

# PAY EQUITY IN ALASKA

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## **Overview**

The gender pay gap persists despite passage of the Equal Pay Act of 1963, mandating equal pay for equal work across genders. In a proclamation of National Equal Pay Day on April 11, 2016, President Obama said: “the typical woman working full-time year-round earns only 79 cents for every dollar earned by the typical man.” In a June 2016 brief, The Council of Economic Advisers reported that the gender wage gap in the United States is about 2.5 percentage points larger than the average among industrialized nations. We also recognize that the current national debate regarding minimum wage thresholds and what constitutes a “living wage” is concurrent with concerns regarding pay equity.

A comprehensive Alaska study completed by the Department of Labor and Workforce Development in October 2011 reported that Alaska women make “67 cents on the dollar” compared to men’s wages – that figure represented an increase from 1988 when the figure was 61.7 cents. Heidi Drygas, the Labor Department Commissioner, noted in the May 2016 issue of Alaska Economic Trends that “over the last three years, Alaska companies and the YWCA have teamed up to reduce the gender pay gap.” She indicated that Alaska’s wage gap is now greater than the gap at the federal level. All of this information and attention is helpful in closing the gap. However, Foraker also recognized that there was no data specifically gathered about the realities of the gender pay gap in the Alaska nonprofit workforce.

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 was on nonprofit salaries. Looking ahead, we will continue to develop and refine our methods to specifically and comprehensively address the issue of pay equity in the nonprofit sector.

As a starting spot 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. To that end, we encourage everyone reading and using this report to consider the best and emerging practices we offer at the end of this section and apply them to every job classification in your workplace. Our goal is to find pay equity across all job classifications throughout the sector.

## **Definitions**

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

The **gender pay gap** is the difference between women’s and men’s earnings. 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)

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### **Pay equity results from the Foraker Salary and Benefits Surveys**

Foraker has published a Salary or Salary and Benefits Survey every other year since 2002. We have often tailored these efforts to include current and critical topics in the sector such as health care coverage and costs, the impact of the Affordable Care Act (ACA), and the rise and fall in value of compensation packages. As a preliminary effort to collect data on equity, the 2016 survey included gender information. This is the second time in the history of these surveys that Foraker has included questions on gender. Our findings are detailed in this section.

The survey results in the Salary Data and Benefits Summary sections and this Pay Equity section are complimentary – each addresses what we know about the topic and informs the larger conversation on this issue.

In many jobs either males or females will dominate in the number of people filling those positions. As an example, for many years females dominated in the jobs of nurse or teacher, and males held the jobs of doctor or police officer. While the dominant gender may change over decades, the reality continues that certain jobs will be filled primarily by either females or males. When this strong gender dominance exists, salary comparisons for the purpose of determining pay equity are either not viable – 0% to 5% of the people holding the job are from the non-dominant gender – or meaningful. In order to present data on gender from the information in the survey, significant representation of at least two genders in a job class must be present. The data also creates a clearer picture of wage equality when we make comparisons by organizational type, budget size, and location.

Another point to consider when considering 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 (defined earlier in this paper) than about disparate wages. There are some legitimate reasons that would explain disparities – more work experience, more relevant work experience, more relevant education. While these reasons may explain single situations, they don't factually apply broadly to the myriad incidents of disparate wages.

### *2008 Survey Results*

In 2008, Foraker asked about gender for the first time. The requested information was for the Executive Director/Chief Executive Officer/General Manager position only. The following table and summary were published as part of the executive summary:

	<b>FEMALE</b>	<b>MALE</b>
ALL RESPONDENTS	<b>60%</b>	<b>40%</b>
HEALTH AND HUMAN SERVICES	<b>69%</b>	<b>31%</b>
BUDGETS UNDER \$1 MILLION	<b>71%</b>	<b>29%</b>
BUDGETS \$1 TO \$5 MILLION	<b>55%</b>	<b>45%</b>
BUDGETS OVER \$5 MILLION	<b>43%</b>	<b>57%</b>

We concluded in 2008 that, if the above response is representative of the Alaska nonprofit sector, then:

- More women than men head nonprofits.
- Chief Executive Officers are dominantly women in the health and human services field.
- The ratio of women to men decreases as organization size (budget and staff) increases.
- Large, well-funded nonprofits are more likely to be headed by men.

