or second sen-
24	tence"; and
25	(4) in the sixth sentence—

1	(A) by striking "commenced in the case"
2	and inserting "commenced—
3	"(1) in the case";
4	(B) by striking the period and inserting ";
5	or''; and
6	(C) by adding at the end the following:
7	"(2) in the case of a class action brought to en-
8	force section 6(d), on the date on which the indi-
9	vidual becomes a party plaintiff to the class action.".
10	SEC. 4. TRAINING.
11	The Equal Employment Opportunity Commission
12	and the Office of Federal Contract Compliance Programs,
13	subject to the availability of funds appropriated under sec-
14	tion 11, shall provide training to Commission employees
15	and affected individuals and entities on matters involving
16	discrimination in the payment of wages.
17	SEC. 5. NEGOTIATION SKILLS TRAINING.
18	(a) Program Authorized.—
19	(1) In General.—The Secretary of Labor,
20	after consultation with the Secretary of Education,
21	is authorized to establish and carry out a grant pro-
22	gram.
23	(2) Grants.—In carrying out the program, the
24	Secretary of Labor may make grants on a competi-
25	tive basis to eligible entities to carry out negotiation

1 skills training programs for the purposes of address-2 ing pay disparities, including through outreach to 3 women and girls. 4 (3) ELIGIBLE ENTITIES.—To be eligible to re-5 ceive a grant under this subsection, an entity shall 6 be a public agency, such as a State, a local govern-7 ment in a metropolitan statistical area (as defined 8 by the Office of Management and Budget), a State 9 educational agency, or a local educational agency, a 10 private nonprofit organization, or a community-11 based organization. 12 (4) APPLICATION.—To be eligible to receive a 13 grant under this subsection, an entity shall submit 14 an application to the Secretary of Labor at such 15 time, in such manner, and containing such informa-16 tion as the Secretary of Labor may require. 17 (5) Use of funds.—An entity that receives a 18 grant under this subsection shall use the funds made 19 available through the grant to carry out an effective 20 negotiation skills training program for the purposes 21 described in paragraph (2). 22 (b) Incorporating Training Into Existing Pro-23 GRAMS.—The Secretary of Labor and the Secretary of Education shall issue regulations or policy guidance that

1	provides for integrating the negotiation skills training, to
2	the extent practicable, into programs authorized under—
3	(1) in the case of the Secretary of Education,
4	the Elementary and Secondary Education Act of
5	1965 (20 U.S.C. 6301 et seq.), the Carl D. Perkins
6	Career and Technical Education Act of 2006 (20
7	U.S.C. 2301 et seq.), the Higher Education Act of
8	1965 (20 U.S.C. 1001 et seq.), and other programs
9	carried out by the Department of Education that the
10	Secretary of Education determines to be appro-
11	priate; and
12	(2) in the case of the Secretary of Labor, the
13	Workforce Innovation and Opportunity Act (29
14	U.S.C. 3101 et seq.), and other programs carried
15	out by the Department of Labor that the Secretary
16	of Labor determines to be appropriate.
17	(c) REPORT.—Not later than 18 months after the
18	date of enactment of this Act, and annually thereafter,
19	the Secretary of Labor, in consultation with the Secretary
20	of Education, shall prepare and submit to Congress a re-
21	port describing the activities conducted under this section
22	and evaluating the effectiveness of such activities in
23	achieving the purposes of this section.

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

2	Not later than 18 months after the date of enactment
3	of this Act, and periodically thereafter, the Secretary of
4	Labor shall conduct studies and provide information to
5	employers, labor organizations, and the general public con-
6	cerning the means available to eliminate pay disparities
7	between men and women, including—
8	(1) conducting and promoting research to de-
9	velop the means to correct expeditiously the condi-
10	tions leading to the pay disparities;
11	(2) publishing and otherwise making available
12	to employers, labor organizations, professional asso-
13	ciations, educational institutions, the media, and the
14	general public the findings resulting from studies
15	and other materials, relating to eliminating the pay
16	disparities;
17	(3) sponsoring and assisting State, local, and
18	community informational and educational programs;
19	(4) providing information to employers, labor
20	organizations, professional associations, and other
21	interested persons on the means of eliminating the
22	pay disparities; and
23	(5) recognizing and promoting the achievements
24	of employers, labor organizations, and professional
25	associations that have worked to eliminate the pay
26	disparities.

