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# History Still in the Making

## The Continuing Struggle for Equal Pay



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*"Equal pay is the civil rights issue of the 21st century."*

– Shirley J. Wilcher, Director of Office of Federal Contract Compliance

(April 7, 2000, addressing the American Association for Affirmative Action)

**E**nforcement of equal pay is in the spotlight, litigation is on the rise and government enforcement agencies are placing it at the forefront. People are talking about it. But what, in the name of equality, does it all mean?

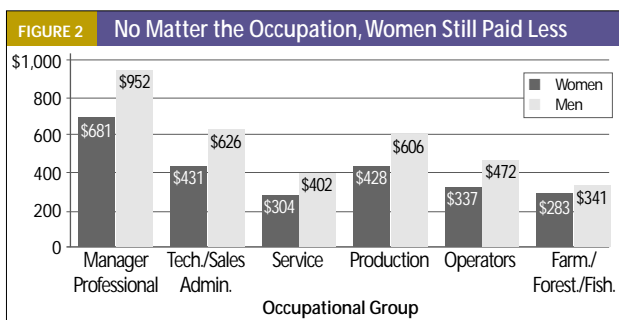
Equal pay deals with the concept that compensation should be set equitably and fairly within an organization, without the influence of gender or racial bias. Although this may seem like a simple idea, evidence suggests that it is not yet a reality. Take, for example, the often-cited 1997 Wage Gap Report compiled by the National Committee on Pay Equity (See Figure 1). When race and gender are entered into the equation, median annual earnings<sup>1</sup> of different gender and race/ethnic groups are anything but equitable.

FIGURE 1 Anything but Equitable		
Median annual earnings of different gender and race/ethnic groups		
	Men	Women
Whites	\$35,193	\$25,331
Blacks	\$26,432	\$22,035
Hispanics	\$21,615	\$18,973
All	\$33,674	\$24,973

Source: 1997 Wage Gap Report compiled by the National Committee on Pay Equity

In 1997, the U.S. Bureau of Labor Statistics (BLS) reported that women's weekly earnings overall were only 74 percent of men's weekly earnings. Some argue that the 74 percent wage gap is a prevalent misconception that can be explained by other factors, such as market factors and the occupational choices of women (Furchtgott-Roth and Stolba, 1999).

However, recent statistics by the U.S. Department of Labor (DOL) and BLS<sup>2</sup> show that women are still being paid consistently lower in all major occupational groups (See Figure 2).



Source: U.S. Department of Labor and the U.S. Bureau of Labor Statistics

Fairness in employment practices is an evolving concept that continuously is being defined and redefined by social institutions. In the United States, fairness, equal opportunity and discrimination have evolved over time via legislative acts, executive orders and judicial decisions. Recently, fair compensation practices have been a popular topic in all three branches of the federal government. The present paper will attempt to provide an historical overview of equal pay protection and its currently increasing enforcement.

## A Brief History

Historically, executive orders, the Equal Pay Act and civil rights acts have guaranteed equal pay protection (See summary table, page 33). After each is discussed, a comparison will be made between the Equal Pay Act and Title VII on various equal pay issues, including coverage, actionable claims, defenses and the equality of work being compared.

## Executive Orders and the OFCCP

In 1961, President Kennedy established the Equal Employment Opportunity Commission (EEOC) under Executive Order No. 10925. This order required government contractors not only to maintain equal employment opportunity (EEO), but also to take affirmative action. It forced government contractors to create an effective policy of equal opportunity, which needed to *ensure* "that applicants are employed and employees are treated during their employment without regard to race, creed, color or national origin." (Bureau of National Affairs, 1973, p. 7.)

In 1965, President Lyndon B. Johnson signed Executive Order No. 11246, placing the power to monitor and enforce the nondiscrimination clause of government contracts in the Office of Federal Contract Compliance (OFCCP). Two years later, it was amended by Executive Order No. 11375 to add gender to the list of characteristics upon which it was forbidden to base employment decisions (Bureau of National Affairs, 1973).

