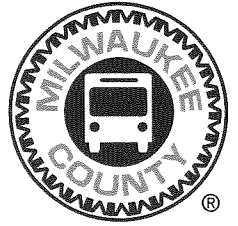


Milwaukee County Transit System

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vital then. vital now.



TO: Dan Boehm, President and Managing Director, MCTS

FROM: Nate Holton, Director of Diversity and Inclusion, MCTS

A handwritten signature in black ink, appearing to be "NH", is written over the "FROM:" line.

DATE: May 13, 2019

SUBJECT: Equity Analysis of MCTS Compensation

This memo details actions taken in response to two specific recommendations contained in the June 2017 Milwaukee County Office of the Comptroller Audit Service Division audit, "Improvements Needed to Strengthen Milwaukee County Transit System's (MCTS) Commitment to Workforce Diversity.

There were two audit recommendations that remained outstanding during the November 2018 update on the audit response that related to compensation. Those two recommendations are as follows:

21. We recommend that MCTS follow guidelines in the Equity Pay Act related to: Their requirement that "...men and women be given equal pay for equal work in the same establishment."

24. "FTA requires agencies to review their wage and salary structure to make sure discrimination is not occurring with respect to compensation."

These recommendations are based, in part, on a compensation analysis that the Audit Service Division conducted for this audit. That analysis utilized EEO job codes to assess pay differentials by gender and race. EEO job codes are useful categorizations that help determine what sort of workforce a given employer employs. However, the broad nature of EEO job codes makes them a poor tool for determining equal pay for equal work.

To rigorously analyze MCTS' state of equal pay, MCTS contracted with Segal Waters Consulting to conduct a compensation analysis of its non-represented workforce. As part of the study, each employee was asked to complete a Job Evaluation Questionnaire (JEQ). The JEQ evaluates the knowledge, skills, and abilities that are necessary to perform each job. Once Supervisors reviewed the JEQs, the data from the JEQs was fed into the Segal Evaluator, which assigned scores to each positions' supervisory responsibilities, minimum job requirements, discretion and independent judgment, freedom to act and impact on actions, fiscal responsibility, human collaboration, physical requirements, and working conditions. These scores are used to place each position in a *position group*.

Separately, Segal Waters Consulting created a survey methodology to determine minimum and maximum salaries for positions groups. Segal Waters surveyed a representative group of transit system peers for salary data on benchmark job titles, adjusted salaries for geographic income variations, and

used the survey responses to generate salary ranges for each MCTS position group.¹ The position groups and salary ranges for those groups are listed below:

Position Group	Salary Minimum	Salary Maximum
103	\$46,484	\$60,429
104	\$50,701	\$65,912
105	\$53,750	\$72,563
106	\$57,878	\$78,136
107	\$62,006	\$83,709
108	\$66,134	\$89,281
109	\$70,262	\$94,854
110	\$74,390	\$100,427
111	\$76,882	\$107,635
112	\$80,924	\$113,294
113	\$101,697	\$142,376
114	\$122,470	\$171,458

Although each job title within a given position group has a unique set of duties and qualifications, they are “substantially equal” for purposes of the Equal Pay Act.²

Once all job titles were placed into the appropriate position group, the salaries for incumbents were analyzed to determine the presence or absence of salary differences that correlate with racial or gender differences. The initial results are listed below:

Position Group	# EMPLOYEES	AVERAGE	WHITE AVERAGE	MINORITY AVERAGE	MALE AVERAGE	FEMALE AVERAGE
103	1	\$46,509	\$46,509	NA	NA	\$46,509
104	7	\$53,073	\$51,362	\$63,336	\$47,757	\$55,199
105	6	\$49,355	\$47,476	\$50,294	\$51,223	\$47,486
106	32	\$65,363	\$64,049	\$66,523	\$65,866	\$64,078
107	13	\$65,568	\$65,109	\$66,302	\$66,563	\$64,407
108	22	\$65,156	\$64,960	\$65,824	\$65,062	\$66,092
109	6	\$71,504	\$73,803	\$60,008	\$68,869	\$76,773
110	10	\$72,509	\$71,649	\$73,798	\$73,243	\$70,796
111	6	\$73,036	\$73,036	NA	\$72,642	\$75,005
112	6	\$82,831	\$82,817	\$82,857	\$82,153	\$83,508
113	5	\$94,265	\$94,025	\$95,225	\$93,175	\$95,900

¹ A representative of Segal Waters Consulting briefed the full MTS Board on the scope and methodology of their analysis.

² U.S. Equal Employment Opportunity Commission, Equal Pay/Compensation Discrimination, available at: <https://www.eeoc.gov/laws/types/equalcompensation.cfm>.

114	7	\$103,765	\$104,909	\$96,900	\$102,227	\$107,609
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Differences in salaries that correlate to race or gender do not necessarily mean that unlawful discrimination has taken place. Merit, seniority, experience, and educational background, for example, are all lawful grounds under which to pay an individual more or less than another individual in a substantially equal job. However, these factors are not being included in this analysis.

Instead, a Disparate Impact/Disproportionate Burden methodology was used to determine whether irregularities existed in MCTS' pay structure. For its Title VI work, MCTS utilizes a similar methodology to determine whether services changes disproportionately impact minority or low-income populations. In the Title VI work, "an impact has occurred when the ratio of the reduction in service to the minority or low-income population compared to the non-minority or non-low-income population exceeds four-fifths or 80 percent. The four-fifths rule is a commonly accepted measure used by many transit systems."³

For purposes of compensation equity analysis, a more stringent "nine-tenths" rule is being utilized to ensure a high standard for equity amongst MCTS employees. In other words, it is assumed that an irregularity has occurred if the ratio of the pay for a minority or female group of employees within a position group compared to a white or male group of employees in the same position group falls below nine tenths, or 90 percent.

Using this methodology, MCTS' met the nine-tenths rule in all position groups for gender, and it met the nine-tenths rule for all but one position group on race. The one position group where the standard was not met was Position Group 109, a group which contains five white employees and one African American employee. The African American employee, who was hired in January 2018⁴, had a salary that was 81% of the average of the white employees, all but one⁵ of whom were hired prior to January 2018.

To correct this irregularity, MCTS leadership authorized an immediate salary correction in the amount of \$6,415 to bring this employee's salary to 90% of the average for white employees. This employee, along with 57 other employees out of 123 in the final list, were found to have salaries that are below their updated position group minimum. Going forward, the salaries for these job positions will be brought up to the minimum of the appropriate position group as the budget allows. So long as all employees within a position group are given an increase to get to minimum at the same time, the new salaries will also pass the nine-tenths rule for all position groups.

Summary

MCTS partnered with Segal Waters to conduct a rigorous assessment of its compensation structure. With one exception, it found that the compensation structure provides equal pay for equal work. A one-time pay increase for one employee has been authorized in order to correct the one irregularity that the analysis discovered. With that action, MCTS is in full compliance of relevant equal pay laws.

³ Milwaukee County Transit System 2017 Title VI Program, August 1, 2017.

⁴ At the time this individual was hired, he was given a salary that was within the salary range that MCTS had for the position at the time.

⁵ The one white employee hired after January 2018 was hired into the IT Department.