Coalition for Pay Equity Scorecard

Introduction

> "Despite women's enormous gains in educational attainment, unequal pay pervades 94 percent of occupations, and shortchanges women hundreds of thousands of dollars over the course of a 40-year career" (National Women's Law Center).

The gender pay (or wage) gap refers to the difference in earnings between women and men. Rachel Thomas of Leanin.org has said, "The pay gap hurts all women, but it's also critical to recognize that it hurts some women much more than others. Latinas and Black women are up against huge systemic barriers. They're overrepresented in low-wage jobs that don't provide critical benefits like paid leave. Many struggle with the cost of childcare, which has nearly doubled over the past two decades. And they face discriminatory lending practices that make it harder to accumulate wealth. Fixing this will require real systemic change. Business leaders need to close the gender and racial pay gaps once and for all…" In an effort to focus employers' progress in reducing these inequities, a Gender Pay Equity Scorecard has been developed. It is hoped that this scorecard will provide additional impetus for our major local employers to do that.

Full-time working women earn 83 cents for every dollar paid to a man. Given current realities, the numbers reflected in the calculation of Equal Pay Day "understate the severe impact the ongoing coronavirus pandemic has had on women's progress in the workplace. Women have lost more than 1.4 million net jobs since February 2020 and make up close to 70% of job losers since the start of the crisis. Women continue to bear the brunt of pandemic job losses, too, as more than one million women are still missing from the labor force" (CNBC). Many of these women are still dealing with issues of caregiving.

The pandemic also brought to attention the severity of conditions for the lowest-paid workers, who are often non-white females who may work part-time. Including part-time women in the calculation changes the gender pay gap. "While the average woman makes 73 cents for every dollar a white, non-Hispanic man is paid, this number, which takes non-full-time workers into account, changes depending on a woman's race: White, non-Hispanic women were paid 73 cents, for example, while Asian American women were paid 75 cents for every dollar. For many women of color, however, the gap is even worse as Black, Native American and Latina women earn 58 cents, 50 cents and 49 cents for every dollar a white, non-Hispanic man earns, respectively" (CNBC).

Gender pay equity matters because, as Arjuna Capital's Gender Pay Scorecard points out, the pay gap "is not only bad for women, it is bad for the economy, and it's bad for investors."

> Economists estimate that closing the gap would bolster the U.S. economy by more than $500 billion a year (IWPR Briefing Paper).

Pay imbalances are driven by many factors, but "Discrimination based on gender, race, and/or ethnicity plays a significant role in the wage gap, depressing women's earnings both directly, by paying women unequally, and indirectly, through sex- and race-based structural biases that can influence the jobs women hold and the number of hours they work" (Center for American Progress). If companies can show that they are working to eliminate discrimination and have removed gender pay discrepancies, they will build trust in their female workforce with possible outcomes of reducing turnover and increasing productivity and profits.

Underlying causes of the gender wage gap

Findings of Francine Blau and Lawrence Kahn

Potential driver	Share of effect on gender wage gap
Industry differences	17.6%
Occupational differences	32.9%
Region	0.3%
Race	4.3%
Education	-5.9%
Union membership	-1.3%
Experience	14.1%
Unexplainable	**38%**

Source: Francine D. Blau and Lawrence M. Kahn, "The Gender Wage Gap: Extent, Trends, and Explanations" (Cambridge, MA: National Bureau of Economic Research, 2016), available at https://www.nber.org/papers/w21913.pdf.

Studies have shown that companies that utilize the talents of their entire workforce are more successful than those who fail to do so; in the same manner the national economy benefits in growth and development from more equitable pay for women. Compared against other countries' gender pay gap, the U.S. has the 5th worst record globally (OECD). Today, after a working life in an unfair environment, American women have only 70% of the overall retirement income that men have (AAUW). The Institute for Women's Policy Research (IWPR) has explored the impact on the national economy if this lack of funds was not the case. "If working women received equal pay with comparable men—men who are of the same age, have the same level of education, work the same number of hours, and have the same urban/rural status—poverty for working women would be reduced by more than 40 percent."