Executive Order 11246 applies to government contractors or subcontractors with 50 or more employees and contracts totaling \$50,000 or more. It prohibits employment discrimination on the basis of race, color, religion, sex or national origin, and requires the maintenance of a written affirmative action plan (AAP). The OFCCP is given the authority to monitor compliance with E.O. 11246 through routine reviews or in response to complaints. Although not its primary charge, the OFCCP may evaluate compensation in an effort to monitor EEO and affirmative action compliance.

Because executive orders are passed by the executive branch of the federal government rather than by the legislature, executive order requirements do not hold the weight of law. However, government agencies that monitor and enforce executive orders have the power to revoke federal government contracts from employers – a costly penalty that encourages compliance.

If inequities cannot be justified on the basis of a bona fide seniority system, merit, quantity or quality of work, or a factor other than sex, then they point to an equal pay violation.

### The Equal Pay Act

The first anti-discrimination legislation directly dealing with equal pay between men and women was the Equal Pay Act of 1963 (EPA), which was passed as an amendment to the Fair Labor Standards Act of 1938 (FLSA). Signed by President John F. Kennedy, the EPA reads:

“No employer shall discriminate between employees on the basis of sex by paying wages to employees in such establishment at a rate less than the rate at which he pays wages to employees of the opposite sex for equal work...”

According to the EPA, “It is necessary to scrutinize those inequalities in pay between employees of opposite sexes which may indicate a pattern of discrimination in wage payment that is based on sex.” If those inequities cannot be justified on the basis of a bona fide seniority system, merit, quantity or quality of work, or a factor other than sex, then they point to an equal pay violation. Although the EPA originally was intended to protect women from being paid less than men for equal work, courts have extended EPA protection to men as well.

Since 1979, EPA enforcement has been the responsibility of the Equal Employment Opportunity Com-

mission (EEOC). To enforce the Act, EEOC may bring an action on behalf of an employee in response to a complaint of pay discrimination. Under the EPA, any pay differential is actionable (*EEOC v. Mercy Hospital & Medical Center*, 1983; *Hodgson v. American Bank of Commerce*, 1971), so long as the plaintiff can show that she performed “substantially similar work” as her male counterpart for less pay (*Miranda v. B&B Cash Grocery Stores*, 1992). Also important to note, the EPA imposes a strict liability standard upon employers, meaning that there does

not need to be an intent to discriminate for an EPA violation to be established (*Mitchell v. Jefferson County Board of Education*, 1991).

To rebut a claim of pay discrimination, employers may show that the pay differentials have a nondiscriminatory cause. EPA allows pay disparity to exist if it is the result of a:

1. Seniority system applied on a nondiscriminatory basis
2. Merit system
3. System that measures earnings by quantity or quality of production, or
4. Factor other than sex.

This last defense of “any factor other than sex” is quite general and non-specific.

However, in practice, seniority, merit reviews and incentive systems generally are the factors used to account for pay differentials (Fogel, 1984).

### The Civil Rights Acts

Equal pay protection also can be obtained from civil rights acts that were passed to protect individuals from employment discrimination. The most comprehensive piece of civil rights litigation came about in the Civil

Rights Act of 1964. Title VII of the 1964 act was much more far-reaching than previous EEO litigation, incorporating all private companies and unions that had 25 or more employees, but still did not include public sector organizations in its coverage (Marshall, Knapp, Liggett, & Glover, 1978).

Title VII coverage is much broader than compensation issues alone. Where the EPA is restricted to prohibiting discrimination in pay on the basis of gender, Title VII placed an all-inclusive ban on employment discrimination which included a specific mention of compensation discrimination. The Civil Rights Act turned employment discrimination into a legal offense by stating that an employer should not "...fail or refuse to hire or to discharge any individual, or otherwise to discriminate against any individual with respect to his compensation, terms, conditions, or privileges of employment, because of such individual's race, color, religion, sex, or national origin."

A complainant may make a showing of pay discrimination under Title VII by either disparate treatment or disparate impact methods. To make a showing of individual or class disparate treatment, plaintiffs must show that they are receiving less money for performing substantially similar work and that there is an element of intent to discriminate on the part of the employer. Because direct evidence of discriminatory intent seldom exists, these cases usually rely on circumstantial evidence, which typically includes the use of statistics to show class-wide discriminatory impact (Lindemann & Grossman, 1996).

