



MEMORANDUM

To: Mayor and City Council

From: Mark Washington, ^{mw} Director, Human Resources and Civil Service

Date: May 1, 2014

Subject: Response to Resolution #20140320-053: Pay Disparity

Attached is a report to the City Manager in response to Council Resolution #20140320-053 on pay disparity.

The report provides analytics on City of Austin pay rates compared to those reported by various national data surveys. As you'll see from the data, the City is doing a much better job in achieving pay equity than employers who participated in the national surveys that were referenced in the resolution.

We will continue to evaluate our pay practices to ensure internal equity and fairness, as well as external market competitiveness.

Please call me at 512-974-3202 if you have any questions or need additional information.

C: Marc A. Ott, City Manager
Deputy City Manager
Assistant City Managers



MEMORANDUM

TO: Marc A. Ott, City Manager
Jimmy D. Turken
FROM: *for* Mark Washington, Director, Human Resources and Civil Service
DATE: April 14, 2014
SUBJECT: Preliminary Response to Resolution #20140320-053

Resolution #20140320-053, passed March 20, 2014, directed the City Manager to provide an annual report to Council analyzing the City's compensation practices to ensure that City employees are paid, promoted, and given raises based on lawful criteria rather than on gender, race, ethnicity, or other protected class status. The resolution cites comparative data from various sources reporting a nationwide wage gap based upon gender, ethnicity, and age as compared to White males.

As part of our response to the Council Resolution, my staff prepared this preliminary summary of City compensation data sorted by gender, ethnicity, and age as of April 1, 2014. It is critical to note that this data cannot be used to draw reliable conclusions about how and why these groups of employees are paid as they are, or to conclude that any individual employee is underpaid as compared to relevant peers. This is a high level summary that provides only a snapshot of overall compensation results within the City. Limitations in the City's HR system currently prevent us from easily comparing employees' pay based on job performance, education, prior work experience, training, certifications and performance evaluation results – all legitimate, lawful factors that are used by management to make compensation decisions. Thus, the information in this report cannot be used to evaluate whether the City is in compliance with the Council Resolution, and certainly cannot be used to evaluate whether the City is in compliance with federal and state equal pay laws. In order to draw a more definitive conclusion on pay equity, a more detailed analysis of the incumbents in more than 1,000 job classifications is necessary.

The City's compensation policy is to set employee pay based only on lawful, job-related criteria. Education and training, experience, and job performance are the most common criteria used to set pay, though other lawful factors (such as external market competition, internal equity considerations, the requirements of labor agreements, etc.) may also be used. Our HRD staff is compiling and reviewing available data, and we intend to provide a more useful report in coming weeks on the state of the City's compensation practices that will be focused on meeting the requirements of the Council Resolution.

With these limitations in mind, following is a preliminary report on City employee compensation as of April 1, 2014:

Gender

- Some national data shows some female full-time workers make only 77 cents for every dollar earned by some men. (Source: Institute for Women’s Policy Research)
- Pay rates for female CoA employees compared to male CoA employees significantly exceed the national average overall across all groups compared. [Note: this data does not account for differences in occupation category, education, length of time in the workforce, or other factors that would legitimately result in pay disparity among the groups compared.]

	National Data	City of Austin Employees				
		All	Non-Sworn	Police	Fire	EMS
M	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
F	\$0.77	\$0.87	\$0.95	\$1.02	\$0.88	\$0.94

- Some national data shows that Pacific Islander/Native Hawaiian women were paid 66 percent of the pay of non-Hispanic White men, African American women were paid 64 percent, American Indian/Alaska Native women were paid 60 percent, and Hispanic women were paid 53 percent. (Source: AAUW – Simple Truth about the Gender Pay Gap 2014)
- Pay rates for non-White female CoA employees as compared to White male CoA employees far exceed the national average across all groups measured. [Note: this data does not account for differences in occupation category, education, length of time in the workforce, or other factors that would legitimately result in pay disparity among the groups compared.]

	Nat'l Data	City of Austin Employees				
		All	Non-Sworn	Police	Fire	EMS
White Males	100%	100%	100%	100%	100%	100%
American Indian/Aleutian	60%	94%	104%	N/A	82%	N/A
Asian/Pacific Islander	66%	90%	100%	97%	66%	74%
Black	64%	77%	83%	103%	77%	86%
Hispanic	53%	69%	74%	98%	87%	96%

Age

- Some national data shows that among some younger workers, women are paid about 90 percent of what men are paid. From age 35 through retirement, women in these surveys are typically paid 75 - 80 percent of what men are paid. (Source: AAUW – Simple Truth about the Gender Pay Gap 2014)
- In both younger worker and over-35 categories, pay rates for female CoA employees as compared to male CoA employees are at or above the national survey rates among almost all groups measured. [Note: this data does not account for differences in occupation category, education, length of time in the workforce, or other factors that would legitimately result in pay disparity among the groups compared.]

