

HOW TO MAINTAIN YOUR PAY EQUITY PROCESS

The Pay Equity Commission

LEARNING OBJECTIVES

- Pay Equity Act
- Eliminating Gender Bias
- 2014 Monitoring Program
- Maintenance
- Main Issues Under Maintenance
- Popular Inquiries
- Responsibility of the Employer
- Tips and Tools

DISCLAIMER

- ▣ This presentation is for information only.
- ▣ The decisions of Review Officers are based on the facts before them in each case.
- ▣ Refer to the *Pay Equity Act* for exact interpretation

PAY EQUITY ACT

WAGE GAP

The “wage gap”- 26% as of 2011- refers to the the difference between wages earned by men and wages earned by women and can be due to a number of factors.

Contributing factors to gender wage gap include: societal attitudes, economic conditions and beliefs about the place and value of women in the workplace, and the behaviours these foster.

WHY THE PAY EQUITY ACT?

The purpose of the *Act*, enacted in 1987, is to redress systemic gender discrimination in compensation for female type of work



WHAT IS PAY EQUITY?

- Pay equity is equal pay for work of equal or comparable value
- If jobs usually done by women are equal or comparable in value to jobs usually done by men, they must be paid the same



WHO MUST COMPLY?

All provincially regulated employers in Ontario who are:

- in the public sector, or
- in the private sector and have, or at any time since 1988 had, 10 or more employees



WHAT ROLE DO YOU PLAY?



HR professionals play a **significant** role in that they can:

- **Manage** the pay equity process so that it is maintained
- **Alert** employers to potential retroactive liabilities
- **Reduce** the risk of a complaint to the Commission
- **Prepare** employers in the event that the organization is investigated by the Commission

STEPS OF PAY EQUITY



- Determine employer
- Determine the establishment
- Group similar positions into job classes, then determine their gender and job rate
- Value your job classes
- Compare female job classes to male job classes
- Adjust the pay of female job classes where needed
- **Maintain** job rate

JOB CLASS

“**Job Class**” means those positions in an establishment with:

- **Similar** duties and responsibilities &
- **Similar** qualifications &
- **Similar** recruiting procedures &
- **Same** compensation schedule, salary grade or range of salary rates

JOB RATE

- **Job Rate:** is what is being compared to determine whether adjustments to the compensation of female job classes is required in order to achieve pay equity
- **Job Rate:** means the highest rate of compensation for a job class
- **Compensation:** all payments and benefits paid or provided to a person who performs functions that entitle the person to be paid a fixed or ascertainable amount



MONITORING

- **What is required by employers:** analyse the last three years compensation data to determine if their current compensation practices provide for pay equity by:
 - identifying male and female job classes in the organization
 - determining job class values based on skill, effort, responsibility and working conditions
 - comparing job rates of female job classes to comparably valued male job classes
 - If pay equity wage gaps exist adjustment , **WITH INTEREST**, will be made and the compensation system adjusted to become pay equity compliant.
 - If there is no current pay equity gap, the file may be closed at the discretion of the Review Officer. This does not exempt the employer from the requirement to be Pay Equity compliant from the date the employer reached its tenth employee. Employees or former employees may still decide to file an Application for Review Services as provided for in the *Act*.
 - Decisions of the Review Officer are to be posted in a visible location in the workplace.
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ELIMINATING GENDER BIAS

GENDER BIAS

Gender bias in compensation means that the gender of the person in the job, or who normally does that type of job, has influenced how the job is paid.



BIAS ▫ IN THE PAST

Historically, our society has overlooked aspects of work typically done by women.

Female jobs undervaluation comes from:


- Using different language to describe female and male jobs
- Describing an individual's performance in the job
- Gender bias
- Stereotyping job duties because of job titles
- Expectancy bias: where we are apt to see what we expect instead of what is actually there

ASSESSMENT OF VALUE

The *Act* does not stipulate a particular assessment system.

However, any system used by an employer to assess the value of work must:

- Assess the skill, effort, responsibility and working conditions determined in accordance with the Pay Equity Act
- Operate without any gender bias
- Be capable of measuring the relative value of work of all jobs in the establishment

 **Tip:** Use your resources! The job evaluation tool that you develop is a useful tool in maintaining pay equity. Make sure your system continues to be appropriate to your workplace and remains gender neutral.