Under disparate impact theory, plaintiffs would show that a facially neutral employment practice has a disproportionate impact on protected group members. Proof of discriminatory *intent* is not required in the case of disparate impact (*International Brotherhood of Teamsters v. United States*, 1977), but rather a showing of discriminatory *consequences* (*Griggs v. Duke Power Company*, 1971).

As permissible responses to these claims, Title VII incorporates the four affirmative defenses which are set forth in the EPA (seniority, merit, quantity/quality of production, or any factor other than sex). However, the U.S. Supreme Court has yet to provide precise guidance on what is required to prove wage discrimination.

## Comparison of Title VII and EPA Equal Pay Protection

Although there is a great deal of overlap between the coverage and protection offered by the EPA and Title VII, the laws also differ in some respects.

**Groups covered.** Probably the most obvious difference between the two laws is in terms of the groups that are protected under them. The EPA is limited to providing protection against gender-based wage discrimination. Title VII, on the other hand, provides protection on the basis of race, color, religion, national origin or gender.

**Proving intent and finding differences that are actionable.** Under the EPA, a claimant simply must show that he or she is paid less than a co-worker of the opposite sex for performing work that is substantially similar in terms of skill, effort, responsibility and working conditions. The EPA applies a strict liability standard: *any* difference in pay is actionable (*Hodgson v. American Bank of Commerce*, 1971; *EEOC v. Mercy Hospital and Medical Center*, 1983), and it does not need to be proven that the employer *intended* to discriminate.

Under Title VII, on the other hand, the formula for showing discriminatory pay practices is not as simple. Discrimination may be shown in either of two ways: disparate impact or disparate treatment. Under disparate treatment theory, the plaintiff is required to prove that he/she was treated differently because of a protected characteristic and that the reason for the differential treatment was intentional discrimination. With disparate impact, on the other hand, a facially neutral

# The original wording of Title VII did not include protection against discrimination on the basis of sex.

employment practice may be shown to disadvantage a particular group, regardless of whether the employer intended to discriminate. Showing discrimination by either disparate impact or disparate treatment theory is done in accordance with very explicit guidelines that have been set forth by years of court history. See, for example,

*Griggs v. Duke Power*, 1971; *United States v. Hazelwood*, 1977; *United States v. Teamsters*, 1977; *Albermarle Paper Company v. Moody*, 1975.

**Defenses.** The EPA clearly lays out four defenses that an employer can use to disprove a claim of wage discrimination: seniority, merit, quantity/quality of production, or a factor other than sex. In general, Title VII allows a claim of disparate impact or disparate treatment to be refuted by showing that the employment practice in question was job-related. In terms of pay discrimination on the basis of gender, Title VII incorporates the four affirmative defenses of the EPA.

The original wording of Title VII did not include protection against discrimination on the basis of sex. An opponent of the Civil Rights Act, Rep. Howard Smith added gender protection as an amendment, gambling on the hope that the addition would lead to the defeat of the bill as a whole (England, 1992). Needless to say, the amendment passed, albeit late in the House's deliberations.

To clarify the relationship between the Civil Rights Act and the EPA, which had passed just one year earlier, the Senate added the Bennett Amendment to Title VII of the Civil Rights Act:

"It shall not be an unlawful employment practice... for any employer to differentiate on the basis of sex in determining the amount of wages or compensation

paid...if such differentiation is authorized by section 206(d) of Title 29 [the Equal Pay Act]" (42 U.S.C. §2000e-2[h]).

Section 206(d) of the EPA refers to the four affirmative defenses. With this, the EPA's four defenses of seniority, merit, quantity and/or quality of production, or a factor other than sex were incorporated

into Title VII.

**Equal work standard.** While the EPA requires that claimants be able to show that they are receiving less pay while performing "equal work" as employees of the opposite sex, Title VII does not lay out a similar requirement. The EPA requires that the work performed be of substantially similar skill, effort and responsibility, and under similar working conditions.

