To: Honorable Mayor and Members of the City Council

From: Commission on the Status of Women

Submitted by: Maritessa Bravo Ares, Chairperson, Commission on the Status of Women

Subject: Referral Response: Gender Pay Equity

RECOMMENDATION

1. Direct staff to draft an ordinance related to an equal pay vendor preference for city contractors who demonstrate equal pay for male and female employees (gender based on self-identification),

2. Complete a pay audit on the salaries of City of Berkeley employees to investigate potential gender pay gaps within the city workforce, and

3. Develop an equal pay certification program for city contractors.

SUMMARY

The gender pay gap is a pervasive problem that deeply affects the women of Berkeley - women here earn only 71 cents for every dollar earned by men. While existing state laws address some aspects of the gender wage gap, an innovative policy solution developed in New Mexico augments those enforcement policies with a voluntary contractor bid preference that rewards compliant vendors with a 5% bid preference on city contracts. The City can also reward participating vendors with an Equal Pay Certification, which vendors can use in their promotional materials. Additionally, the City should conduct an internal pay audit to ensure compliance on gender pay equity for city employees.

FISCAL IMPACTS OF RECOMMENDATION

The city pay audit and equal pay certification can be implemented by city employees using existing resources and programs. The fiscal impact of the equal pay vendor preference will vary based on how many vendors participate in the program.

CURRENT SITUATION AND ITS EFFECTS

At the December 7, 2016 Commission on the Status of Women meeting, the Commission took the following action to approve this recommendation to Council:
Women are consistently paid less than men in almost every occupation. The persistent disparity in pay between men and women is known as the gender wage gap. In California, women earn only 84 cents for every dollar earned by men, collectively losing over $33.6 billion dollars each year to the gender wage gap. If the wage gap remains the same, the average woman in California could lose $322,120 to pay inequity over the course of her lifetime.

In Berkeley, the pay gap is especially high, and women here earn only 71 cents for every dollar earned by men.

Local governments around the country are taking action to address this issue within their communities. San Francisco, Albuquerque, and Boston have all implemented their own proposals to reduce their gender pay gaps. Berkeley should follow their lead to address the pay gap in our community.

BACKGROUND

Our Process

Councilmember Kriss Worthington brought forward a referral to investigate amending the Berkeley Municipal Code to require City contractors and subcontractors with 20 more employees to submit an Equal Pay Report. It was co-sponsored by Councilmember Lori Droste and passed the Council in March 2015.

The Commission on the Status of Women (COSOW) received the referral to look into the implementation of an equal pay initiative in Berkeley. We formed a subcommittee to work on this referral and met over a period of 10 months as we developed this recommendation.

First, we completed a research phase, in which we reviewed possible models. We spoke with leaders who have brought equal pay initiatives to their cities, including Boston, San Francisco, and Albuquerque. Based on what we learned, we developed a model that would work best for Berkeley, based on the city’s size and level of resources available for this program.

We hosted a focus group session on our proposed recommendation and invited local contractors who have bid on city contracts to attend. We hosted an Equal Pay Town
Hall to seek community feedback and presented guest speakers on employment law and gender pay equity. Finally, we sought feedback from city staff on the recommendation before submitting it to Council.

**Recommendation #1: Contractor Bid Incentives**

We recommend following the model, developed for the City of Albuquerque, New Mexico by gender pay equity expert Dr. Martha Burk. There, city contractors can choose to submit an Equal Pay Report in tandem with their bids for city contracts. If the Equal Pay Report demonstrates that the pay gap between male and female employees in the same job category is less than 10%, the company is entitled to a 5% bonus on their bid.

This model is similar to Berkeley’s Local Vendor Preference, which awards a 5% preference on bids to local contractors for supplies, equipment and nonprofessional services.

The Equal Pay Report requires contractors to fill in a simple salary form that is downloadable as an Excel file. The form mirrors many other state/federal government reporting forms. The contractor simply fills in the data on their employee salaries and the Excel form calculates the average pay differential between male and female employees, by job category. The contractor does not submit the data on individual employees, but only submits the percentage differentials between male and female employees by job category. This document becomes a part of the bid packet. A version of the form contractors use is attached to this report as Attachment 2.

This program is entirely voluntary. Existing state and federal laws which sanction employers who pay employees unequally are already on the books, but such violations can be difficult to prove. In coordination with those pre-existing efforts, voluntary equal pay initiatives provide positive incentives for employers to examine wage gaps and work to remedy them.

We recommend offering this program to contractors with 5 or more employees (full-time equivalents). Smaller businesses may have too few employees to accurately assess gender pay parity, or may raise anonymity concerns.

We also recommend limiting the program to businesses with both female and male employees. In an all-male or all-female business, there would be no internal gender pay gap, but there would also be no way for the City to assess gender pay equity.

**Recommendation #2: City Pay Audit**

Before the City of Berkeley asks businesses to demonstrate compliance with equal pay, it is essential to ensure that the city government is also in compliance. In May, we contacted the city’s Equal Employment Opportunity Officer and learned the city has no
reports on its gender pay equity. The city must ensure its own adherence to equal pay before initiating an equal pay program for businesses.

Many people assume that civil service jobs do not have gender pay gaps because they use salary classifications schedules. This assumption is incorrect.

