

# Pay Equity Committee

## Initiative: Hamilton County Pay Equity Pledge

The Hamilton County Pay Equity Pledge is a voluntary, employer-based commitment to understand the issue of pay equity, conduct an internal pay equity assessment and take proactive measures toward addressing disparities. This initiative is intended to increase employer awareness and support of pay equity while recognizing employers who demonstrate their commitment to this issue by signing the Pay Equity Pledge.

## Who it Impacts

The Pay Equity Pledge will have a direct, positive impact on Hamilton County employers choosing to sign the pledge, their employees and the community at large.

Addressing pay equity is good for business. A recent PayScale, Inc. study analyzing how employees feel about pay practices, specifically pay fairness and transparency, found that these factors have a significant impact on worker satisfaction and retention rates.<sup>1</sup> These factors are 5.4 times more impactful on job satisfaction than worker wages relative to the market. Although not addressing pay equity directly, fairness and transparency are key pillars of pay equity practices.

Working toward pay equity can also have a major effect on the U.S. economy. According to an economic analysis of equal pay between 2014-2016 conducted by the Institute for Women's Policy Research (IWPR), if women had received complete pay equity, the U.S. economy would have produced additional income of \$512.6 billion (2.8% of 2016 GDP).<sup>2</sup> Projecting into the future, a recent McKinsey study showed that the U.S. could add up to \$4.3 trillion in annual GDP by 2025 if full gender equality were to be achieved.<sup>3</sup>

Finally, achieving gender wage parity would have a major impact on women living in poverty and their families. Wage inequality contributes to lower pay and family income, and an increased number of families living in poverty. According to the IWPR study, if working women were paid the same as similarly situated men, poverty rates for all working women would be cut in half, from 8% to 3.8%, and the number of children with working mothers living in poverty would be reduced from 5.6 million to 3.1 million.<sup>4</sup>

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<sup>1</sup> Pay Fairness, Transparency Can Fuel Employee Engagement. *WorldatWork*. Retrieved from: <https://www.worldatwork.org/docs/newsline/newsline-2017/11-november/nov-18/pay-fairness-transparency-can-fuel-employee-engagement.html>

<sup>2</sup> Milli, J., Huang, Y., Hartmann, H. and Hayes, J. The Impact of Equal Pay on Poverty and the Economy. *Institute for Women's Policy Research*. Retrieved from: <https://iwpr.org/publications/impact-equal-pay-poverty-economy/>

<sup>3</sup> Ellingrud, K., Madgavkar, A., Manyika, J., Woetzel, J., Riefberg, V., Krishnan, M. and Seoni, M. The power of parity: Advancing women's equality in the United States. *McKinsey Global Institute*. Retrieved from: <https://www.mckinsey.com/featured-insights/employment-and-growth/the-power-of-parity-advancing-womens-equality-in-the-united-states>

<sup>4</sup> Milli, J., Huang, Y., Hartmann, H. and Hayes, J. The Impact of Equal Pay on Poverty and the Economy. *Institute for Women's Policy Research*. Retrieved from: <https://iwpr.org/publications/impact-equal-pay-poverty-economy/>

## Why the Initiative

This initiative is a continuation of the work conducted by the 2018 Commission on Women & Girls. The 2019 initiative creates an avenue for any employer, at any stage of the pay equity journey, to take proactive measures to address this systemic issue. By expanding the pool of employers and creating a tool to meet employers where they are, we can lift up and celebrate the move toward pay equity, while providing a system of accountability for employers who choose to adopt the pledge.

## Research/Justification

The 2018 “A Seat at the Table” report highlights key data outlining pay inequities and the gender and racial wage and wealth gap, both locally and nationally. This report also demonstrates that many local individuals are hesitant to publicly address this issue. This supports the recommendation that increased awareness-raising is a critical step toward meaningfully addressing pay equity issues in Hamilton County.

To develop a framework for the Hamilton County Pay Equity Pledge, we looked to our peer city of Columbus, Ohio, where in 2017 Mayor Ginther and the Columbus Women’s Commission launched the Columbus Commitment, a voluntary employer pay equity pledge. The Columbus Commitment has four simple requirements: the employer will (1) seek to **understand** the issue, (2) **analyze** their own objective data, (3) take **action** to address any disparities, and (4) **share** best practices and successes and attend an annual Best Practices event hosted by the Columbus Women’s Commission.<sup>5</sup>

The Columbus Commitment is managed by the Columbus Women’s Commission, which is led by a cabinet-level Executive Director and one additional staff position within the Mayor’s office. Once signing the pledge, employers self-direct their own pay equity measures and are not required to submit pay or employment data to the City. In addition to the Best Practices event, the Columbus Women’s Commission hosts lunch and learn events and publishes resources and links to its website. Since its launch, over 200 employers have signed on to the Columbus Commitment.<sup>6</sup>

We reviewed several other pay equity pledges and organizations working toward pay equity. Exact language and requirements of the pledges vary, but commonalities among them include that they are voluntary and involve employers conducting an internal analysis of their own policies and practices. Links to these pledges can be found in the appendix.