Title VII is not as specific – it places a blanket ban on discrimination because of race, color, national origin, religion or sex. The Bennett Amendment, while clearly incorporating the EPA's affirmative defenses into Title VII, is unclear as to whether the equal work standard is also incorporated (Nelson and Bridges, 1999). Since the passage of Title VII, lower courts have had varying interpretations of whether the equal work requirement applies to cases brought under Title VII.

In its 1981 *County of Washington, Oregon v. Gunther* decision, the U.S. Supreme Court ruled that the Bennett Amendment did not incorporate the equal work standard along with the four affirmative defenses. A plaintiff bringing a case of sex discrimination in wages, it ruled, did not need to meet the equal work standard of the EPA. Having decided the question of how the Bennett amendment was to be interpreted, the U.S. Supreme Court remanded the case to the lower court to be decided.

This is the only case in which the Supreme Court touched on the concept of comparable worth. Comparable worth cases involve the comparison of “ dissimilar but purportedly comparable jobs” (England 1992). Since the EPA requires that jobs being compared are equal, comparable worth claims clearly are not actionable under the EPA.

In *Gunther*, the Supreme Court held that, under Title VII, there was no equal work standard, and thereby opened the door for the comparison of dissimilar jobs. However, the Supreme Court’s decision in this Title VII case was ultimately based on direct evidence of discrimination, and the Court chose not to entirely endorse the

comparable worth concept. Nor did the Court entirely dismiss comparable worth as a theory. Instead, the Court stated that it was not deciding “the precise contours of lawsuits challenging sex discrimination in compensation under Title VII” (*County of Washington, Oregon v. Gunther*, 1981, p. 19). The *Gunther* decision left many questions unanswered, such as:

- ▶ Whether the disparate impact model could be used to compare dissimilar jobs
- ▶ How the incorporation of the EPA’s four affirmative defenses would affect burdens of proof
- ▶ How intentional discrimination could be proven in this type of case (England, 1992).

### Summary Table: Executive Orders and Laws Surrounding Equal Pay Protection

Law or Order	Summary	Protection on the Basis of...	To Whom Does It Apply?
Executive Order No. 10925 (1961)	<ul style="list-style-type: none"> <li>• Required government contractors to maintain equal employment opportunity and take affirmative action.</li> <li>• Instructed employers to create an effective policy to ensure “that applicants are employed and employees are treated during their employment without regard to race, creed, color or national origin.”</li> </ul>	Race Color Creed National Origin	<ul style="list-style-type: none"> <li>• Federal contractors and subcontractors with 50 or more employees and contracts totaling \$50,000 or more.</li> </ul>
Executive Order No. 11246 (1965)	<ul style="list-style-type: none"> <li>• Placed the power to monitor and enforce the nondiscrimination clause of government contracts (set forth in Exec. Order No. 10925) in the hands of the OFCCP.</li> </ul>	Race Color Creed National Origin Gender (added in 1967)	<ul style="list-style-type: none"> <li>• Federal contractors and subcontractors with 50 or more employees and contract totaling more than \$50,000.</li> </ul>
The Equal Pay Act of 1963	<ul style="list-style-type: none"> <li>• Set forth that no employer should discriminate between employees on the basis of sex by paying wages to employees at a rate less than the rate paid to the opposite sex, for equal work.</li> <li>• Requires that work being compared be equal in terms of skill, effort, responsibility, and performed under similar working conditions.</li> <li>• Defenses include seniority, merit, quantity or quality of work, or a factor other than sex.</li> <li>• Under the EPA <i>any</i> difference in pay is actionable.</li> </ul>	Gender	<ul style="list-style-type: none"> <li>• Applies to most employers (including small employers), since it’s part of the Fair Labor Standards Act (FLSA).</li> </ul>
Title VII of the Civil Rights Acts of 1964, 1991	<ul style="list-style-type: none"> <li>• Broad anti-discrimination coverage ordering that no employer should fail or refuse to hire or discharge any individual or discriminate with respect to compensation, terms, conditions, or privileges of employment on the basis of an individual’s race, color, religion, sex or national origin.</li> <li>• Claims can be brought under the disparate treatment or disparate impact theory of discrimination.</li> <li>• Incorporates four affirmative defenses of the EPA.</li> </ul>	Race Color Religion Sex National Origin	<ul style="list-style-type: none"> <li>• Employers with 15 or more employees.</li> </ul>

## Current Status

Recently, the area of compensation equity has gained heightened attention from the federal government – both on the legislative front and by government enforcement agencies.