This leads us to the subjects where the local focus of this scorecard has the potential to impact longstanding problems for the city of Charlotte and Mecklenburg County. This part of North Carolina has been trying for numerous years to cope with twin problems of housing affordability and economic mobility. A 40% reduction in poverty for working women would surely have a favorable impact on both, to the benefit of the whole population.

The Gender Pay Equity Scorecard is produced by the Coalition for Pay Equity (CPE), a collection of non-profit organizations in the Charlotte/Mecklenburg area that has committed to making equality a reality for women locally. Started in early 2020, the Coalition has worked to provide education on the nature and extent of the gender pay gap and advance potential means for closing the gap.

Background

For several years business entities have been under pressure to address pay gaps between white male employees and all others. We have already discussed why gender pay equity matters in general and specifically in Charlotte Mecklenburg. Faced with the well-publicized fact that all U.S women workers make 83% of what all U.S. men earn, and the disturbing news that the concerning gap for women of color has widened recently, the CPE is determined to act. Accordingly, we initiated our Gender Pay Equity Scorecard project a year ago.

The Coalition determined which companies would be our focus, favoring companies headquartered locally but also including other large employers in our area. The companies chosen collectively employ about 130,000 people in Mecklenburg County, presumably about half of those being women. Members of the Coalition believed if we could help move the needle in a positive direction at these employers that it would make a difference in the lives of local women and their families. CPE wanted to call attention to the companies' successes and encourage them to disclose data sufficient to demonstrate to the public that their actions were consistent with their stated intentions. Following are some of their intention or goal statements, some of which are stronger and more specific than others.

Atrium Health: "Atrium Health cares about the physical, financial and personal health of teammates and their families by offering market competitive compensation and benefit programs..."(Corporate website)

Bank of America: "Compensation received by women on average [is] greater than 99% of that received by men." (2020 Human Capital Management Report)

Duke Energy "We offer a comprehensive rewards package of competitive pay and benefits that allows us to attract the talent we need to succeed." (Corporate website)

Lowe's: "Our remuneration practices include performing a benchmark analysis reviewing data that compensation is competitive in the market. We make pay decisions based on roles, responsibilities, skills, experience and performance." (2020 Corporate Responsibility Report)

Novant Health: "At Novant Health, diversity and inclusion are part of our core values." (Corporate website)

Truist: "We conducted our first pay equity study in the first quarter of 2021, with the assistance of a third party. Factors taken into account included teammate role and job family, level of experience, and geography. On average, the salary of women teammates is 99% of men…" "a total rewards structure based on equitable pay, job titles, and salary grades." (CSR and ESG Report 2021)

Wells Fargo: "…at least 50% of interview candidates must be diverse with respect to at least one diversity dimension. Further, at least one interviewer on the hiring panel must represent at least one diversity dimension." (Social Impact Sustainability Report)

"Many systemic issues are at the root of lower wages for working women—not just gender discrimination, but also racial discrimination, the devaluation of 'women's work', the absence of supports for essential family care, and more." (U.S. Department of Labor, quoted in business.org)

CPE reached out to the selected employers, requesting quantitative gender pay gap statistics. We asked them to participate in our scorecard, sent a data collection survey, and researched publicly available data on pay breakdowns by gender, together with related factors such as leave policies and employment segregation by sex.