In addition to reviewing pay equity pledges, we also researched common actions among employers who have achieved or made a commitment to pay equity. One overarching theme of these employers is that there is a shared commitment and consensus among senior leadership.

The Pay Equity committee reviewed the employers who signed on to the Columbus Commitment to determine - to the extent possible – the local chapters of those same organizations. For instance, the Columbus



<sup>5</sup> The Columbus Commitment: Achieving Pay Equity. Retrieved from: <https://www.columbus.gov/payequity/>

<sup>6</sup> Interview with Shelly Beiting, Executive Director of the Columbus Women’s Commission. May 7, 2019.

chapter of the United Way was an early signatory to the Columbus Commitment. As a result, the Pay Equity team identified that the United Way of Greater Cincinnati, although not guaranteed, could be an early adopter of the local version of Pay Equity Pledge. Another example is several law firms with offices in both cities. By following this process, the Pay Equity team identified upwards of forty local companies that were in some fashion affiliated with the Columbus Commitment.

Next, key leaders of those organizations were identified and their contact information collected. Members of the Pay Equity team further sought to connect to those organizations and their leadership teams to assess attitudes about pay equity, and any current work that may exist at those respective institutions to address pay equity issues.

The Pay Equity committee then conducted a series of interviews following a standardized set of questions to collect responses uniformly. The interviews – collectively – represent a temperature read locally on the issue of pay equity as a whole. That assessment of the local environment is a key component to future work of constructing the Hamilton County version of a pay equity pledge, and perhaps more importantly, the manner in which it is to be introduced in the community and how support is to be built for and around it.

The key takeaways from the stakeholder interviews can be grouped in a few main ideas:

- Pay equity is a recognized topic, but most believe their compensation practices are driven by a fair, competitive marketplace and don't include gender bias. In that sense, pay equity is seen as a problem, just *not a problem – or not as big of a problem – at our organization* or in our industry. As noted earlier, the research doesn't support this notion; nonetheless, grappling with this prevailing attitude will no doubt influence how a Pay Equity pledge is adopted locally.
- Elements of the Columbus Commitment language are attractive to local companies particularly around its voluntary nature. Hence, a critical component will be that any effort introduced in Hamilton County would certainly need to be voluntary and employer-led.
- The vast majority of organizations interviewed would welcome a set of helpful practices and a chance to learn from other organizations, particularly in the same industry or of the same size, about how to approach addressing this issue.
- Similarly, leadership and championing of the pay equity issue or a local version of the Pay Equity Pledge by recognized, respected organizations (such as a local business chamber, Fortune 500 Company, etc.) - could inspire a domino effect for other organizations, elevate the issue, and overall provide a key endorsement of the effort.



## Recommendations

- Hamilton County should establish and fund a part-time or full-time County staff position to manage and oversee the work of the Commission in order to fully develop these programs and convene a broad range of employers, community

partners and other stakeholders. This initiative requires significant oversight, much more than a volunteer committee can provide.

- Develop and launch the Hamilton County Pay Equity Pledge, which should build upon best practices identified by others, including the Columbus Women’s Commission, while remaining tailored to the needs of our local community as outlined in the report.
- Continue to develop relationships with local businesses and chambers of commerce and incorporate a broad range of stakeholders into the planning and execution of the pledge, including alumni members of the HCCWG. Consider identifying one or more leading employers to closely collaborate and provide feedback on the pledge and mentor other employers interested in addressing pay equity issues.
- Continue work on the 2018 Pay Equity Recommendations, which include a recommendation that the Hamilton County Board of County Commissioners utilize tax incentive packages through the Hamilton County Development Corporation or County purchasing policies to incentivize businesses to adopt compensation policies that eliminate pay disparities. We did not further this issue in 2019, but recommend that a future Commissions continue to develop this initiative.

Respectfully Submitted,

Desiré Bennett  
Katy Crossen  
Holly Hankinson  
Adrijana Kowatsch  
Andrea Poling

## Commonalities among companies who have achieved or committed to pay equity

### Senior leadership commitment and consensus to approach

- Conduct regular pay audits and validate results with a consultant
- Be transparent with results, especially with those who are effected
- Define performance metrics and criteria
- Review offer process ... ban salary history questions, get starting pay right
- Consider each country’s unique position but have global standards
- Collaborate with other companies and learn from them

### Balancing existing salaries is just the beginning

- Consider impact of total benefits package, beyond salary
- Evaluate succession planning to get women in leadership pipeline
- Ensure an inclusive workplace ... more women represented at top levels, involvement across the organization in women’s networks
- Confirm managers are on board ... important that both unconscious bias and the continuous evaluation of pay inequities is ongoing