## Actions by the OFCCP

At the 2000 National Industry Liaison Groups Conference, Shirley Wilcher, Deputy Assistant Secretary of the OFCCP said, “There is a pay gap. As you go up the pay ladder, it seems the pay gap widens. We need to close the gap. [Contractors] need to ask why [the gap exists].”

Executive Order 11246, as amended, prohibits discrimination in hiring or employment decisions on the basis of race, color, gender, religion, and national origin and is enforced by the OFCCP.<sup>3</sup> In the past, OFCCP has focused its efforts on broad enforcement of the nondiscrimination clause of government contracts in regard to affirmative action plans. Recently, however, that emphasis has begun to change to more focused investigations to root out instances of discrimination.

It is becoming increasingly common for OFCCP, as part of routine compliance reviews, to request compensation data from employers and to hold those contractors accountable for disparities that may exist. Costly settlements are becoming commonplace. Some recent settlements, a result of routine reviews, have included the following:

- ▶ Computer Science Corporation at Edwards Air Force Base, Calif., under a settlement reached on Sept. 15, 1999, agreed to pay \$734,000 to 55 women and 17 minority employees. The settlement was a result of a routine compliance review by the OFCCP.<sup>4</sup>
- ▶ Roche Diagnostics Corporation agreed to pay \$155,000 to 23 minority and women managers, profes-

# Boeing Company agreed to take steps on a corporate-wide basis to eliminate pay disparities affecting women and minorities.

sionals and technicians to settle pay disparities found during an OFCCP compliance review of the Indianapolis medical equipment manufacturer. At the time of the OFCCP review, Roche recently had merged with Boehringer Mannheim Corporation,

and it was determined that some of the newly merged employees were underpaid as compared to similarly situated white men.<sup>5</sup>

▶ Boeing Company, the second largest federal contractor, reached a settlement with DOL in which it agreed to take steps on a corporate-wide basis to eliminate pay disparities affecting women and minorities, including \$4.5 million in back pay and salary adjustments. Although the settlement was a result of pay disparity claims brought by the OFCCP against Boeing’s facilities in Philadelphia, Huntsville, Ala., and Long Beach, Calif., the settlement also sought to remedy pay disparities at Boeing’s Wichita, Kan., Tulsa, Okla., and Seattle facilities and for low- and mid-level executives throughout the company.

Labor Secretary Alexis M. Herman claimed that this agreement signaled a shift to a “new paradigm that ensures equal employment opportunity (EEO) and enhances enforcement corporate-wide, not just location by location.”<sup>6</sup> Additionally, Boeing will continue to self-examine and adjust pay, as necessary, corporate-wide for the next four years. This is the first agreement that obligates an employer to a self-review process and requires it to report the results to DOL.

Given its limited resources in the past, OFCCP had only been able to audit about 4 percent of government contractors through compliance reviews. In April 2000, however, the OFCCP mailed 7,000 Equal Opportunity (EO) Surveys in an effort to “touch” more employers.

These surveys require employers to report information about their most recent affirmative action plan, employee head counts and compensation information by EEO category. OFCCP will use the information collected from these surveys to rank employers for audits based on the number and severity of apparent equal employment opportunity violations. At the time this article was written, 53,000 more surveys were slated to be mailed in the latter part of 2000.

OFCCP's power and authority is granted through executive order, not through law. The federal government's executive branch does not have the power to make laws. However, it can make regulations regarding federal contracts and hold contractors to those regulations by threat of revoking contracts. This is important to note because OFCCP regulations and enforcement procedures in the equal pay area do not appear to be entirely consistent with federal laws and court rulings regarding compensation equity.

For example, during routine compliance reviews, OFCCP regularly evaluates compensation equity by comparing individuals within the same pay grade; the EO survey asks that compensation be reported by EEO category (i.e., officials and managers, professionals, clerical, sales, etc.). However, recent decisions, such as *Stopka v. Alliance of American Insurers* (1998), have called similar comparisons into question. In *Stopka*, the 7th Circuit ruled that the plaintiff failed to show that her position was "substantially similar" to positions held by higher paid male employees simply because it was within the same pay grade.