Scorecard Section 1

	US Employees by Gender	Equal Pay (adjusted)	Unadjusted median earnings M/F	Part-time employees M/F	Turnover % M/F
1. Wells Fargo	54.1% female	99/100	not disclosed	1.3% males 3.8% females ***	59% female
2. Bank of America	53.5% female*	99/100	not disclosed	not disclosed	7% **
3. Truist	64.3% female	99/100	not disclosed	not disclosed	66% female
4. Lowe's	39% female	not disclosed	not disclosed	not disclosed	not disclosed
5. Duke Energy	23.3 % female	not disclosed	not disclosed	not disclosed	5.7% **
6. Atrium	70,000 employees**	not disclosed	not disclosed	not disclosed	not disclosed
6. (tie) Novant	35,000 employees **	not disclosed	not disclosed	not disclosed	not disclosed
	* 2021 data				
	** no M/F breakdown			*** 77.5% of PT employees are F	

Scorecard Section 2

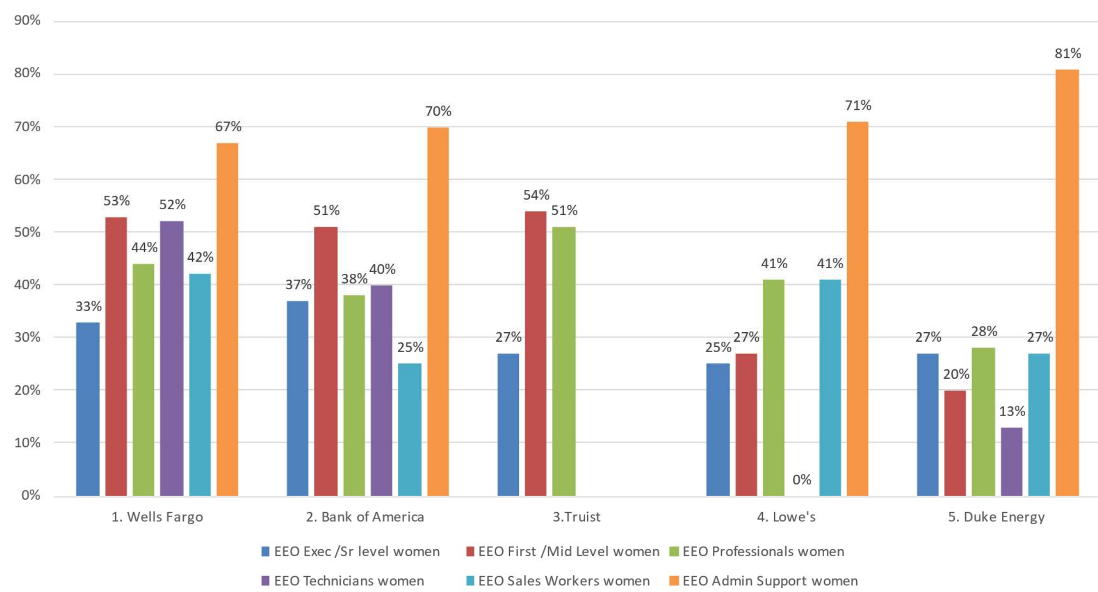
	EEO Exec /Sr level	EEO First /Mid Level	EEO Professionals	EEO Technicians	EEO Sales Workers	EEO Admin Support
1. Wells Fargo	32.9% female	52.6% female	43.5% female	52% female	42% female	67.3% female
2. Bank of America	36.7% female*	51.4% female*	38.3% female*	39.8% female*	24.7% female*	69.7% female*
3.Truist	26.8% female	54.3% female	50.8% female	n/a	not disclosed**	not disclosed**
4. Lowe's	25% female	26.9% female	40.9% female	n/a	40.9% female	71% female
5. Duke Energy	27.2% female	19.5 % female	28.2% female	12.6% female	27.3% female	80.6% female
6. Atrium	not disclosed	not disclosed	not disclosed	not disclosed	not disclosed	not disclosed
6. (tie) Novant	not disclosed	not disclosed	not disclosed	not disclosed	not disclosed	not disclosed
	* 2021 data				** Sales + Admin combined, 76.7% F	

Findings

Based on the data, the actual performance of the companies has been largely unsatisfactory. While there is a clear ranking among the companies on the scorecard, two companies effectively eliminated themselves by failing to disclose *any* relevant statistics, and another five failed to disclose the most valuable data.

