



Pay Equity – A Year Later

February 25, 2019



Agenda

- Chapter Updates & Vendor Spotlight – 5:05p to 5:15p
- Presentation – 5:15p to 6:30p
- Raffle Prizes right after program



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Chapter Updates

We are successful, because of our members!



Mass SHRM

Massachusetts
State Council of SHRM

2019 Massachusetts HR Legislative Conference
March 1, 2019
Suffolk University Law School, Boston, MA

Join us for our inaugural statewide HR law conference!

Legislative Updates • Washington Outlook • SHRM Advocacy Team • State House Tours • Networking

For more information or to register:
www.massshrm.org/events/2019legconf

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Student Chapter

Welcome to all of our Student Members this evening!

The deadline is fast approaching for students to submit their application for the Brad Jackson Memorial Scholarship. We will be awarding the scholarship at our March program, please join us on March 18th.

We are looking for created ideas to fund the scholarship, so we will be able to award more than one in the future, if you have any ideas – please see Joanne Gloster or Dave.



We Are Work



Committee members needed

We need your talents, join a committee and have fun while helping the chapter move forward.

Currently, we are looking for members to join our Workforce Development Committee. Thank you to the members that have already joined the team! Please see Evelyn Rivera-Riffenberg or Dave O'Brien for more details.

Joining a committee isn't a huge time commitment, and it is great step to join the board.



Mark your calendar

- March 1st – Mass SHRM State Council – Legislative Conference
- March 18th – Investigations, Where do we go from here
- April 24th – Preparing for PFML a panel discussion
 - Watch for more details on April's program
- May 20th – AI & HR, Training with new technologies



Raffle Drawing – Reminder...

Reminder for all business cards...



SHRM PDCs & HRCI RCs

- This program has been authorized for 1.25 SHRM-CP, SHRM-SCP Professional Development Credits and HRCI HR General Recertification Credits
- Reminder: You must be present for the **entire** presentation of the program to obtain credits
- Please remember to sign your name at the registration desk at the end of the program to verify your attendance and request your credit certificate, all certificates will be emailed shortly after the program.



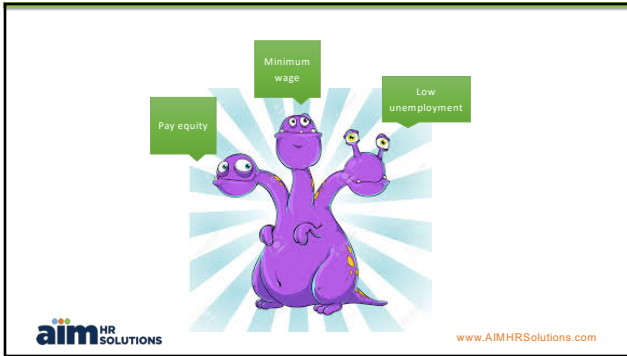
Pay Equity – A Year Later

Pay Equity – A Year Later

Presented by:
Kyle Pardo
VP Consulting Services, AIM HR Solutions
February 25, 2019

It's not just about MEPA....

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Agenda

- Pay Equity – Staying Compliant
- Managing market pressures
- Understanding the impact of MA minimum wage increases
- Q & A

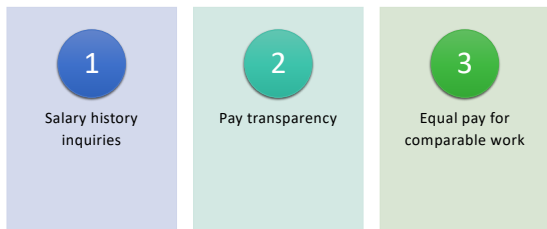
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Basic Prohibition Against Discrimination in Pay

- “No employer shall discriminate in any way on the basis of gender in the payment of wages, or pay any person in its employ a salary or wage rate less than the rates paid to its employees of a different gender for comparable work”
- Law passed in 2016
- Effective July 1, 2018

