PAY EQUITY IN ALASKA

Despite passage of the Equal Pay Act of 1963, which mandated equal pay for equal work across genders, clear evidence highlights the persistent challenge both in the U.S. and in Alaska:

- In *The Gender Wage Gap: 2017*, published by the Institute for Women's Policy Research, September 13, 2018, author Arian Hegewisch noted that the ratio of women's and men's median annual earnings was 80.5 percent for full-time/year-round workers in 2017, unchanged since 2016.

- A report by Karinne Wiebold in the March 2017 edition of *Alaska Economic Trends* revealed that the average Alaska woman made 68 percent of what the average Alaska man earned. Wiebold’s information came from the Alaska Department of Labor and Workforce Development.

As the state’s nonprofit association, The Foraker Group is focused on creating and providing research that strengthens the nonprofit sector and provides tools for nonprofit board and staff to make informed decisions. Over the years a major part of that research has focused on nonprofit salaries and benefits. We know that you need additional context when identifying the right wage and benefits to provide your employees. For this reason, we encourage you to view the full Salary and Benefits Report in the context of gender pay equity.

As a starting point to increase the data and knowledge of the gender pay gap, this report focuses on the top-level employees in the nonprofit workplace. We understand that this issue is much deeper and wider than simply the pay of those employees. Many factors have an impact, including those where gender and race intersect. To that end, we encourage you to use this report to consider the best and emerging practices we offer at the end of this section and apply them to every job classification, both exempt and non-exempt, in your workplace. Our goal is to see pay equity across all job classifications and genders throughout the sector.

DEFINITIONS

*Pay equity* is achieved when all people regardless of gender receive equal pay for work of equal or comparable value. This means that people of different genders performing the same role at the same performance standard are paid the same amount. It also means that people of different genders performing different work of equal or comparable value are paid equitably. (businessdictionary.com)

The *gender pay gap* is the difference in earnings between people of different genders. While the phrase ‘gender pay gap’ is commonly used to refer to the difference between women’s and men’s earnings on a national level (i.e. the national gender pay gap), gender pay gaps can be calculated in other ways: across an industry or occupation type, and within organizations. (businessdictionary.com)

One of the many results of the pay gap for women is the *glass ceiling*. The glass ceiling is an invisible but real barrier through which the next stage or level of advancement can be seen, but cannot be reached by a section of qualified and deserving employees. Such barriers exist due to implicit prejudice. The glass ceiling is traditionally used to talk about women’s inability to advance in the workplace but can also be ascribed to others based on age, ethnicity, political, and/or religious affiliation. (businessdictionary.com)

PAY EQUITY RESULTS FROM THE 2018 FORAKER SALARY AND BENEFITS SURVEY

We know you are making critical decisions about how to fairly compensate your employees and to that end
you know that there are bigger issues like healthcare costs, workforce availability, and gender pay policies that influence each decision you make. For this reason, we are providing a second round of data on understanding the gender pay gap in Alaska’s nonprofit sector. While our first year (2016) set a baseline of information, this year the data marks the trends in this area and continues to highlight ways we can make progress in developing a more equitable pay scale.

Historically, many jobs were dominated by a single gender. As an example, for many years women were more likely to be nurses or teachers while men were more likely to be police officers. While the dominant gender may change over decades, the reality continues that certain jobs are still filled with a dominate gender. When this strong gender dominance exists, salary comparisons for the purpose of determining pay equity are difficult to discern and can lack enough comparison to be helpful in a pay disparity analysis. In order to present data on gender from the information in this report, significant representation of at least two genders in a job class must be present. In some cases, there is also enough data to show wage equity by comparisons within organizational type, budget size, and region within Alaska.

Another consideration when understanding pay equity is the absence of women in management jobs, particularly at higher pay ranges. This often says more about hiring practices and the glass ceiling than about disparate wages. There are some legitimate reasons that have nothing to do with gender that could explain disparities – more work experience, more relevant work experience, and more relevant education – but they don’t factually apply broadly to the myriad incidents of disparate wages we see in our sector or in our country.

As in the 2016 survey, the 2018 survey respondents were asked to identify employees as male, female, transgender, or gender non-conforming. Eight respondents did identify employees as transgender or gender non-conforming, but none of them held the management positions outlined in this report. In future years we hope to have more participation in this study to be able to have enough data to reflect our Alaska community.

