

Wall Street Bonuses Duck NYC Pay Law Aimed at Fixing Wage Gaps

- Employers can omit massive payouts when listing salary ranges
- Legislation is still seen as a benefit for many job seekers

By [Paige Smith](#)

November 3, 2022 at 12:07 PM EDT *Updated on November 3, 2022 at 1:48 PM EDT*

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New York City's new pay-transparency law has a blind spot: Wall Street bonuses.

The law, which took effect Tuesday, requires local employers to make a best estimate of a salary range when posting job openings, ostensibly giving candidates -- especially minority and female applicants -- a stronger hand in negotiating compensation. Bonuses are excluded, even though they often make up the lion's share of Wall Street pay, meaning those gunning for high-end banking jobs probably won't see much of a benefit.

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“For jobs where bonuses or commissions are a large part of compensation, a more comprehensive law would be better,” Stephanie Bornstein, a professor at the University of Florida’s Levin College of Law, said in an interview. “Even if base pay is consistent, total compensation may vary widely, and implicit biases can play a role in bonus setting.”

Female top executives at S&P 500 companies earned just 75% of what their male counterparts took home in 2020, according to Morningstar. And the higher they climb on the corporate ladder, the worse the disparity becomes. Women across all industries in the US typically make about 83 cents for every dollar a man earns, US Census Bureau data show.

The new law requires employers to make a “good faith” effort to post a salary range, but they don’t have to publicize any information on bonuses, commissions or other forms of income.

Those types of compensation make up the “great bulk” of many employees’ overall pay, according to Richard Rabin, a New York-based partner with Akin Gump Strauss Hauer & Feld LLP. A financial-services worker could be making many millions of dollars, he said, but the posted salary range could be as low as \$200,000.

“The bark of this law is worse than its bite,” Rabin said. “I don’t expect it to be a watershed event.”

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A spokesperson for City Council Speaker Adrienne Adams said commissions and bonuses often can’t be determined at the time a job is posted because they’re based on intangible factors such as future performance and revenue. Using salary as the basis means the majority of New Yorkers will have transparency about their main source of compensation, the spokesperson said.

Bornstein at the University of Florida said the law has the advantage of putting the burden on employers to provide information “that only they have and for which applicants are reluctant to ask.” She said studies show that “when pay is left entirely to negotiation, women and racial minorities are disadvantaged by gender and racial stereotypes about how they should behave.”

The new law joins others across the country that try to address systemic pay disparities, particularly in industries like banking that have long struggled with diversity and wage gaps. At least seven states have some form of a transparency requirement on the books.

Colorado’s attempt goes a bit further than New York City’s law. Employers there must provide a “general” overview of bonuses, commissions and other compensation.

The New York requirement “is likely better for other industries where there is more churn, and people work jobs, not necessarily build careers,” said Ushir Shah, co-founder of Known Holdings, which works to improve representation for people of color in finance. “On the positive side, it does at least show workers what to expect, what others in a field make if they want to switch careers or jobs, and create some set of salary expectations between the firm and the employee.”

‘It’s a Start’

Beverly Neufeld, president and founder of the pay equity-focused non-profit PowHer New York, said getting companies to reveal salary ranges in a place like New York City also sets an example for the rest of the country.

“Let’s look at this in a couple of years,” Neufeld said. “This will be commonplace information and expected information in job-seeking and hiring practices.”

Jamie Fiore Higgins, a former managing director at Goldman Sachs Group Inc., said Wall Street pay will probably still vary widely even with the new law in place, since a bonus can be many times a worker’s base salary.

“I mean, it’s a start,” said Higgins, who published a memoir earlier this year detailing incidents of harassment and discrimination during her 17 years at Goldman Sachs.

– *With assistance by Max Abelson and Jeff Green*

(Updates with city council comment in eighth paragraph.)