Data is not completely lacking. The federal government, through its Equal Employment Opportunity Commission, requires all U.S. companies employing at least 100 persons to submit an EEO-1 Report with information about employees' job categories, ethnicity, race, and gender. While they are not required to do so, many large U.S. companies are now disclosing at least some of their reported figures to the public, too, and these disclosures provided much of the data on the CPE Gender Pay Equity Scorecard. We do not consider the reported data as ideal because a) it is less than complete, b) it is susceptible to manipulation by means of the manner in which the figures are summarized and reported to the public, and c) of the way employees are categorized in terms of job bands. (Preferably and more relevantly, employers should classify employees according to the content and responsibility of their job, rather than their job title.) More complete disclosures by the largest local employers would be of greater value for tracking their performance against their stated gender equity goals.

EEO Data Compared

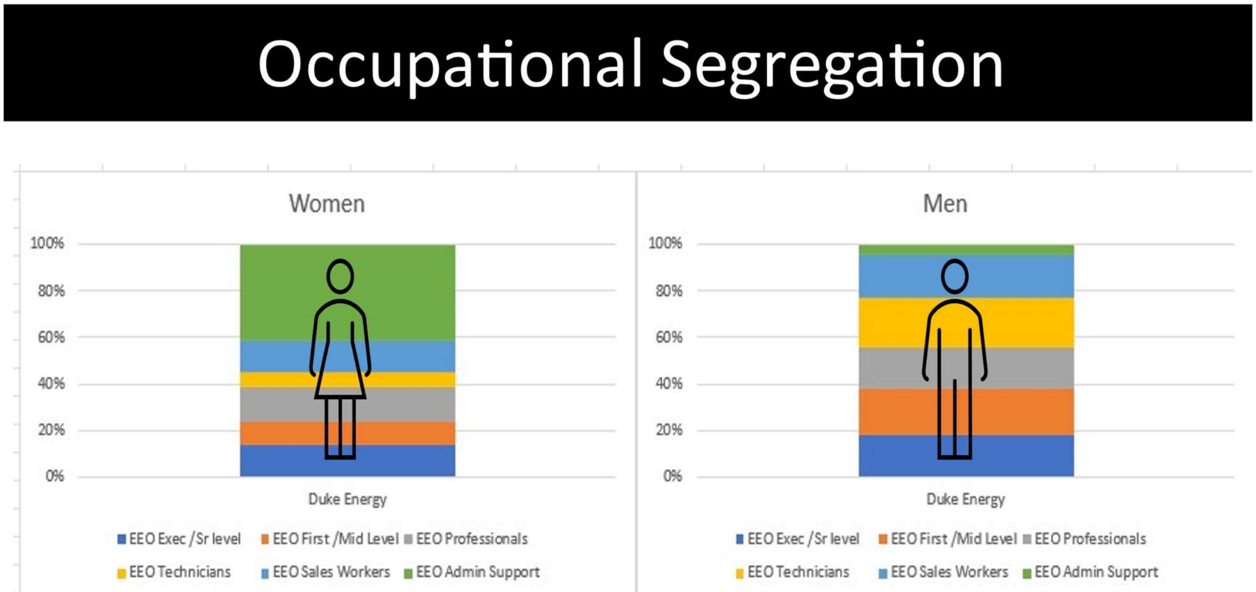


It should be noted that EEO-1 Component 2 data requires employers to include the hours employees work and pay information from their W-2 forms by race, ethnicity and gender within 12 pay bands. “Since 2019 collection of this data has been halted—however, this has been the topic of legal debate and is subject to change.” (Paycor.com) Collection and disclosure of this data by local companies have the potential to advance the cause of gender pay equity.