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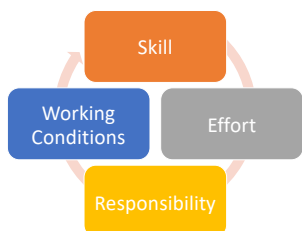
Main Components of the Law



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"Comparable" Work



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Job Duty, Skill, etc.	Cafeteria	Custodian	Reasoning
No prior experience, training or education required	x	x	
Sometimes exposed to heat and cold	x	x	Not shoveling snow every day. Ignore the difference.
Sometimes exposed to cleaning supplies to perform cleaning and sanitizing functions	x	x	Tater-tot baking sheet vs. a toilet used by hundreds of children. Ignore the difference.
Lifting	x 25 lbs.	x 75 lbs.	Is comparable because they don't lift 75 lbs. every day.

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Tips for Comparable Groups

- Ensure clear, consistent criteria is used to determine your groups.
- Write job descriptions or update job descriptions to be pay equity compliant. It is a best practice to have an updated job description for every position in your organization.
- Refer to your comparable group criteria and slot new positions or positions that change significantly.
- Once your comparable groups are established, you may make minor adjustments, but you shouldn't anticipate that these groups will change year after year.



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Survey Data

- In 2018, 56% of 172 respondents reported that they have completed their own self-evaluation of pay practices, while another 9% reported that they completed an evaluation using the services of a 3rd party provider.
- Of the ninety-six companies who completed their own self-evaluation, one-third used the MA Attorney General's calculator and the remaining two-thirds used a different method to evaluate their data.

Source: 2018 AIM HR Solutions - HR Practices Survey



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Pay Analysis

- Use Attorney General's calculator to analyze compensation
- Tips:
 - Enter your data into a separate spreadsheet first.
 - Use M/F and PT/FT
 - Do not leave any blank cells.
- Caution: Do not rely on the gap percent alone to determine if you have a situation that requires remediation. The analysis must go further to understand why there is a gap.
- Use the AG calculator every year to analyze your pay. This can help to show if you've made positive steps toward remediation.



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Wage Discrimination

- Unlawful for an employer to pay employees one gender more than employees of the other gender who perform comparable work
- Lawful wage differentiations limited to 6 factors
 - Seniority - system that rewards seniority with the employer; provided, however, that time spent on leave due to a pregnancy-related condition and protected parental, family and medical leave, shall not reduce seniority
 - Merit system - must be based on job-related factors and used to determine pay adjustments
 - Productivity - system which measures earnings by quantity or quality of production, sales, or revenue
 - Geography - location in which a job is performed
 - Education, training or experience - to the extent such factors are reasonably related to the particular job in question
 - Travel - if travel is a regular and necessary condition of the particular job



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Wage Discrimination

- Do you have a "system" in place?
- What is your "system"?
- Is the "system" documented?
- Do you follow the "system"?



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Court Cases

- Boston Symphony Orchestra
- Massachusetts Department of Transportation
- Boston Public Schools



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Court Cases - BSO

- Elizabeth Rowe, principal flutist, vs. Boston Symphony Orchestra
- Filed on July 2, 2018
- Paid approximately 75% of what the lead oboe player makes (\$286,621)
- The two musicians sit next to each other in the woodwind section.
- She has been profiled as a soloist more than any other musician in the BSO.
- BSO says oboe and flute are not comparable and there is a larger pool of flutists.
- Rowe is 44, Ferrillo (oboe player) is 62.



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Court Cases – Mass DOT

- Annemarie Carter vs. Mass DOT
- Claims that since 2014 she has been paid less than males for performing "comparable and substantially similar work".
- She has supervised male employees who share the same job classification as her, but receive more pay.
- A. Carter (African American female) is compensated at \$98,900 while D. Knapp (white male) is compensated at \$105,300 for performing comparable work.
- J. DeLuca and J. Cheatham, both white males supervised by Carter, earn \$103,800.



