



# National Committee on Pay Equity

## TWO PROGRESSIVE MODELS ON PAY EQUITY: MINNESOTA AND ONTARIO

### The State of Minnesota

- ◆ In 1982, the State of Minnesota implemented a progressive pay equity plan for its state employees. The purpose of the plan is to ensure that women are fairly compensated for the skills, effort, responsibility and working conditions of their jobs.

### Before Pay Equity, Women's Jobs Paid on Average, 20 Percent Less

- ◆ A pay equity job evaluation study found that women were segregated into historically female dominated jobs, and that these positions were consistently undervalued and underpaid compared to the compensation for jobs typically held by men. In fact, women's jobs were paid on average 20 percent less than the men's jobs. Pay equity was needed to eliminate this dual wage structure, and create one fair method of compensation.

### Pay Equity Raised Women's Wages by Nine Percent

- ◆ The State legislature approved pay equity wage adjustments for those jobs that were found to be undervalued and underpaid. Health care workers and clerical workers were the major groups of employees affected; about ten percent of those receiving pay increases were men. The average pay increase was approximately \$2,200.
- ◆ Pay equity wage adjustments were phased in over a period of four years and cost only 3.7 percent of the State's payroll. An independent evaluation of the results of the pay equity plan found that overall, women's pay increased by approximately nine percent, with no significant impact on employment for women within the state system. The remaining gap between men's and women's wages has been determined to be due to continued under-representation of women in higher-rated, higher-paid jobs.

### Three Women's Jobs that Were Equal in Value to Men's Jobs, Yet Paid Significantly Less Before Pay Equity (from the Minnesota Pay Equity Study)

Sex	Class Title	Monthly Salary	Monthly Gap
Male	Delivery Van Driver	\$1,382	
Female	Clerk Typist 2	\$1,115	-\$267
Male	Automotive Parts Tech	\$1,505	
Female	Dining Hall Coordinator	\$1,202	-\$303
Male	Corrections Agent Senior	\$1,961	
Female	Registered Nurse	\$1,723	-\$238

## TWO PROGRESSIVE MODELS ON PAY EQUITY: MINNESOTA AND ONTARIO

## **Ontario, Canada**

The Pay Equity Act, enacted in the Canadian province of Ontario in 1988, is the first law requiring public **and** private sector employers to implement pay equity. The purpose of the Act “is to redress systemic gender discrimination in compensation for work performed by employees in female job classes.”

### **Gender Neutral Job Comparison Systems Identify Inequity**

- ◆ Each employer is required to determine which job classes are male and which are female and then, using a gender-neutral job comparison system, to identify job classes of equal value. Pay equity is achieved when the job rate (which includes salary and benefits) of male and female job classes that are equal in value is equalized.
- ◆ Pay equity plans that outline the job comparisons that have been made and any gender-based inequities that are to be corrected must be posted – placed in a visible area where employees can read them. For private sector employers with less than 100 but at least 10 employees, development and posting of pay equity plan is voluntary, but achievement of pay equity is required. The Act does not apply to employers with fewer than 10 employees. In unionized workplaces, the steps that lead to posting a pay equity plan must be negotiated.

### **Gradual Wage Adjustments Eliminate Inequity for Undervalued Female Job Classes**

- ◆ Employers are required to set aside 1 percent of their previous year’s payroll (all wages and salaries for all employees) for adjustments. In the private sector, employers must set aside this amount until pay equity is achieved; in the public sector, all adjustments were to be completed by January 1,1995.

### **The Pay Equity Act: Results**

Some examples of specific results from hundreds of workplaces include (in Canada dollars):

- ◆ In a school district, elementary school head secretaries were compared to audiovisual technicians and received a pay equity adjustment of \$7,650.
- ◆ In a hospital, registered nursing assistants were compared to plumbers and received pay equity adjustments of 17 percent.
- ◆ In a shoe factory, console operators/sample stitches were compared to cutters and received an adjustment of \$4,660.
- ◆ At a newspaper, mailroom inserters received pay equity adjustments of 25 percent.
- ◆ In an Ontario-wide food retail chain, cashiers and meat wrappers were compared to stock clerks, resulting in an annual pay equity adjustment of \$1,471.
- ◆ In a municipality, clerks were compared to drivers and received a pay equity adjustment of \$7,424.72.