### *2016 Survey Results*

This year survey respondents were asked to identify employees as male, female, or transgender or gender non-conforming. As no entries indicated the third category for the management positions detailed below, only male and female results are shown.

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
- Facilities Manager
- Finance Director (Chief Financial Officer)
- Human Resource Manager/Director
- Marketing Director
- Operations Manager (Chief Operating Officer)
- Executive Director/General Manager for Humanities and Arts organizations

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The following titles are eliminated from the tables that follow as they have inadequate representation of both genders and there are too few responses of the non-dominant gender:

- Facilities Manager – 95% male
- Human Resource Manager/Director – 91% female
- Development Director – 86% female
- Marketing Director – 80% female
- Executive Director/General Manager, Humanities and Arts – 100% female

The four remaining management jobs are shown below. Only those with sufficient data are listed here, which is the reason for fewer categories in the analysis of deputy director, finance director, and operations manager.

### EXECUTIVE DIRECTOR/CEO/GENERAL MANAGER

	<b>Number of Females</b>	<b>Percent Female</b>	<b>Female Salary Mean</b>	<b>Number of Males</b>	<b>Percent Male</b>	<b>Male Salary Mean</b>	<b>Female % of Male \$</b>
All Respondents	90	67%	\$88,005	44	33%	\$98,959	89%
Health & Human Services	48	74%	\$90,840	17	26%	\$110,871	82%
Southcentral	65	66%	\$92,673	34	34%	\$98,642	94%
Interior	10	67%	\$74,969	5	33%	\$108,723	69%
Southeast	15	75%	\$76,466	5	25%	\$91,354	84%
Budget less than \$1,000,000	52	72%	\$78,004	20	28%	\$77,687	100%
Budget \$1 million to \$5 million	24	60%	\$100,841	16	40%	\$107,580	94%
Budget \$5 million to \$10 million	6	67%	\$132,056	3	33%	\$129,824	102%
Budget more than \$10 million	8	62%	\$133,799	5	38%	\$137,938	97%

### DEPUTY DIRECTOR

	<b>Number of Females</b>	<b>Percent Female</b>	<b>Female Salary Mean</b>	<b>Number of Males</b>	<b>Percent Male</b>	<b>Male Salary Mean</b>	<b>Female % of Male \$</b>
All Respondents	16	64%	\$91,363	9	36%	\$82,823	110%
Health & Human Services	11	73%	\$92,531	4	27%	\$93,471	99%
Southcentral	13	60%	\$96,936	9	40%	\$82,823	117%
Budget \$1 million to \$5 million	6	67%	\$71,743	3	33%	\$76,217	94%

### FINANCE DIRECTOR

	<b>Number of Females</b>	<b>Percent Female</b>	<b>Female Salary Mean</b>	<b>Number of Males</b>	<b>Percent Male</b>	<b>Male Salary Mean</b>	<b>Female % of Male \$</b>
All Respondents	19	61%	\$79,132	12	39%	\$104,359	76%
Health & Human Services	14	64%	\$79,542	8	36%	\$113,981	70%
Southcentral	16	64%	77,385	9	36%	108,239	71%

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### OPERATIONS MANAGER

	<b>Number of Females</b>	<b>Percent Female</b>	<b>Female Salary Mean</b>	<b>Number of Males</b>	<b>Percent Male</b>	<b>Male Salary Mean</b>	<b>Female % of Male \$</b>
All Respondents	25	71%	\$73,033	10	29%	\$68,129	107%
Health & Human Services	17	81%	\$74,793	4	19%	\$75,684	99%
Southcentral	20	71%	73,134	8	29%	\$72,001	102%
Budget \$1 million to \$5 million	11	73%	73,936	4	27%	\$53,010	139%

Reporting low and high salary entries provides an alternate but less comprehensive way of viewing the data. Those figures are shown here for the Executive Director/CEO/General Manager position. Note that either gender could be the lowest or highest salary reported. For example, we see that in the Interior or in organizations with budgets more than \$10 million, both the lowest and

highest salaries were for females, while in Southcentral or in organizations with budgets less than \$1 million, the lowest salary was for a male and the highest salary was for a female. In several cases, such as organizations in Southeast, a tie existed between the lowest female and male salaries.