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Court Cases – Boston Public Schools

- Two women vs. Boston Public Schools
- Filed on November 23, 2018
- The women claim that they are paid 30% less than men in comparable roles in the Office of English Language Learners.



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What we might learn from these court cases

- Definition of comparable
- Is any gap in pay allowable?
- Will the courts calculate damages prospectively from July 1 or retroactively?
- Will courts start to look at race and/or age in addition to gender?

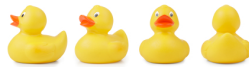


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Are your ducks in a row?



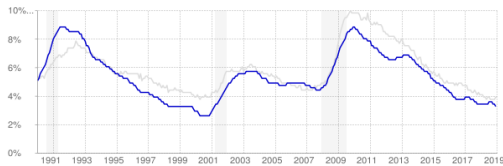
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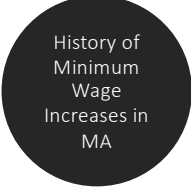
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Market Pressures on Compensation

- Record low unemployment in both MA (blue) and nationally (gray)



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History of
Minimum
Wage
Increases in
MA

Year	Minimum Wage
2014	\$8.00
2015	\$9.00
2016	\$10.00
2017	\$11.00
2018	\$11.00
2019	\$12.00
2020	\$12.75
2021	\$13.50
2022	\$14.25
2023	\$15.00


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What is wage compression?

Wage compression occurs when there are limited differences in pay between people who have varying levels of experience, responsibility, or skill.

For example, new hires are paid the same as or just below current employees in the same position or line workers earn close to the same amount as supervisors.


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What leads to wage compression?

1

Low merit increases followed by inconsistent starting pay.

2

Inconsistency between departments in establishing compensation.

3

A company merger or acquisition.

4

External impact such as increasing minimum wage.


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Effects of Wage Compression

- Problems with Pay Equity
- Turnover
- Low employee morale
- Limited opportunities to reward employees for seniority or merit
- Lower productivity



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How do you identify and prevent compression?

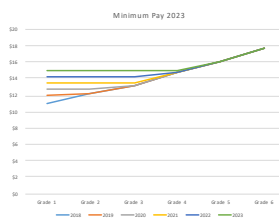
- Conduct a complete review of your current pay structure.
- Review pay for both internal and market equity.
- Review current bonus and incentive programs.
- Review where positions are slotted into your pay structure. Are job descriptions up-to-date and placed with other comparable positions?



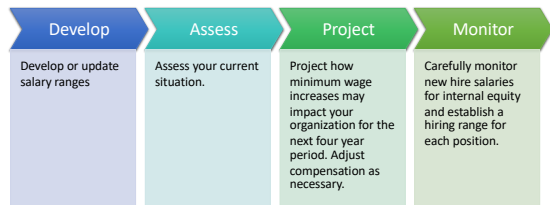
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Impact of Minimum Wage Increases on Compression

Grade	2018	2019	2020	2021	2022	2023
Grade 1	\$11.00	\$12.00	\$12.75	\$13.50	\$14.25	\$15.00
Grade 2	\$12.10	\$12.10	\$12.75	\$13.50	\$14.25	\$15.00
Grade 3	\$13.31	\$13.31	\$13.31	\$13.50	\$14.25	\$15.00
Grade 4	\$14.64	\$14.64	\$14.64	\$14.64	\$14.64	\$15.00
Grade 5	\$16.11	\$16.11	\$16.11	\$16.11	\$16.11	\$16.11
Grade 6	\$17.72	\$17.72	\$17.72	\$17.72	\$17.72	\$17.72



What can you do now?