The following management jobs most typically held by a single employee in an organization were reviewed:

- Deputy Director
- Development Director
- Executive Director/CEO/General Manager
- Executive Director/General Manager for Humanities and Arts organizations
- Facilities Manager
- Finance Director/Chief Financial Officer
- Human Resources Manager/Director
- IT Director
- Marketing Director
- Operations Manager/Chief Operating Officer

The following titles were eliminated from the report because there were too few responses from more than one gender.

- Executive Director/General Manager, Humanities and Arts – 67% female
- Development Director – 81% female
- Facilities Manager – 93% male
- Human Resource Manager/Director – 94% female
- IT Director – 88% male
- Marketing Director – 80% female
- Operations Manager/COO – 76% female

The remaining management jobs are shown below. Only those with sufficient data are listed. In each of the three charts below, column G represents column C divided by column F and reflects the percentage of female earnings to male earnings for the respective categorizations. For example, in the Executive Director/CEO/General Manager chart, for “All Respondents,” the ratio between column C and column F indicates a percentage of 92%, indicating the pay gap is 8% (column H).
## PAY EQUITY IN ALASKA

### EXECUTIVE DIRECTOR/CEO/GENERAL MANAGER

<table>
<thead>
<tr>
<th></th>
<th>Number Females (A)</th>
<th>Percent Female (B)</th>
<th>Female Salary Mean (C)</th>
<th>Number Males (D)</th>
<th>Percent Male (E)</th>
<th>Male Salary Mean (F)</th>
<th>Female % of Male $ (G)</th>
<th>Pay Gap Percentage (H)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Respondents</td>
<td>86</td>
<td>65%</td>
<td>93,000</td>
<td>47</td>
<td>35%</td>
<td>101,147</td>
<td>92%</td>
<td>8%</td>
</tr>
<tr>
<td>Southcentral</td>
<td>59</td>
<td>63%</td>
<td>96,009</td>
<td>35</td>
<td>37%</td>
<td>105,032</td>
<td>91%</td>
<td>9%</td>
</tr>
<tr>
<td>Interior</td>
<td>5</td>
<td>50%</td>
<td>90,980</td>
<td>5</td>
<td>50%</td>
<td>93,657</td>
<td>97%</td>
<td>3%</td>
</tr>
<tr>
<td>Southeast</td>
<td>18</td>
<td>65%</td>
<td>74,071</td>
<td>6</td>
<td>31%</td>
<td>94,668</td>
<td>78%</td>
<td>22%</td>
</tr>
<tr>
<td>Budget less than $1,000,000</td>
<td>63</td>
<td>67%</td>
<td>96,996</td>
<td>21</td>
<td>31%</td>
<td>78,394</td>
<td>79%</td>
<td>21%</td>
</tr>
<tr>
<td>Budget $1 million to $5 million</td>
<td>33</td>
<td>63%</td>
<td>104,188</td>
<td>19</td>
<td>37%</td>
<td>101,520</td>
<td>103%</td>
<td>N/A</td>
</tr>
<tr>
<td>Budget more than $5 million</td>
<td>11</td>
<td>52%</td>
<td>165,241</td>
<td>10</td>
<td>48%</td>
<td>143,560</td>
<td>115%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### DEPUTY DIRECTOR

<table>
<thead>
<tr>
<th></th>
<th>Number Females (A)</th>
<th>Percent Female (B)</th>
<th>Female Salary Mean (C)</th>
<th>Number Males (D)</th>
<th>Percent Male (E)</th>
<th>Male Salary Mean (F)</th>
<th>Female % of Male $ (G)</th>
<th>Pay Gap Percentage (H)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Respondents</td>
<td>16</td>
<td>57%</td>
<td>90,146</td>
<td>12</td>
<td>43%</td>
<td>89,919</td>
<td>100%</td>
<td>N/A</td>
</tr>
<tr>
<td>Southcentral</td>
<td>12</td>
<td>67%</td>
<td>96,178</td>
<td>6</td>
<td>33%</td>
<td>88,345</td>
<td>109%</td>
<td>N/A</td>
</tr>
<tr>
<td>Budget $1 million to $5 million</td>
<td>9</td>
<td>64%</td>
<td>77,213</td>
<td>5</td>
<td>36%</td>
<td>79,936</td>
<td>97%</td>
<td>3%</td>
</tr>
</tbody>
</table>

