

<b>Employer Perspective</b>		
	<b>STEP 1:</b> Identify substantially similar jobs (job clusters)	<b>STEP 2:</b> Measure equity in employee pay w/in job clusters
<b>Goal</b>		
	<ul style="list-style-type: none"> <li>To identify clusters of jobs that are substantially similar and can be used to compare workers’ pay.</li> <li>To ensure the equal valuation of jobs, i.e., that the compensation associated with distinct jobs is based on the job content (e.g., the required tasks, skills, effort, and responsibility), the minimum objective qualifications for the job (e.g., specialized license or certification), and the working condition of the job (rather than the gender composition of the employees).</li> <li>The results of this analysis may prompt an adjustment of job pay scales to equalize compensation between substantially similar jobs.</li> </ul>	<ul style="list-style-type: none"> <li>To assess if workers in substantially similar jobs are compensated equitably regardless of their gender (or other demographic characteristic, e.g., race or ethnicity, age, etc., that is not)</li> <li>The results of this analysis may prompt adjustments to the pay of individual employees</li> </ul>
<b>Data Requirements</b>		
Considerations	Relevant data must: <ul style="list-style-type: none"> <li>Exist – employers must establish job classification schemes that include information on job characteristics and pay scales</li> <li>Available and accessible –</li> <li>Valid – classification schemes and related data should</li> </ul>	
Minimal	The California Fair Pay Act specifies 4 categories of job characteristics that establish substantially similar jobs: <ul style="list-style-type: none"> <li>Skill</li> <li>Effort</li> <li>Responsibility</li> <li>Working conditions</li> </ul>	To assess pay equity the minimal data required include <ul style="list-style-type: none"> <li>Base pay – salary, wage rate (usually annualized by 2080 hours to normalize all employees’ pay to that of full-time workers)</li> <li>Additional sources of compensation – bonuses, performance compensation (incentives, commissions, merit increases, etc.) overtime</li> <li>Market Reference Point (MRP)</li> </ul>
Best-practice	Analysis reliability will increase with the addition of: <ul style="list-style-type: none"> <li>Job situation in career tracks or lines of progression</li> <li></li> </ul>	Analysis reliability will increase with the addition of: <ul style="list-style-type: none"> <li>Hours worked</li> <li>Education, training, prior experience (relevant to job)</li> <li>Geographic differential</li> <li>Bona fide factors:                             <ul style="list-style-type: none"> <li>time in company – calculated from date of hire</li> <li>time in job – calculated from date of last promotion</li> <li>performance – based on regular performance review (should be standardized to allow comparability across</li> </ul> </li> </ul>

		<p>employees)</p> <ul style="list-style-type: none"> <li>- production count – where appropriate using job-relevant metrics (e.g., call volume, customer count, account size, etc.)</li> </ul>
Data collection	<p>Collection of required data may be accomplished using any combination of methods such as:</p> <ul style="list-style-type: none"> <li>• Employer/supervisor reviews all jobs and job descriptions and records valid information (qualitative and/or quantitative review)</li> <li>• Employ external consultant to review jobs and job descriptions to update with valid information</li> <li>• Survey employees about their job characteristics and conditions; use employee-reported information to update job descriptions</li> </ul>	<p>Collection of required data from administrative systems:</p> <ul style="list-style-type: none"> <li>• Payroll</li> <li>• Performance review records</li> <li>• Production records</li> <li>•</li> </ul>
Effort aligns with	<ul style="list-style-type: none"> <li>• EEOC reporting requirements</li> </ul>	
<b>Analytical approaches/tools</b>		
Definition	<p>What identifies sufficient similarity in job characteristics?</p> <ul style="list-style-type: none"> <li>•</li> </ul>	<p>What is an unacceptable “gap”?</p> <ul style="list-style-type: none"> <li>• Non-significance</li> <li>• 1-Standard Deviation</li> <li>• Parity</li> </ul>
Statistical	<ul style="list-style-type: none"> <li>• Cluster analysis</li> <li>• Regression model of pay scale (base pay) by job characteristics                             <ul style="list-style-type: none"> <li>- to identify associations and outliers</li> <li>- to quantify needed pay-scale adjustments</li> </ul> </li> <li>• Median split by Group (see e.g., EEOC Compensation Compliance Manual Section 10.III.A.3.b.ii)</li> <li>• Non-parametric methods for testing for differences between groups                             <ul style="list-style-type: none"> <li>- Kruskal-Wallis</li> <li>- Mann-Whitney</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Regression models                             <ul style="list-style-type: none"> <li>- to assess gender inequities</li> <li>- to identify pay adjustments, i.e., expected pay models</li> </ul> </li> <li>• Median split by Group (see e.g., EEOC Compensation Compliance Manual Section 10.III.A.3.b.ii)</li> <li>• MRP standardized test                             <ul style="list-style-type: none"> <li>- a method of standardizing employee pay using Market Reference Point (MRP) data to compute over/under pay</li> </ul> </li> </ul>
Non-Statistical	<ul style="list-style-type: none"> <li>• Qualitative analysis                             <ul style="list-style-type: none"> <li>- content analysis of data collected on job characteristics</li> </ul> </li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Cohort analysis</li> </ul>

*\*This document is drafted solely for discussion during the October 24, 2016 Task Force meeting and should not be construed as legal advice or a final recommendation of the Task Force. The information contained herein does not necessarily represent the opinions or conclusions of the Task Force. The posting of this information does not create requirements or mandates.*