The California State Auditor released a report in May 2016 entitled “County Pay Practices: Although the Counties We Visited Have Rules in Place to Ensure Fairness, Data Show That a Gender Wage Gap Still Exists.” The report looked into pay practices in county governments in Fresno, Santa Clara, Orange, and Los Angeles counties.

The audit found that women working in those county governments, on average, earned between 73 percent and 88 percent of what men earned. Many factors contributed to this wage gap. Even though women made up the majority of the workforces, men were promoted to the highest paid positions at a disproportionate rate. The wage gap could also be traced to the very beginning of an employee’s time with the county. Among new hires, 79% of women were started at the minimum salary rate for their positions while only 63% of men were. The audit also found that the counties relied on prior salary to set an employee’s salary, which can compound and create persistent wage gaps for female employees, building on years of wage discrimination.

The City of Berkeley should conduct an internal pay audit as the first step in the process toward promoting pay equity in our community.

**Recommendation #3: Equal Pay Certification Program**

In tandem with Recommendation #1, the contractor bid preference program, we also recommend developing an Equal Pay Certification Program. This program could follow the format of other popular certification programs, such as the Bay Area Green Business Program or the California Healthy Nail Salon program.

The city should develop a certification for contractors who submit a positive Equal Pay Report. This certification can serve a functional role in the bidding process, but can also serve as an educational and public relations tool.

The contractor could use the certification logo in their promotional materials, on their website, and in their storefront. The city could publish a list of Equal Pay-certified contractors on the city website.

**ENVIRONMENTAL SUSTAINABILITY**

There are no known environmental impacts associated with the recommendation of this report.
RATIONALE FOR RECOMMENDATION
These suggested policies will affirm Berkeley’s commitment to closing the gender pay gap, and will make us one of the first cities in the country to adopt such an ordinance. These recommendations maximize the city’s pre-existing resources to implement a meaningful plan without requiring additional financial resources or hiring of a new staffer.

ALTERNATIVE ACTIONS CONSIDERED
No alternative plans are practicable without hiring a full-time city staffer for oversight and assigning a significant budget to implement and maintain the program.

CITY MANAGER
See City Manager Companion Report

CONTACT PERSON
Nathan Dahl, Community Development Project Coordinator, (510) 981-5405

Attachments:
2: City of Albuquerque New Mexico’s Pay Equity Worksheet.
Economic Status of Women in Berkeley

US Department of Labor, Women’s Bureau
Gender Wage Gap in Berkeley

• Berkeley’s wage gap: 71%
  • For every dollar earned by a male employee, a female employee earns 71 cents.

• National average: 80%
Berkeley Median Weekly Earnings by Age, 2016

Berkeley Median Earnings by Educational Attainment and Sex, 2015

<table>
<thead>
<tr>
<th>Educational Attainment</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than high school graduate</td>
<td>$30,301</td>
<td>$15,722</td>
</tr>
<tr>
<td>High school graduate (includes equivalency)</td>
<td>$44,915</td>
<td>$42,461</td>
</tr>
<tr>
<td>Some college or associate's degree</td>
<td>$41,516</td>
<td>$22,380</td>
</tr>
<tr>
<td>Bachelor's degree</td>
<td>$60,979</td>
<td>$32,753</td>
</tr>
<tr>
<td>Graduate or professional degree</td>
<td>$81,580</td>
<td>$50,729</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, 2015 American Community Survey 1-Year Estimates, Berkeley
Median Earnings by Occupational Category and Sex, 2015

Source: U.S. Census Bureau, 2015 American Community Survey 1-Year Estimates, Berkeley
### Pay Equity Report PE10-249 Worksheet

#### New Mexico

<table>
<thead>
<tr>
<th>Job Category</th>
<th>No. Females</th>
<th>Female Grand Total Comp.</th>
<th>Female Grand Total Hours</th>
<th>Female Avg</th>
<th>No. Males</th>
<th>Male Grand Total Comp.</th>
<th>Male Grand Total Hours</th>
<th>Male Avg</th>
<th>Gap (Absolute $)</th>
<th>Gap (Absolute %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - Officers and Managers</td>
<td></td>
<td></td>
<td></td>
<td>N/A</td>
<td></td>
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<td>2 - Professionals</td>
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<td>N/A</td>
<td></td>
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<tr>
<td>3 - Technicians</td>
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<td>N/A</td>
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<tr>
<td>4 - Sales Workers</td>
<td></td>
<td></td>
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<td>N/A</td>
<td></td>
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<tr>
<td>5 - Office and Admin. Support</td>
<td></td>
<td></td>
<td></td>
<td>N/A</td>
<td></td>
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<tr>
<td>6 - Craft Workers (Skilled)</td>
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<td>N/A</td>
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<td>7 - Operatives (Semi-Skilled)</td>
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<td>N/A</td>
<td></td>
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<tr>
<td>8 - Laborers (Unskilled)</td>
<td></td>
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<td>N/A</td>
<td></td>
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<tr>
<td>9 - Service Workers</td>
<td></td>
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<td>N/A</td>
<td></td>
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</tbody>
</table>

Total # Job Categories With No Employees  9
Total # Female Only Job Categories  0
Total # Male Only Job Categories  0
Total # Females (all categories)  0
   Total # Full Time Females
   Total # Part Time Females
Total # Males (all categories)  0
   Total # Full Time Males
   Total # Part Time Males
Total # Employees  0

% of Total for Females  N/A
% of Total for Males  N/A