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# Special Report for HR Professionals

January 23, 2009  
Number 497

The Management Advantage, Inc., PO Box 3708, Walnut Creek, CA 94598  
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## FINAL REPORT ON STUDY OF GENDER WAGE GAP BY DOL

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For many years, federal contractors have been complaining about the Office of Federal Contract Compliance Program (OFCCP) trying to detect adverse impact in compensation based on gender, or for that matter, minority status. The problem with each approach the agency has taken, according to contractors, has been that it uses only a comparison of compensation on a single day. In fact, according to contractors, compensation is a product of many decisions and conditions that accumulate over a period of time, often many years.

On January 12, 2009, the U.S. Department of Labor, Employment Standards Administration issued its final report on a study it commissioned CONSAD Research Corporation to perform. It was titled, "An Analysis of the Reasons for the Disparity in Wages Between Men and Women." No less a personality than Charles E. James, Sr., Deputy Assistant Secretary for Federal Contract Compliance (OFCCP Director) wrote the Foreword for the report.

The report, numbering 93 pages is available at <http://www.management-advantage.com/media/GenderWageGapStudy.pdf>

To quote from the Forward, "In 1970, the median usual weekly earnings for women working full-time was only 62.1 percent of those for men; by 2007, the raw wage gap had shrunk from 37.9 percent to just 21.5 percent. However, despite these gains the **raw wage gap continues to be used in misleading ways to advance public policy agendas without fully explaining the reasons behind the gap.** The purpose of this report is to identify the reasons that explain the wage gap in order to more fully inform policymakers and the public." [Emphasis added]

Mr. James goes on to say that statistical analysis, including variables that are easily observable, can explain away all but a real compensation gap of 4.8% to 7.1%.

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*Gender Wage continued from Page 1*

This new report suggests that gender compensation differences are really due to individual decisions made by male and female workers.

These variables include:

- “A greater percentage of women than men tend to work part-time. Part-time work tends to pay less than full-time work.
- “A greater percentage of women than men tend to leave the labor force for child birth, child care and elder care. Some of the wage gap is explained by the percentage of women who were not in the labor force during previous years, the age of women, and the number of children in the home.
- “Women, especially working mothers, tend to value “family friendly” workplace policies more than men. Some of the wage gap is explained by industry and occupation, particularly, the percentage of women who work in the industry and occupation.”

The report points out that much of the research done on gender compensation issues has focused on wages rather than total compensation. “Research indicates that women may value non-wage benefits more than men do, and as a result prefer to take a greater portion of their compensation in the form of health insurance and other fringe benefits.”

Mr. James admits that it is quite possible to explain the raw wage gap by including additional variables, but also acknowledges that such an expanded look at compensation differences is not practical given the state of current-day databases. We take this to be a tip of the hat to contractor contention that creating a multi-variable data base (that can be used in regression analysis of compensation differences) takes a very long time and costs a large amount of money.

“Factors, such as work experience and job tenure, require data that describe the behavior of individual workers over extended time periods. The longitudinal data bases that contain such information include too few workers, however, to support adequate analysis of factors like occupation and industry. Cross-sectional data bases that include enough workers to enable analysis of factors like occupation and industry do not collect data on individual workers over long enough periods to support adequate analysis of factors like work experience and job tenure.”

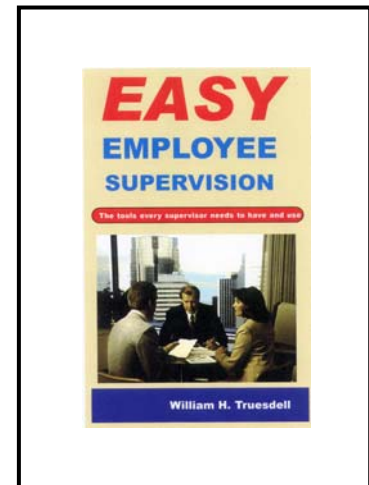
Mr. James concludes by saying, “Although additional research in this area is clearly needed, this study leads to the unambiguous conclusion that the **differences in the compensation of men and women are the result of a multitude of factors and that the raw wage gap should not be used as the basis to justify corrective action. Indeed, there may be nothing to correct. The differences in raw wages may be almost entirely the result of the individual choices being made by both male and female workers.**” [Emphasis added]

We suspect that many special interest groups will not accept this conclusion until more studies have been completed. In the mean time, contractors are stuck with the current compensation analysis requirements at <http://www.dol.gov/esa/ofccp/regs/compliance/faqs/comstrds.htm>

## Easy Employee Supervision

In one resource you get key “how-to” input about motivation, performance management, discipline, planning, legal obligations, hiring new people, ethics, training, team building, complaint handling and more. This book will make your supervisory life much easier.

[http://www.management-advantage.com/products/easy\\_book.htm](http://www.management-advantage.com/products/easy_book.htm)



## POTPOURRI

### **OFCCP Remedies Total \$67.5 Million in FY2008**

In fiscal year (FY) 2008, the U.S. Department of Labor’s Office of Federal Contract Compliance Programs (OFCCP) won a record \$67,510,982 in back pay, salary and benefits for an unprecedented 24,508 American workers who had been subjected to unlawful employment discrimination. Ninety-nine percent of dollars were collected in cases of systemic discrimination.

<http://www.dol.gov/opa/media/press/esa/esa20091868.htm>

### **OFCCP Accomplishments – Year-By-Year**

If you want to learn what OFCCP has accomplished under the leadership of Charles James, Sr. it is all summarized in one document at

[http://www.dol.gov/esa/ofccp/regs/compliance/detailed\\_accomp.html](http://www.dol.gov/esa/ofccp/regs/compliance/detailed_accomp.html)

### **Hiring Disabled Workers Can Improve Profits**

According to a survey of consumer attitudes towards companies that hire people with disabilities, 92% of the American public view companies that hire people with disabilities more favorably than those that do not. And, **87% of the public would prefer to give their business to companies that hire people with disabilities.**

<http://www.mdworkforcepromise.org/docs/business/National%20Survey.pdf>

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## Ex-Employee Access to Personnel Files in California

The California Labor Commissioner has interpreted the state's Labor Code Section 1198.5 as meaning that both current and former employees should be granted access to their personnel files when requested. That does not include records relating to possible criminal violations, letters of reference, records obtained before the employee's employment or any records related to a promotional exam.

Be sure you give a personal copy of every document to an employee when you require that employee to sign the document. California Labor Code Section 432 says an employee has a right to a copy of any document that he/she signs relating to the obtaining or holding of employment.

[SOURCE]: Hermann, Gary, Labor Law Consultant, California Chamber of Commerce, "Alert", January 9, 2009, <http://www.calchamber.com/Pages/Default.aspx>

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