### FINANCE DIRECTOR

<table>
<thead>
<tr>
<th></th>
<th>Number Females (A)</th>
<th>Percent Female (B)</th>
<th>Female Salary Mean (C)</th>
<th>Number Males (D)</th>
<th>Percent Male (E)</th>
<th>Male Salary Mean (F)</th>
<th>Female % of Male $ (G)</th>
<th>Pay Gap Percentage (H)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Respondents</td>
<td>22</td>
<td>69%</td>
<td>84,811</td>
<td>10</td>
<td>31%</td>
<td>103,840</td>
<td>82%</td>
<td>18%</td>
</tr>
<tr>
<td>Southcentral</td>
<td>16</td>
<td>67%</td>
<td>82,740</td>
<td>8</td>
<td>33%</td>
<td>99,515</td>
<td>83%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Reporting low and high salary entries provides an alternate but less comprehensive way of viewing the data. Those figures are shown below for the Executive Director/CEO/General Manager position. It is telling that for this position, in six of the seven categories the lowest reported salaries are female executives.

### EXECUTIVE DIRECTOR/CEO/GENERAL MANAGER

<table>
<thead>
<tr>
<th></th>
<th>Lowest Salary Female</th>
<th>Lowest Salary Male</th>
<th>Highest Salary Female</th>
<th>Highest Salary Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Respondents</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Southcentral</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Interior</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Southeast</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Budget less than $1,000,000</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Budget $1 million to $5 million</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Budget more than $5 million</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>
Based on the findings noted above, the data reflects the same trend from 2016 which found that women continue to have a very strong presence in the nonprofit sector. Overall, this data reflects a small sample of sub-sector nonprofits, but it still has value in providing a glimpse into the nonprofit marketplace. The fact that each class is woman-dominated may have an impact on pay equity, but that can’t be stated with certainty.

Just as we found in 2016, more women proportionately lead nonprofits in the state in 2018. While the number of women in this small sample decreases with increasing staff size and budget, women still dominate in the nonprofit community. And, again, the sample is too small to say definitively whether parity exists at the best-funded and largest nonprofits.

In addition, the survey results show pay inequity for the Finance Director/Chief Financial Officer position. Even though the wage gap has decreased from the 2016 survey (76% to 82%), the percentage differential remains the lowest among the three leadership positions outlined in the data.

In the Executive Director position, the wage ratio decreased by three percentage points from 2016. While this is not a significant jump, it does reflect a narrowing of this position’s pay inequity. The Deputy Director position remains consistent across genders at close to 100%.

**TAKE THE NEXT STEP FOR PAY EQUITY**

Organizations that are equitable in pay not only fulfill legal obligations, they are more likely to create a motivated, content, and productive workforce. An environment that consciously focuses on pay equity can attract and retain the best and brightest staff. What can your organization do to achieve pay equity? Here are seven proven practices that promote an equitable pay environment. Our list is meant to begin a conversation and help you take the first steps toward assessing and addressing pay equity in your organization. If you have questions, please contact Foraker for more information.

1. **Evaluate your compensation structure for internal equity**

   Conduct a complete review of positions in your organization focusing on jobs with the same title and at the same organizational level and/or of equal value to your mission and success. Are salaries comparable across genders? If not, is there an unquestionable explanation for why the disparity exists? Does wage data indicate you are paying consistent with the market regardless of gender (and other factors)? If you find wage disparity, create a clear plan that aligns with the budget to address the issue. If it is necessary to pay an applicant – regardless of gender – more money than existing staff in the same or a comparable job class, consider adjusting salaries of existing staff to maintain internal parity. It is possible it may take two or more budget cycles to get to an equitable pay scale for all employees. Be sure to plan for this with the board finance committee and full board agreement. Along with this Salary and Benefits Report, we can help you evaluate pay scales, budgeting, or redress.