Rankings in the scorecard were significantly impacted by the greatly varied amount of relevant data disclosed by leading employers. (See below for Impact of Failure to Disclose Data.) Wells Fargo led in the number of its disclosures, including Part-Time and Turnover percentage figures important to understanding how women are paid, benefitted, and promoted as well as how satisfied they are in their employment. While credit was given to Wells Fargo for these disclosures, the turnover statistic is less than ideal, and the great majority of part-time employees are female. (Turnover percentages provided by Bank of America and Duke Energy could not be compared as they were not broken down by gender.)

Wells Fargo also was unique in providing gender split by line of business, data which is a metaphor for understanding employment segregation by sex across industries. “Employment segregation—the unequal distribution of female and male workers across and within jobtypes—is often at the heart of gender gaps…” (World Bank) This kind of job segregation is a cause of gender inequity which must be addressed if the pay gap is ever to be completely closed. “The wage gap varies significantly by occupation: while wages are at parity in some occupations, gaps are as large as 45 percent in others.

More competitive and hazardous occupations, occupations that reward longer hours of work, and those that have a larger proportion of women workers have larger gender wage gaps.” (Census Bureau/Department of Labor paper)



Duke Energy Report on Workforce Diversity by Gender

In addition to the number of disclosures, rankings were also impacted by the proximity of each statistic to the theoretical mean. For example, in the category Professionals, Truist’s percentages were the closest and Duke Energy’s percentages were the furthest from the theoretical mean. Across the four companies with data, the figures for Administrative Support (often seen as “women’s work”) were heavily weighted toward the female. This, however, was not always the worst example of employment segregation. (See for example Sales Workers at Bank of America and Technicians at Duke Energy, plus Executives especially at the companies ranked 3rd, 4th, and 5th.)

Unadjusted Median Pay vs. Adjusted

Experts have calculated the gender pay gap “in a multitude of ways, but the varying calculations point to a consensus: Women consistently earn less than men, and the gap is wider for most women of color…” (Center for American Progress). To understand this gap, a prerequisite to closing it, comprehensive data are needed.

Business.org calculates that North Carolina ranks 16th among states in gender wage gap; women in the state earn 82 cents for every $1 a man earns. This calculation is the *ratio* of median annual earnings for women working full time, year-round to those of their male counterparts. The term 'median pay gap' implies an authentic pay gap that is not modified in any manner. The unadjusted median pay gap data literally indicates how employers assign value to the jobs/positions occupied, the diversity factors of the personnel occupying those jobs/positions, and the amount of compensation they provide personnel occupying those jobs/positions. Median pay gaps reflect a lack of opportunity to hold high paying jobs. (Arjuna)

In contrast, the adjusted or "equal pay" gap is what women are paid as compared to their direct male peers, statistically adjusted for factors such as job, seniority, and geography. "United States companies prefer to report on this basis as the gaps are smaller and easier to remedy," according to Arjuna Capital. The adjusted pay gap is calculated via a convoluted methodology requiring a regression analysis, and the calculation is not shared with the public. As Arjuna indicates in their scorecard, "Statistically adjusted pay gap reporting is an important first step, but it's not the end of the story."

The median pay gap is preferred by the Organization for Economic Cooperation and Development (OECD), the U.S. Census Bureau, and the U.S. Department of Labor, and therefore was the data requested by the Coalition for Pay Equity in its survey. As the scorecard reveals, unadjusted median figures were not disclosed by any of the companies reviewed.