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Develop Salary Ranges

- Develop pay ranges with a minimum, midpoint and maximum
- Review your job descriptions for accuracy
- Gather market data
- Determine your pay philosophy
- Group comparable positions based on internal and external equity
- Evaluate the pay of incumbents



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Typical Salary Range Structure

Pay Grade	Pay Grade MIN	Pay Grade MID	Pay Grade MAX
Grade 02	12.75	14.66	16.58
Grade 03	13.64	15.69	17.74
Grade 04	14.60	16.79	18.98
Grade 05	15.29	17.96	20.64
Grade 06	16.36	19.22	22.08



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Assess Your Current Situation



- What is the compa-ratio for each employee?
 - Divide the employees salary by the midpoint for their assigned pay range.
 - For example, if the employee earns \$15 an hour and the midpoint of the pay range is \$16.50, the compa-ratio is 91%. ($\$15/\$16.50 = .91$)
 - A compa-ratio of less than 100 means the employee earns below the midpoint while a compa-ratio of greater than 100 means the employees earns more than the midpoint.



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Assess Your Current Situation



	Range Minimum	Range Midpoint	Range Maximum
	\$13.74	\$15.80	\$17.86
	Current Pay		Compa-ratio
Parker, Jan	\$14.50		92%
Keith, Eliza	\$16.00		101%
Deneen, Chris	\$17.80		113%
Moore, Charlie	\$13.75		87%
Rhodes, Abigail	\$15.52		98%
Weller, Regan	\$16.38		104%



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Project the impact of minimum wage increases

Do you have employees below the new minimum wage?

Yes, all employees must be paid at least \$12/hr. by 1/1/19

No, adjustments are not required, but you may still feel market pressure.



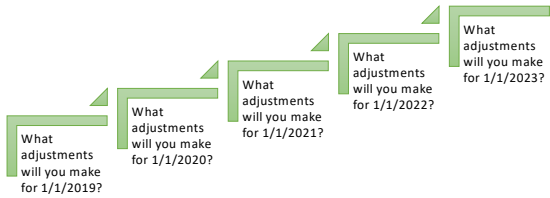
Will you decide to adjust pay for people who are above minimum wage to avoid compression?

Yes, but need to decide how far up into the ranges adjustments will be made.

No, adjustments will only be made to bring employees up to the minimum.



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What adjustments will you make for 1/1/2019?

What adjustments will you make for 1/1/2020?

What adjustments will you make for 1/1/2021?

What adjustments will you make for 1/1/2022?

What adjustments will you make for 1/1/2023?

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Options for increasing pay

- Will you give a larger increase in year 1 and then smaller increases over the next four years?
- Will you try to stay within an overall 3% salary increase budget for all employees?
- Will you adjust pay prior to the next scheduled annual increase?
- Will you wait and worry about compression in year 5?



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Options for increasing pay

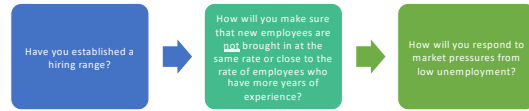
- Give all nonexempt employees the same flat dollar increase or % increase to eliminate compression. (ex. 50 cents or 2%)
- Increase the pay for your lowest paid employees and provide a smaller increase for other nonexempt employees (ex. \$1.00 increase to bring employees from \$11 to \$12/hr. and then 50 cents for other nonexempt employees).
- Will nonexempt increases deplete your budget for increasing salaries of other employees?



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Monitor the compensation of new hires



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Recommendations

- Develop an Excel model to project the impact of minimum wage through 2023.
- Consider a variety of options based on your overall budget and pay philosophy.
- Determine if you have a "pay structure" in place, including market data, comparison of internal equity, established pay ranges, and hiring guidelines, to accommodate your plan.
- Involve finance and your leadership team in your overall process as it will impact recruiting and retention for the next several years.



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What should you do next?

1. Self-evaluation
2. Plan for remediation
3. Compensation structures:
 - Salary ranges
 - Pay equity compliant job descriptions
 - Pay philosophy and guidance
4. Annual data analysis



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Contact information

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