### EXECUTIVE DIRECTOR/CEO/GENERAL MANAGER

	<b>Lowest Salary Female</b>	<b>Lowest Salary Male</b>	<b>Highest Salary Female</b>	<b>Highest Salary Male</b>
All Respondents		X	X	
Health & Human Services		X	tie	tie
Southcentral		X	X	
Interior	X		X	
Southeast	X		tie	tie
Budget less than \$1,000,000		X	X	
Budget \$1 million to \$5 million	tie	tie		X
Budget \$5 million to \$10 million	X			X
Budget more than \$10 million	X		X	

#### **Pay Equity Survey Summary**

Clearly female workers have a very strong presence in the nonprofit sector. While the survey information has value, we need to remember that it is a small sub-set of nonprofits. Each class being female dominated may have an impact on pay equity, but that can't be stated with certainty. Like the government sector, more women in the nonprofit sector have had an opportunity to hold management positions over a greater period of time than in the private sector. Therefore, they have also had the chance to increase their pay as they advanced in their profession.

We can say that compared with 2008 data, in 2016 even more women proportionately lead nonprofits in the

state. While the number of women in this small sample decreases with increasing staff size and budget, women are still dominant. And, again, the sample is too small to say definitively whether there is parity at the best-funded and largest nonprofits.

What we also can say is that the job classification of Finance Director (Chief Financial Officer) looks problematic. Even though females dominate, male representation at 39% is the highest for the four job titles reported here. Therefore, even though this analysis is based on a small sample size, we can say with more certainty that there's wage disparity in the Finance Director classification. With females receiving just 76% of the salary reported by males, we have reason to be concerned.

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### **Pay Equity: Actions employers can take**

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

- **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 female salaries comparable to other gender salaries? If not, is there an unquestionable explanation for why the disparity exists? Do wage surveys indicate you are paying consistent with the market? If disparity is found, create a plan for addressing the issue. Along with our Salary and Benefits Survey resources, additional help is available for either an evaluation of pay scales or redress.

- **Evaluate your hiring practices and wage scales**

Review your current practice for setting initial salaries. Are there guidelines for establishing salary? Are they consistently applied? If multiple managers are authorized to hire, is there a control point to assure consistency? Are positions advertised in a manner to attract a diverse applicant pool? Has your hiring practice been evaluated to assure lack of bias in questions or process?

If it is necessary to pay an applicant – regardless of gender type – more money than existing staff in the same or a comparable job class, consider adjusting salaries of existing staff to maintain internal parity.

- **Promote pay transparency**

The practice of listing salaries is common in government positions. However, for the nonprofit sector this transparency would be a big cultural shift.

A step Alaska's organizations could take today is to disclose salary ranges on new job postings. When we look at the Foraker jobs board on our website, a popular spot for posting jobs in the sector, we see most salaries are listed as "Depends on Experience" (DOE). In creating a new position or filling a vacant one, we are relying on our budgets, and have a salary range in mind. 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 could bring your organization closer to achieving pay equity.

- **Evaluate your staff development program**

Do you have a process for offering staff professional development opportunities 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.

- **Detach salary setting from performance review**

Focus performance review on skill building and dialogue identifying organizational needs and employee preferences for work opportunities and job enrichment. Set salaries in a comprehensive review of like positions.

- **Create or sustain/enhance a family-friendly workplace**

Our surveys confirm that nonprofits are generally quite good at this. Offering flexible hours and other accommodations that support families and family responsibilities are often a nonprofit offset for inability to offer salaries comparable to the private

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sector. While everyone benefits from this approach, these practices often make it possible for women who have children and/or other care-giving responsibilities to enter and/or remain in the workforce.

- **Evaluate Board Composition**

Consider gender representation on your board. If it is not balanced, is there a reason based on mission or community served that accounts for a disparity? If not, expand recruiting and “selection” outreach for board members to maintain a balance that mirrors your constituency and goals.

### **Conclusion**

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. Alaska is no different. Foraker will remain committed to working with other nonprofits, government, and businesses around the state to raise the issue and find solutions. We anticipate a larger study of jobs and more definitive information on gender pay as part of or preceding the 2018 Salary and Benefits Survey. It is our hope that current and future data specific to the Alaska nonprofit sector will propel the conversation and assist in the decision-making of boards and management to achieve equity in the workplace in all ways.

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Also see citations incorporated in the text.