Serving as examples that CPE hopes will be emulated by local employers, Citigroup, Bank of New York Mellon, and 6 other companies scored by Arjuna Capital report unadjusted medians. "Citigroup provides the kind of benchmarking and progress investors are looking for and is a leading example of how companies that provide an honest accounting of the problem may work to remedy it over time…More complete reporting will not only reflect whether women and minorities are paid equitably for the work they do today, but whether companies are closing median pay gaps over time by moving minorities and women into higher paying jobs and leadership positions." (Arjuna Gender Pay Scorecard 2022)

Impact of Failure to Disclose Data

Study after study has shown that disclosing data about pay according to gender almost always results in higher pay for women, not only at the individual company level, but also in wider circles of similar workplaces. A company's reporting of pay by gender forces its leaders to look at their practices and decide if discrepancies are intentional and whether there are remedies that need to be applied. When other companies are aware of competitors' rankings and pay levels, that can be impetus to consider their own status.

Even though Novant, along with Atrium, chose not to disclose any pay statistics for the Coalition's scorecard or on the company's current website, the Chief Diversity Officer at Novant wrote in the Harvard Business Review that one of the processes that can address the systemic pay gap for women is to "support transparency in compensation." Deborah Ashton said in her 2014 article, "The U.S. Office of Personnel Management publishes the salary and wage range for each federal worker pay grade, along with cost of living adjustments — and federal workers' gender pay gap is only 11%, which is considerably less than the national average."

It is beneficial for a company when employees in the same job know that their pay is similar to co-workers, helping to eliminate internal conflict over pay. Talented women who know they are receiving comparable pay to males doing the same jobs are less likely to be searching for employment elsewhere, lowering a company's turnover rate and accompanying costs of hiring and training.

Company Ranking

1. **Wells Fargo**
2. **Bank of America**
3. **Truist**
4. **Lowe's**
5. **Duke Energy**
6. **Atrium**

6. (tie) Novant

Despite Novant and Atrium's failure to provide any data regarding compensation (including but not limited to EEO-1 data), which placed them at the bottom of our scorecard rankings, they did fare well in Diversity MBA's Magazine metrics which measure how organizations are investing in intentional strategies to advance women and managers of diverse backgrounds. In 2020 Novant ranked fifth, and Atrium was tenth. Can we extrapolate that they, therefore, are boosting salaries and perks for women that women of color are finding advantageous? If this is the case, the companies would benefit by sharing data publicly.

Recommendations

"Securing equal pay requires more than words and lofty platitudes. It requires bold action at all levels."

(Center for American Progress)

Companies that would like to improve their reputation in the community and their scorecard ranking need to ensure that their publicly declared goals and intentions are matched by public disclosures of their gender pay equity status over time.

Reporting wage gaps can be a significant first step to remedying the problem. A study in the Harvard Business Review states that “disclosing disparities in gender pay does in fact narrow the gender wage gap."

Further steps can be taken by inhouse processes. The company’s internal data collection and pay structure analysis must be followed by efforts to close gaps revealed in their data. They must establish clear equity goals and responsibility and accountability for meeting these goals. Their risk management professionals must recognize the “reputational, regulatory, financial and legal risks” (Arjuna) posed by pay discrepancies.

One effective way to shrink the reportable gap is *pay transparency*, achieved by posting pay ranges (minimum and maximum pay for specific job openings). It has become apparent that employees talking with each other about their compensation contributes to greater equity in compensation for women. Passage of the Paycheck Fairness Act would prohibit states allowing private companies to forbid conversation about pay among employees. Such a prohibition is already illegal, but not enforced, under the National Labor Relations Act. Companies could make these changes by policy, without waiting for enforcement.

Further, studies show pay transparency gives employees confidence about their value to the employer and can provide an incentive for them to seek higher positions.

In addition to benefits within a company, pay transparency can positively affect gender pay equity on a wider basis. Denmark's law requiring all businesses that have 35 or more employees to publicize compensation by gender has resulted in a 13% drop in the disparity between salaries of that country's men and women, according to Donald Tomaskovic-Devey in a 3/10/22 article on TheHill.com.

“Measures to improve the quality of jobs held mainly by women, tackle occupational segregation, enforce equal pay and equal employment opportunities, and improve work family benefits for all workers will help the incomes of women and their families grow and strengthen the economy.” (IWPR)