### Recent Bills in Congress

Upon signing EPA into law on June 10, 1963, President Kennedy remarked that "much remains to be done to achieve full equality of economic opportunity." Although equal pay has been protected for some time, the topic has recently gained renewed attention. The federal government is now considerably less tolerant of

organizations with pay equity problems and is working hard to bring compensation inequity to an end.

The Paycheck Fairness Act is a bill which has been introduced in both houses of Congress that would amend EPA. Among the provisions of this bill are

- ▶ Strengthened EPA enforcement by increasing funding to EEOC and OFCCP
- ▶ Provision of full compensatory and punitive damages as remedies for violations
- ▶ Increased requirements of employer record-keeping.

The Paycheck Fairness Act has gained strong backing from union groups, including the AFL-CIO, as well as President William Clinton and Vice President Al Gore. In Congress, Clinton has voiced continued support, commenting that:

"This legislation will help us to close the last part of the gap. It will strengthen enforcement of the Equal Pay Act. It will toughen penalties for violations, and it will boost compensation for women. It is tough, it is fair. Congress should pass it."

Additionally, the president's fiscal year 2000 budget includes a substantial allocation to OFCCP and EEOC to be used for equal pay education and enforcement. This article was written while votes in the 2000 presidential election were still being recounted. Equal pay laws and enforcement procedures are likely to be influenced by whomever assumes the presidency and it will be interesting to follow what changes the future will hold for pay equity.

### So What Does It All Mean?

To reiterate this article's opening quote, "Equal pay is the civil rights issue of the 21<sup>st</sup> century." If OFCCP's recent actions are any indication, then that statement most certainly is true. In the same speech, Wilcher commented that, while female and minority representation in the American workforce is beginning to become closer to what it should be, equal compensation for




## A Proactive Method for Internal Self-Review: Identifying Potential Problems Before Someone Else Does

At the 1999 National Industry Liaison Group Conference on affirmative action, equal employment opportunity and other government contractor issues, Shirley Wilcher, deputy assistant secretary of the OFCCP commented that "the key is to do it yourself." With a few proactive steps, an employer can uncover (and even remedy) potential problem areas before they surface. Following is a typical plan to assist employers in conducting proactive reviews of their compensation equity:

