



# Faculty Forum

*From The Faculty Commons for Excellence in Teaching and Learning*

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## Conducting a Salary Equity Analysis

OR

*Am I being paid equitably compared to others in my workplace?*

By

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We all wish to be treated equitably, especially in the area of compensation at work. Legislation under the Fair Pay Act, the Civil Rights Act (1964), the Equal Employment Opportunity Commission (EEOC) and U.S. Supreme Court decisions have focused attention on salary equity for women in the private business sector, as well as state and federal government. The purpose of this article is to briefly summarize the elements of compensation analysis based on the methodology by the Office of Federal Contracts and Compliance Programs (OFCCP) and the EEOC.

### **What drives pay for a position? There are many factors driving pay which include:**

- Market value of a job
- Job content and duties
- Skills and education
- Effort in terms of quantity and quality of work
- Revenue generation (i.e., does the person do fundraising?)
- Business impact
- Degree of responsibility – number of supervisees
- Supply and demand for the job
- Business focus
- Salary vs. hourly (e.g., full-time or part-time, 12 months vs. 9 months contracts)

### **What drives pay for people in a position? Factors driving pay for people in a position include:**

- How long have they done their current position vs. prior positions?
- How well do they perform their job (e.g., performance and education)?
- Other factors like additional duties assigned and skill level

The OFCCP prefers to evaluate at least 500 employees and 75% of the employer's workforce as it will conduct a statistical analysis of the groups involved (e.g., gender and/or race). Once a complaint is filed the focus is to determine what employees do, how they do their jobs, and at what level of skill relative to compensation. Generally, the analysis is comprised of the following:

## **Planning the Analysis by the Investigator**

Identify the occupational field in which to narrow the focus.

- Identify the similarly situated employee group (SSEG). This is the job grouping of workers by similar tasks, duties, skills, effort, responsibilities, working conditions and complexity and difficulty.
- Review job descriptions, conduct interviews with the employer and employees and the Office of Human Resources to ensure the SSEG is correct.
- Review other sources of labor market data from the Department of Labor and/or O\*Net Online to assist in the analysis.

## **Job Classification: Determining how jobs are defined**

- Determine the job title(s).
- Identify the job by career band or salary grade. North Carolina state government now uses career banding for employees subject to the State Personnel Act (SPA).
- Determine if the job is SPA or exempt from the State Personnel Act (EPA). EPA is the classification for university faculty and is subject to different university policies.
- Determine the department and function of the job.
- Determine if the job is based on contract vs. salary.
- Examine other factors like full-time vs. part-time employment and full-time equivalence (FTE).

## **Placing employees into SSEGs**

Once the above data is synthesized, the investigator is ready to place employees into SSEGs. This grouping allows analysis by similar job title, similar responsibility level, and total number of employees, number of females and males, and minority groups. The SSEG must meet a minimum threshold of 30/5 (i.e., 30 employees assigned to a group with 5 being female or minority).

## **Analytics**

Descriptive statistics are obtained like the median, mean, and standard deviation for pay and sorted by gender. The median is the preferred statistic by the OFCCP and the Department of Labor when making comparisons. However, the mean may also be used. If the average salary deviates more than 2% for men and women or two standard deviations from the mean, then more sophisticated analyses are done. Caution is required if the investigator uses the mean only on which to make decisions of equity. This is due to the influence of other pay factors needing evaluation such as the mean years of experience, a seniority or merit system, incentives based on quantity/quality of work, revenue generation, 12 months vs. 9 months employees, prior experience, and completion of training and annual performance ratings.

Sophisticated statistics like t-tests, chi-square, and multiple linear regression are performed if the SSEG meets the 30/5 threshold. The gold standard by the OFCCP is multiple regression. If the 30/5 threshold is not met then other non-statistical methods are used for smaller groups based on cohort comparisons and outlier analysis (i.e., persons who stand out with no comparators).

The use of regression produces many types of statistics and helps describe how much variation in pay is explained by the pay factor variables in the regression model. Hypothetically, an adjusted R square of 0.7815 indicates that 78% of the variance in pay is explained by the pay factors in the regression model. However, 22% of the variance in pay remains unexplained.