2. **Evaluate your hiring practices and wage scales**

   Preparing for a new hire is just as important as the hiring process. Pay equity can also be tied to achieving goals in recruiting and retaining a diverse workforce and promoting longevity within your team. If you have long standing practices or you are hiring your first employee, there are several key questions to guide you in setting up your organization for success. As you review your new or current practices for setting initial salaries, ask yourself and your team: Do we have guidelines for establishing salaries and if yes, are they consistently applied? If multiple staff are authorized to set and negotiate pay in the hiring process, is there a control point to assure consistency? Are there stated goals for recruiting and retaining a diverse workforce? Are your job positions advertised in a manner to attract a diverse applicant pool? Have you and your team evaluated your hiring practices to identify and correct bias in the process? Conscious and unconscious bias can be difficult to correct, but
it is essential. New research, tools, and processes are emerging every day to support you in this work. We can help you build your internal processes to promote a diverse, equitable, and inclusive workplace.

3 **Promote pay transparency**

When pay is a secret, it’s easier for employers to make misguided or biased compensation decisions. Pay transparency ensures a workplace that’s fair for everyone by allowing both employees and employers to identify and correct unintentional or intentional discrepancies in areas including gender. While the practice of transparency is common in government positions, the nonprofit sector has not been as forthcoming. Nevertheless, the top staff positions are generally public knowledge as they are often reported each year on the IRS Form 990. For many nonprofits, changing to a transparent pay structure overnight would be a big cultural shift. However, there are some examples in private industry that took the leap in releasing salary information, and because of their commitment, they have achieved pay equity.

One step Foraker is taking to promote pay transparency in Alaska’s nonprofit workforce is to disclose salary ranges on all job postings on our website. A common practice is to post a job with a salary range of “depends on experience” (DOE). However, this limits interested applicants, decreases the likelihood of a diverse candidate pool, and does not promote transparency. Foraker’s web-based jobs board, as well as all our recruitment services, is committed to helping you be transparent. All postings now require a salary range. Open and direct conversations about wages show that you respect the time of others and that you are interested in building trusting relationships. This simple step can bring your organization closer to achieving pay equity.

4 **Evaluate your staff development program**

Do you have a process for offering staff professional development or special projects that lead to advancement? If so, evaluate consistency in providing job enrichment and skill building equally across genders. If “grooming” employees for potential promotion, assure equal access to these programs.

5 **Detach financial compensation from performance review**

Increases in annual financial compensation are not a given in the nonprofit sector. Many factors help determine if your nonprofit can even afford to have this conversation. However, annual performance reviews when done correctly can be a gift in and of themselves to employees. Performance reviews build skills, promote healthy dialogue about employee preferences for work opportunities and job enrichment, and identify organizational needs and strengths. When the time is right for the organization and the budget allows, shift salaries using a comprehensive review of like positions as described earlier in these recommendations.

6 **Create or enhance a family-friendly workplace**

Fortunately nonprofits are generally quite good at this. Offering flexible hours, nursing/breast pumping rooms, baby-friendly work spaces, maternity and paternity leave, and other accommodations that support families and family responsibilities are often a nonprofit perk. This strength can also position an organization to attract a dynamic workforce even if salaries are not competitive with the private sector. While everyone benefits from this approach, these practices often make it possible for women who have children or other care-giving responsibilities to enter and remain in the workforce.
Evaluate board composition

A high performing board does not happen by accident. Recruitment and retention need to be strategic and take in a full range of characteristics, styles, backgrounds, experiences, and demographics to position the mission for the greatest possibility of success. Too often board recruitment is based on “who you know” and does not meet the definitions of a diverse and inclusive environment. While there are many tools and resources to address the complexity of these issues, suffice to say that ensuring an appropriate gender representation in the room can have an impact on CEO selection as well as on culture and policy. The board needs to reflect the mission, constituency, and goals that we serve. If it does not, the first step is asking why it matters to mission to change. There are tools and resources to help you and the board to focus on strategic recruitment and retention of the right board to meet your mission.

Fair and equitable pay is the law in our country, and yet we have more work to do, both in and out of the nonprofit sector, to achieve pay equity. Foraker will remain committed to working with you and other nonprofits, government, and businesses in Alaska to raise the issue and find solutions. It is our hope that with your help we can use current and future data specific to the Alaska nonprofit sector to advance the conversation and assist in the decision-making of boards and staff to achieve equity in the workplace in all ways.

Want more information? Check this reference list