1	SEC. 7. ESTABLISHMENT OF THE NATIONAL AWARD FOR
2	PAY EQUITY IN THE WORKPLACE.
3	(a) IN GENERAL.—There is established the Secretary
4	of Labor's National Award for Pay Equity in the Work-
5	place, which shall be awarded, on an annual basis, to an
6	employer to encourage proactive efforts to comply with
7	section 6(d) of the Fair Labor Standards Act of 1938 (29
8	U.S.C. 206(d)), as amended by this Act.
9	(b) Criteria for Qualification.—The Secretary
10	of Labor shall set criteria for receipt of the award, includ-
11	ing a requirement that an employer has made substantial
12	effort to eliminate pay disparities between men and
13	women, and deserves special recognition as a consequence
14	of such effort. The Secretary shall establish procedures for
15	the application and presentation of the award.
16	(c) Business.—In this section, the term "employer"
17	includes—
18	(1)(A) a corporation, including a nonprofit cor-
19	poration;
20	(B) a partnership;
21	(C) a professional association;
22	(D) a labor organization; and
23	(E) a business entity similar to an entity de-
24	scribed in any of subparagraphs (A) through (D);
25	(2) an entity carrying out an education referral
26	program, a training program, such as an apprentice-

1	ship or management training program, or a similar
2	program; and
3	(3) an entity carrying out a joint program,
4	formed by a combination of any entities described in
5	paragraph (1) or (2).
6	SEC. 8. COLLECTION OF PAY INFORMATION BY THE EQUAL
7	EMPLOYMENT OPPORTUNITY COMMISSION.
8	Section 709 of the Civil Rights Act of 1964 (42
9	U.S.C. 2000e-8) is amended by adding at the end the fol-
10	lowing:
11	"(f)(1) Not later than 18 months after the date of
12	enactment of this subsection, the Commission shall issue
13	regulations to provide for the collection from employers
14	of compensation data and other employment-related data
15	(including hiring, termination, and promotion data)
16	disaggregated by the sex, race, and national origin of em-
17	ployees.
18	"(2) In carrying out paragraph (1), the Commission
19	shall have as its primary consideration the most effective
20	and efficient means for enhancing the enforcement of Fed-
21	eral laws prohibiting pay discrimination. For this purpose,
22	the Commission shall consider factors including the impo-
23	sition of burdens on employers, the frequency of required
24	reports (including the size of employers required to pre-
25	pare reports), appropriate protections for maintaining

1	data confidentiality, and the most effective format to re-
2	port such data.".
3	SEC. 9. REINSTATEMENT OF PAY EQUITY PROGRAMS AND
4	PAY EQUITY DATA COLLECTION.
5	(a) Bureau of Labor Statistics Data Collec-
6	TION.—The Commissioner of Labor Statistics shall con-
7	tinue to collect data on women workers in the Current
8	Employment Statistics survey.
9	(b) Office of Federal Contract Compliance
10	PROGRAMS INITIATIVES.—The Director of the Office of
11	Federal Contract Compliance Programs shall ensure that
12	employees of the Office—
13	(1)(A) shall use the full range of investigatory
14	tools at the Office's disposal, including pay grade
15	methodology;
16	(B) in considering evidence of possible com-
17	pensation discrimination—
18	(i) shall not limit its consideration to a
19	small number of types of evidence; and
20	(ii) shall not limit its evaluation of the evi-
21	dence to a small number of methods of evalu-
22	ating the evidence; and
23	(C) shall not require a multiple regression anal-
24	ysis or anecdotal evidence for a compensation dis-
25	crimination case:

1	(2) for purposes of its investigative, compliance,
2	and enforcement activities, shall define "similarly
3	situated employees" in a way that is consistent with
4	and not more stringent than the definition provided
5	in item 1 of subsection A of section 10–III of the
6	Equal Employment Opportunity Commission Com-
7	pliance Manual (2000), and shall consider only fac-
8	tors that the Office's investigation reveals were used
9	in making compensation decisions; and
10	(3) shall implement a survey to collect com-
11	pensation data and other employment-related data
12	(including hiring, termination, and promotion data)
13	and designate not less than half of all nonconstruc-
14	tion contractor establishments each year to prepare
15	and file such survey, and shall review and utilize the
16	responses to such survey to identify contractor es-
17	tablishments for further evaluation and for other en-
18	forcement purposes as appropriate.
19	(c) Department of Labor Distribution of
20	WAGE DISCRIMINATION INFORMATION.—The Secretary of
21	Labor shall make readily available (in print, on the De-
22	partment of Labor website, and through any other forum
23	that the Department may use to distribute compensation
24	discrimination information), accurate information on com-
25	pensation discrimination, including statistics, explanations