The benefits of regression accounts for the effects of multiple pay factors in measuring salary differences by gender and/or race and is a convenient way to summarize the pay system.

## Conclusions

Analysis of other pay factors is warranted if salary disparities are found. It is important for the investigator to interview the administrative decision-makers to explore the reasons underlying disparities and confirms employees have been placed in appropriate SSEG's based on similar tasks, duties, and qualifications. It is incumbent upon the institution to redress and make pay adjustments if the disparities cannot be legitimately justified.

Employees who believe they may be experiencing a salary disparity in the workplace should discuss it first with their immediate supervisor and other administrators in the chain of command to gain understanding as to how the salary was calculated, as well as, determine who the similar comparator is by which to evaluate the salary differences. Often, misinformation and misunderstandings can be clarified and resolved when people talk to each other. Under university policies #64 and #79 for Performance Pay Dispute Resolution, the Office of Human Resources in consult with the appropriate Vice Chancellor, Deans, Directors and Department Chairs are responsible for making in-range salary adjustments for SPA employees and processing grievances. Appeals may be made to the Performance Review Committee through the Office of Human Resources, and finally, to the Chancellor for SPA employees. Grievances by EPA Non-faculty are outlined by university policy #112. Grievances under university policy #53 alleging discrimination of EPA and SPA employees should be reported to the Office of Equal Opportunity and Diversity Programs.

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## News and Notes from the Faculty Senate

### From Erin McNelis, Chair

The Faculty Senate has continued to keep a very busy calendar for each meeting this spring, running into overflow meetings each month. The final Faculty Senate meeting will take place, Thursday, April 28<sup>th</sup> at 3 p.m. in the UC Multipurpose room and everyone is encouraged to come. The potentially largest topic for discussion at the meeting is the proposal from the Honors College for its own Liberal Studies Path. This proposed curriculum has gone through all of the college curriculum committees, the Liberal Studies Committee, the University Curriculum Committee, and the Faculty Senate's Academic Policy and Review Council and is now being presented to the Faculty Senate for a vote. Additional issues to be discussed at the last meeting include:

- Task Force Reviewing Seven Dimensions of Teaching for Evaluating Teaching
- Graduate School Enrollment During Semester of Degree Conferment
- Graduate School International Student Admission Policies

- Reports from the Employee Memorial Task Force, the Child Care Task Force, and the Faculty Scholarship Task Force
- Resolution requesting Prioritization of Financial Support for Graduate Students

Previous Faculty Senate issues from the Spring semester include: the College of Education and Allied Professions Restructuring, Restructuring Process for Academic Affairs, Graduate and Emeritus Faculty Status, Honors College Liberal Studies Course Replacement Form, multiple modifications to AFE and TPR guidelines and procedures to allow for smaller reappointment applications in the 1<sup>st</sup>, 3<sup>rd</sup> and 5<sup>th</sup> years, and Election of a Faculty Liaison to the Executive Council.

For more details on Faculty Senate activities and business, visit the Faculty Senate website:

<http://www.wcu.edu/25121.asp>

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## Editorial Notes



We looked and looked in our mailbox, but found *nary* a response to David Henderson’s excellent feature article last month entitled *Earth Day Reflections at Western*. What happened? We know you care about our environmental practices and about the campus and Cullowhee valley; your reactions to proposals last year to expand Cullowhee proved that! We also know how busy faculty is this time of year. Sometimes we get responders who want to remain anonymous, but we need YOUR feedback to the feature articles, so please take a moment to read this month’s article on salary comparison and analysis and let us hear from you! This month’s feature – MONEY—should get your attention for sure!

Right now while it’s on your radar, please take this opportunity to add to the important discussion about this month’s article or any of the five really excellent articles written by faculty this semester. You may comment by clicking on this link, then select the article under **What’s Hot** on the top right:

<https://media.wcu.edu/groups/facultyforum/>. The command requires you to use your email username and password to access the article. The Faculty Forum is a publication by and for WCU faculty, but we do invite comments from staff, who are equally important in the pursuit of excellence here at WCU.

To access the article as a PDF, please select the article link at the following URL:

<http://www.wcu.edu/27638.asp>.

The direct link to the main Faculty Forum Webpage is: <http://www.wcu.edu/7480.asp>.

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