	National Data	City of Austin Employees				
		All	Non-Sworn	Police	Fire	EMS
Under 35						
M	100%	100%	100%	100%	100%	100%
F	90%	88%	100%	104%	97%	102%
35 and over						
M	100%	100%	100%	100%	100%	100%
F	75 - 80%	87%	95%	102%	91%	96%

Ethnicity

- Aggregate pay rates for non-White CoA employees as a percentage of aggregate pay rates for White CoA employees are shown in the following table. [Note: this data does not account for differences in occupation category, education, length of time in the workforce, or other factors that would legitimately result in pay disparity among the groups compared.]

	City of Austin Employees				
	All	Non-Sworn	Police	Fire	EMS
White	100%	100%	100%	100%	100%
American Indian/Aleutian	94%	100%	108%	91%	114%
Asian/Pacific Islander	102%	112%	91%	78%	82%
Black	80%	81%	102%	95%	96%
Hispanic	79%	79%	96%	94%	94%

SUMMARY

In the aggregate, the City of Austin seems to do a much better job in achieving pay equity than other employers who participated in the referenced data surveys. Our goal continues to be to ensure that compensation decisions are based on the lawful, job-related criteria described in City policy and this memo. We see this project as an opportunity to improve the visibility and transparency of our compensation practices, to remedy any unacceptable problems we identify, and to continue our efforts to make Austin the best managed city in the United States. We will also be able to improve the quality of future analysis as the supporting technology and capabilities for Human Capital Management are improved.

If you have any questions or concerns, please contact me at 512-974-3202.

cc: Anthony J. Snipes, Assistant City Manager

Attachment: Resolution #20140320-053

RESOLUTION NO. 20140320-053

WHEREAS, wage gaps associated with race and gender have long been documented; and

WHEREAS, the most recently available data from 2012, as reported by the Institute for Women's Policy Research, states that although women make up almost half the workforce, and earn more college and graduate degrees than men, still female full time workers make only 77 cents for every dollar earned by men; and

WHEREAS, the City of Austin is a major employer in the Central Texas region with over 12,000 employees; and

WHEREAS, the City of Austin seeks to be a model employer and has adopted wage transparency in the interest of effectively empowering employees to address wage disparity; and

WHEREAS, this disparity is worse for workers of color; and

WHEREAS, according to the American Association of University Women and the National Women's Law Center, compared with non-Hispanic white men, Pacific Islander/Native Hawaiian women were paid 66 percent, African American women were paid 64 percent, African American men were paid 73 percent, American Indian/Alaska Native women were paid 60 percent, Hispanic men were paid 61 percent, and Hispanic women were paid just 53 percent; and

WHEREAS, the Paycheck Fairness Act is federal legislation that has been introduced to expand the scope of the Equal Pay Act of 1963 and the Fair Labor Standards Act to ensure that employers relying on a justification of 'factors other

than sex of the employee' may not pay men and women differently for substantially equal work unless the differential is justified by a job related reason such as education, training or experience, and is consistent with operational needs; and

WHEREAS, according to a study from the National Partnership for Women and Families, the wage gap for Austin women is 83 cents for every dollar a man earns, amounting to a yearly gap of \$8,366 between men and women who work full time; and

WHEREAS, the City of Austin has established repeatedly the values of fairness and equity by passing legislation that opposes discrimination in all its forms; and

WHEREAS, besides fairness, eliminating the wage gap would mean that Austin women would be able to purchase 73 more weeks of food, five more months of mortgage and utilities payments, or nine more months of rent, and this is particularly critical to the 73,296 households in Austin headed by women, 27% of whom are below the federal poverty line; and

WHEREAS, April 8 marks Equal Pay Day 2014, the day of the year to which women must work in order to earn what men earned in the previous year;
NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

The City's legislative agenda is amended to include support for the Paycheck Fairness Act, and support for legislation that addresses unfair disparities in pay, including, but not limited to the Texas Lilly Ledbetter Act.

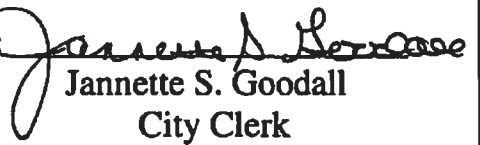
BE IT FURTHER RESOLVED:

The City Manager is hereby directed to provide an annual report to Council analyzing the City's compensation practices using appropriate sampling methods to ensure that City employees are paid based on lawful criteria rather than gender, race, ethnicity or other protected class status. The annual report should also include gender and race data specific to raises and promotions.

BE IT FURTHER RESOLVED:

The City Manager is directed to consider factors that can improve this reporting as the Human Capital IT System is being planned. The annual report shall be expanded to include additional criteria such as experience and education as new technology with additional capabilities is obtained by the City.

ADOPTED: March 20, 2014

ATTEST: 
Jannette S. Goodall
City Clerk