MAINTENANCE

MAINTENANCE



The *Act*, under:

Subsection 7(1)

“Every employer shall ESTABLISH and MAINTAIN compensation practices that provide for pay equity in every establishment of the employer”

Subsection 7(2)

“No employer or bargaining agent shall bargain for, or agree to compensation practices that, if adopted, would cause a contravention of subsection(1)”

MAINTAINING PAY EQUITY

What is pay equity maintenance:

1. Ensuring that all female job classes continue to be paid at least as much as their **male comparators**;
2. Ensuring that every **new female job class** achieves pay equity;
3. Ensuring that when the **duties** and **responsibilities** of female job classes and their comparators change, the **changes** are **reviewed** for possible pay equity impacts; and
4. Ensuring that any adjustments owed are **retroactive** to the date of the change or the date the new female job class was created.



Tip: Once you have plotted what you have done, create an ongoing tool/structured compensation system. Continue documenting and keep your records!

MAIN ISSUES UNDER MAINTENANCE

CHANGES HAPPEN

- Situations can occur in the daily running of the organization that can have some, or not much, impact on pay equity
- Has there been significant change?
 - If yes, re-evaluate
 - If not, minor changes may have no impact

STAY AWARE - HANDLING CHANGES IN WAGES

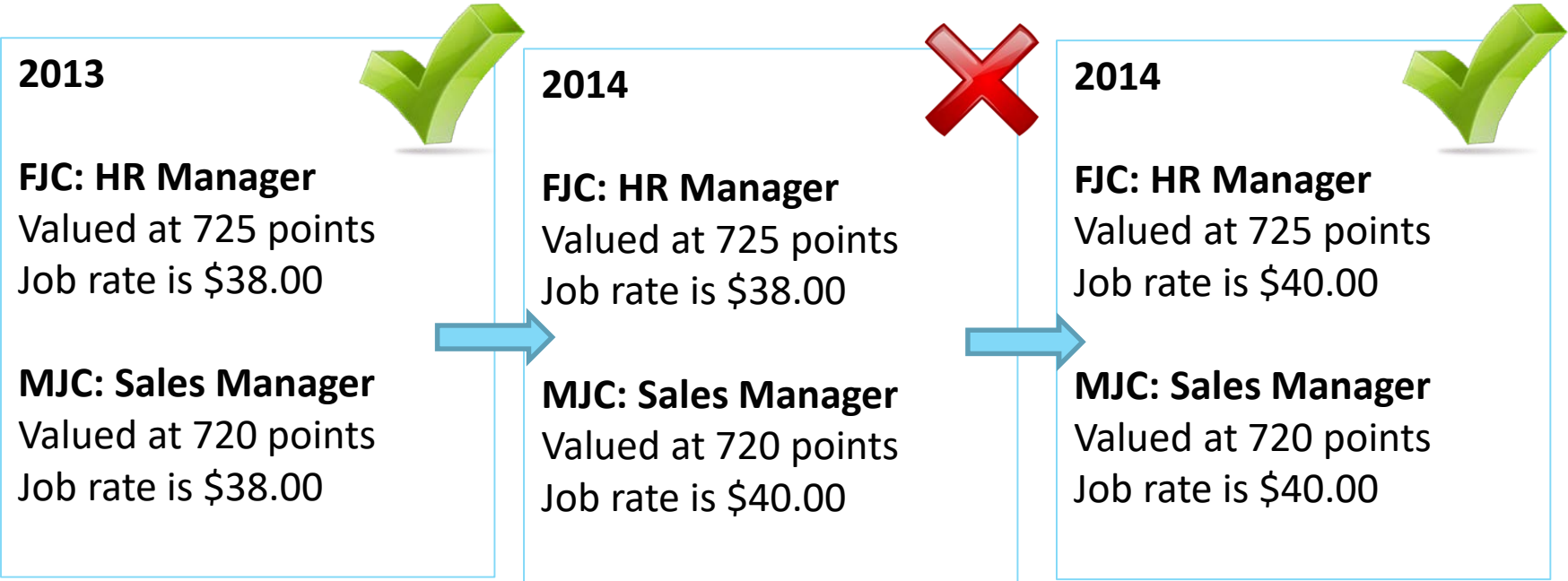
- Employers should be aware of any effects of wage increases on the pattern of pay between female and male job classes
- Generally, if the **job-to-job** method was used to achieve pay equity, female job classes should be given wage increases that the male comparator receives
- Under **proportional value**, wage increases should be given in a way that maintain the same job value to job rate relationship for female and representative male job classes