1	of employee rights, historical analyses of such discrimina-
2	tion, instructions for employers on compliance, and any
3	other information that will assist the public in under-
4	standing and addressing such discrimination.
5	SEC. 10. PROHIBITIONS RELATING TO PROSPECTIVE EM-
6	PLOYEES' SALARY AND BENEFIT HISTORY.
7	(a) In General.—The Fair Labor Standards Act of
8	1938 (29 U.S.C. 201 et seq.) is amended by inserting
9	after section 7 the following new section:
10	"SEC. 8. REQUIREMENTS AND PROHIBITIONS RELATING TO
11	WAGE, SALARY, AND BENEFIT HISTORY.
12	"(a) In General.—It shall be an unlawful practice
13	for an employer to—
14	"(1) rely on the wage history of a prospective
15	employee in considering the prospective employee for
16	employment, including requiring that a prospective
17	employee's prior wages satisfy minimum or max-
18	imum criteria as a condition of being considered for
19	employment;
20	"(2) rely on the wage history of a prospective
21	employee in determining the wages for such prospec-
22	tive employee, except that an employer may rely on
23	wage history if it is voluntarily provided by a pro-
24	spective employee, after the employer makes an offer
25	of employment with an offer of compensation to the

1	prospective employee, to support a wage higher than
2	the wage offered by the employer;
3	"(3) seek from a prospective employee or any
4	current or former employer the wage history of the
5	prospective employee, except that an employer may
6	seek to confirm prior wage information only after an
7	offer of employment with compensation has been
8	made to the prospective employee and the prospec-
9	tive employee responds to the offer by providing
10	prior wage information to support a wage higher
11	than that offered by the employer; or
12	"(4) discharge or in any other manner retaliate
13	against any employee or prospective employee be-
14	cause the employee or prospective employee—
15	"(A) opposed any act or practice made un-
16	lawful by this section; or
17	"(B) took an action for which discrimina-
18	tion is forbidden under section 15(a)(3).
19	"(b) Definition.—In this section, the term 'wage
20	history' means the wages paid to the prospective employee
21	by the prospective employee's current employer or previous
22	employer.".
23	(b) Penalties.—Section 16 of such Act (29 U.S.C.
24	216) is amended by adding at the end the following new
25	subsection:

1	"(f)(1) Any person who violates the provisions of sec-
2	tion 8 shall—
3	"(A) be subject to a civil penalty of \$5,000 for
4	a first offense, increased by an additional \$1,000 for
5	each subsequent offense, not to exceed \$10,000; and
6	"(B) be liable to each employee or prospective
7	employee who was the subject of the violation for
8	special damages not to exceed \$10,000 plus attor-
9	neys' fees, and shall be subject to such injunctive re-
10	lief as may be appropriate.
11	"(2) An action to recover the liability described in
12	paragraph (1)(B) may be maintained against any em-
13	ployer (including a public agency) in any Federal or State
14	court of competent jurisdiction by any one or more em-
15	ployees or prospective employees for and on behalf of—
16	"(A) the employees or prospective employees;
17	and
18	"(B) other employees or prospective employees
19	similarly situated.".
20	SEC. 11. AUTHORIZATION OF APPROPRIATIONS.
21	(a) Authorization of Appropriations.—There
22	are authorized to be appropriated such sums as may be
23	necessary to carry out this Act.
24	(b) Prohibition on Earmarks.—None of the funds
25	appropriated pursuant to subsection (a) for purposes of

- 1 the grant program in section 5 of this Act may be used
- 2 for a congressional earmark as defined in clause 9(e) of
- 3 rule XXI of the Rules of the House of Representatives.
- 4 SEC. 12. SMALL BUSINESS ASSISTANCE.
- 5 (a) Effective Date.—This Act and the amend-
- 6 ments made by this Act shall take effect on the date that
- 7 is 6 months after the date of enactment of this Act.
- 8 (b) Technical Assistance Materials.—The Sec-
- 9 retary of Labor and the Commissioner of the Equal Em-
- 10 ployment Opportunity Commission shall jointly develop
- 11 technical assistance material to assist small enterprises in
- 12 complying with the requirements of this Act and the
- 13 amendments made by this Act.
- 14 (c) SMALL BUSINESSES.—A small enterprise shall be
- 15 exempt from the provisions of this Act, and the amend-
- 16 ments made by this Act, to the same extent that such en-
- 17 terprise is exempt from the requirements of the Fair
- 18 Labor Standards Act of 1938 (29 U.S.C. 201 et seq.) pur-
- 19 suant to clauses (i) and (ii) of section 3(s)(1)(A) of such
- 20 Act (29 U.S.C. 203(s)(1)(A)).
- 21 SEC. 13. RULE OF CONSTRUCTION.
- Nothing in this Act, or in any amendments made by
- 23 this Act, shall affect the obligation of employers and em-
- 24 ployees to fully comply with all applicable immigration

- 1 laws, including being subject to any penalties, fines, or
- 2 other sanctions.
- 3 SEC. 14. SEVERABILITY.
- 4 If any provision of this Act, an amendment made by
- 5 this Act, or the application of that provision or amend-
- 6 ment to particular persons or circumstances is held invalid
- 7 or found to be unconstitutional, the remainder of this Act,
- 8 the amendments made by this Act, or the application of
- 9 that provision to other persons or circumstances shall not
- 10 be affected.