Checklist for Each Step of Proactive Compensation Review	
<p><b>Step 1:</b> Establish attorney-client relationship.</p>	<ul style="list-style-type: none"> <li>If compensation review work is being performed on a proactive basis, employers should attempt to protect the confidentiality of the results. Because of this, work with legal staff before the compensation review is begun to establish an attorney-client relationship under which work will be performed.</li> </ul>
<p><b>Step 2:</b> Decide whether the compensation analysis should be conducted internally or outsourced</p>	<p>Evaluate internal resources and weigh potential costs and benefits of outsourcing:</p> <ul style="list-style-type: none"> <li>Is the expertise to conduct the compensation review available in-house?</li> <li>Consider cost. What is the cost of outsourcing? What is the cost for conducting the review internally? When budgeting for internal audits, employers should make sure to include considerations such as:               <ul style="list-style-type: none"> <li>employee time to conduct the analysis</li> <li>possible statistical training</li> <li>possible need to purchase software</li> <li>potential financial repercussions in terms of costly litigation or settlement if an employee with less experience and expertise overlooks certain problem areas or miscalculates formulas.</li> </ul> </li> <li>Consider the impact on employee workload and other organizational resources.</li> <li>Consider confidentiality. Outsourcing under client-attorney privilege may be a better option than an in-house review as the employees conducting an internal review may be more inclined to discuss results with co-workers/friends. Also, attorney-client privilege may be easier to establish when outsourcing.</li> </ul>
<p><b>Step 3:</b> Compare average salaries of different gender and race groups within each job, grade, or equal employment opportunity category in the organization.</p>	<ul style="list-style-type: none"> <li>Use simple, non-statistical visual analyses to begin a proactive self-review.<sup>8</sup> Visually identify instances in specific jobs, pay grades, EEO categories, or other organizational unit which appear to point toward inequity.</li> <li>More sophisticated tests of statistical significance can be useful in highlighting potential problem area disparities that are beyond what would be expected by chance alone (i.e., statistically significant). By "red-flagging" pay disparities that are statistically significant, the review can point toward the greatest areas of potential liability.</li> <li>Where statistically significant differences in pay are identified, the amount needed to remove significance can be calculated. This amount is useful in giving the employer an idea of the size of various areas of potential liability.</li> <li>Remember that while these approaches serve well as initial warnings of potential problem areas, they do not take into account other factors which may have caused the inequity.</li> </ul>
<p><b>Step 4:</b> Investigate whether pay disparities can be explained by factors other than the protected characteristics.</p>	<ul style="list-style-type: none"> <li>Where significant disparities are identified, further investigation can determine whether inequities found are justified by other factors (e.g., education, experience, merit, etc.).</li> <li>A starting point for this may be a qualitative review of the employees' records.</li> <li>Further investigation utilizing regression analysis may also be conducted. In regression analysis, factors (e.g., merit, education, sex, race, etc.) are statistically identified which influence pay, and the extent to which those factors affect pay described.</li> <li>Statistical regression analysis, although more difficult to conduct, can be used to rebut simpler analyses which identify pay inequities, but cannot explain influencing factors.</li> <li>In a proactive review, these analyses may be able to tell employers whether pay disparities which are discovered can be explained, or other action should be taken.</li> </ul>
<p><b>Step 5:</b> Identify action to be taken where pay disparities cannot be explained</p>	<ul style="list-style-type: none"> <li>Where significant disparities cannot be explained, identify actions to be taken to address the potential problem areas.</li> </ul>

Proactive compensation reviews can vary greatly to meet the employer's needs. For example, reviews may follow the sample process presented above, or may follow another process. They may vary in complexity and levels of analysis due to organizational differences in size and structure. They may be highly statistical or largely qualitative. However, regardless of the methods or processes utilized, it is better to become aware of potential problem areas and attempt to address them than to wait for them to rear their ugly heads.

women and minorities is still lagging far behind. In other words, equal opportunity in representation does not necessarily mean equal opportunity in compensation. Just as employer education and cooperation were necessary to ensure success of the civil rights issues of the previous decades, the same is necessary for pay equity to be achieved. In today's workplace, equal pay demands to be examined and discussed.

To attain concrete results, education needs to be followed by action. Though the existence of under representation can be inferred simply by looking at the face of the work force, problems in equal pay are not as apparent. In fact, many employers do not even realize that potential problem areas exist until a complaint is filed or an OFCCP audit has begun. Awareness via proactive review of an organization's compensation practices should be the first step toward ensuring equal opportunity for compensation. 

## Webnotes

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## The Authors

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## Endnotes

- <sup>1</sup> The National Committee on Pay Equity's source for present median annual earnings included: U.S. Census Bureau, Money Income in the United States, 1997 Current Population Reports, Consumer Income, p. 60–197.
- <sup>2</sup> "About Equal Pay: A Report of the United States Department of Labor."
- <sup>3</sup> The OFCCP also enforces Section 503 of the Rehabilitation Act of 1973, 38 USC 4212, The Vietnam Era Veterans' Readjustment Assistance Act of 1974, The Immigration Reform and Control Act of 1986, and Title I of the Americans with Disabilities Act of 1990.
- <sup>4</sup> US Department of Labor, Office of Public Affairs Press Release (September 16, 1999).
- <sup>5</sup> US Department of Labor, Employment Standards Administration Press Release (September 17, 1999).
- <sup>6</sup> US Department of Labor, Office of Public Affairs Press Release (11/19/99) "Boeing Agrees to End Pay Disparity."
- <sup>7</sup> The White House, Office of the Press Secretary. Remarks by the President on the Equal Pay Act (June 10, 1998).
- <sup>8</sup> See the OFCCP Website for more information. It can be located via the United States Department of Labor Website at [www.dol.gov](http://www.dol.gov).

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