CHANGES TO A MALE COMPARATOR JOB CLASS

- Increases to male job rates (includes changes to benefits), without a change in value, could impact on female job rates if these male job classes were used as comparators under the Job-to-Job method or if they were part of a representative group of male jobs under the Proportional Value method

CHANGES TO A MALE COMPARATOR JOB CLASS

JOB-TO-JOB EXAMPLE:



CHANGES TO DUTIES AND RESPONSIBILITIES OF FEMALE JOB CLASSES

- Significant changes to the skill, effort, responsibility and working conditions of a female job class could be sufficient to alter its value. The employer must ensure that appropriate maintenance steps are taken – that female job classes are appropriately valued and wage gaps are not created
- In other cases, the changes are minor and do not impact on pay equity
- Impact: If adjustments are required due to the changes they are retroactive to the date of the change

NEW FEMALE JOB CLASSES

- A new female job class must be evaluated in accordance with the existing pay equity process in effect. The same Job Evaluation System must be used.
- Once the value has been determined, comparison with male job classes of equal or comparable value or a representative group of male job classes is required to determine if a wage gap exists.
- A wage gap must be closed immediately, effective the date the female job class was created

VACANT MALE COMPARATOR JOB CLASSES

- A male job class that is eliminated may continue to be used as a comparator even though there is no incumbent in the job class, so long as the job rate of the job class is maintained; or
- A new male comparator may be found.

POPULAR INQUIRIES

ARE EMPLOYERS AND UNIONS REQUIRED TO NEGOTIATE A MAINTENANCE AGREEMENT?

While it is likely that the bargaining agent will be involved in developing strategies to maintain pay equity, the Act does not **require** parties in a unionized setting to negotiate a maintenance agreement.

The employer is **required** to provide the bargaining unit with all information respecting pay equity or maintenance.



WHAT HAPPENS WHEN THERE IS A COMPLAINT THAT PAY EQUITY IS NOT BEING MAINTAINED?

- The Review Officer's initial investigation will focus on determining whether the employer's current compensation practices produce a pay equity gap.
- The Review Officer may also make inquiries as to whether the organization has a formal or informal **system in place** to ensure that changes to the job classes are assessed for pay equity consequences.
- If pay equity gaps are found, the Review Officer may make such **orders** as are necessary to ensure that the employer has adequately maintained pay equity



Tip: Communicate! Keep your employees informed. Maintain open and transparent practices.

RESPONSIBILITY OF EMPLOYER

ONGOING OBLIGATION

- ✓ Pay equity is not a one-time effort, but an **ongoing** obligation
- ✓ The employer must review changes to ensure that no new pay equity wage gaps are created and pay equity continues to reflect the current workplace reality
- ✓ **Impact:** If wage gaps re-occur and are not closed immediately, adjustments retroactive to the date that the changes occurred must be paid to the job class in question



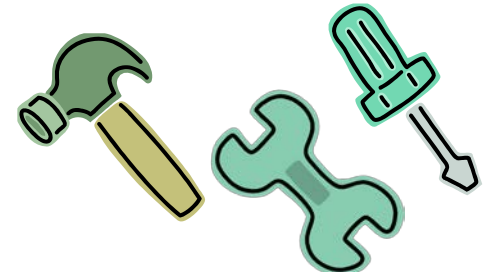
Tip: Keep your records! These records will help you apply your system consistently over time and demonstrate to your employees (or a Review Officer) that you are meeting the requirements of pay equity.

TIPS FOR EMPLOYER

MAINTENANCE TIPS !

- 💡 Tip #1: Maintain your job comparison results
- 💡 Tip #2: Use your resources
- 💡 Tip #3: A Structured comparison system
- 💡 Tip #4: Establish timeframes
- 💡 Tip #5: Keep records
- 💡 Tip #6: Communicate

TOOLS TO ACCESS



- **A Guide To Interpreting Ontario's Pay Equity Act**
<http://www.payequity.gov.on.ca/en/resources/guide/ope/index.php>
- **Interactive Job Comparison Tool**
http://www.payequity.gov.on.ca/en/resources/case_tools.php

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