

The Honorable Lawrence J. Hogan
State House
100 State Circle
Annapolis, Maryland 21401

The Honorable Thomas M. Middleton
Chairman
Senate Finance
3 East Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

The Honorable Dereck E. Davis
Chairman
House Economic Matters
231 House Office Building
6 Bladen Street
Annapolis, MD 21401

Dear Governor Hogan, Chairman Middleton, and Chairman Davis:

I am pleased to submit for your review the Equal Pay Commission's report on the findings and recommendations of the Commission pursuant to Chapter 639 of the Acts of 2016.

Upon your review of the report, should you or your staff have any further questions regarding the Commission's efforts, please do not hesitate to contact me. You may also contact Matt Helminiak, Commissioner of Labor and Industry, at (410) 767-2961 or matt.helminiak@maryland.gov

Thank you for your time and consideration of this report.

Best Regards,



Kelly M. Schulz
Secretary

KMS/ml

cc: Matt Helminiak, Commissioner of the Division of Labor and Industry, Department of Labor, Licensing and Regulation
Maria Iannatuono, Director of Legislative and Regulatory Affairs
Sarah Albert, Department of Legislative Services (5 copies)

**Report to the Governor, Senate Finance Committee, and House Economics
Matters Committee on House Bill 1004 (2016)**

**Department of Labor Licensing and Regulation
Division of Labor and Industry
December 15, 2017
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I. Introduction

Section 3-309 of the Maryland Labor & Employment Code¹ mandates several goals designed to address pay disparities in Maryland's private and public sectors by establishing the Equal Pay Commission (Commission) within the Division of Labor and Industry. The law requires the Commission to:

1. Continually evaluate the extent of wage disparities in the public and private sectors in the State between individuals of one race, sex, or gender identity and individuals of another race, sex, or gender identity based on data analyses;
2. Establish a mechanism for the Commission to collect data from employers in the State to assist the Commission in its effort to evaluate the disparities listed in Item (1);
3. Develop a comprehensive strategy to determine and recommend best practices regarding equal pay for equal work to individuals, employers, and policymakers;
4. Study and make recommendations regarding whether and to what extent administrative and legal processes and remedies can be streamlined and harmonized across this subtitle and other employment anti-discrimination laws;
5. Develop partnerships with private sector entities and other public sector entities to identify:
 - A. Methods of developing a data collection mechanism;
 - B. Effective methods of outreach through which the Commission may raise the awareness of employers about the provisions of this subtitle; and
 - C. Potential funding sources to help the Division of Labor and Industry absorb costs associated with staffing the Commission and implementing the Commission's charge; and
 - D. Share data and findings with the Commissioner to assist in enforcement actions under this subtitle.
6. On or before December 15, 2017, and on or before December 15 of each year thereafter, the Commission shall submit a report to the Governor, and in accordance with § 2-1246 of the State Government Article, the Senate Finance Committee and the House Economic Matters Committee regarding any findings and recommendations, including any recommended legislation.

The Commission was established in 2016. The Commission currently consists of ten (10) members from varying industries in the public and private sector. The Commission's staff includes employees from the Governor's Workforce Development Board and the Office of the

¹ Md. Code Ann., Lab & Empl. § 3-309 (2016).

Attorney General. Four (4) Commission meetings took place from December 16, 2016 to the present.

This report is a joint effort between the members of the Commission. This report provides research completed by the Commission in 2017 and the Commission’s goals moving forward.

I. Workgroup Membership

The representatives of the Commission are comprised in accordance with Maryland law and include representatives with valuable skill sets in analyzing equal pay disparities. Members represent Maryland’s public and private sectors, and are comprised of the following individuals:

Member	Position/Organization
Kelly Schulz	Secretary, Department of Labor, Licensing & Regulation
Matthew Helminiak	Commissioner, Department of Labor and Industry
Glendora Hughes	General Counsel, Maryland Commission on Civil Rights
Tricia Baldwin	Secretary/Treasurer, Reliable Contracting, Inc.
Robin Walker	Director of Human Resources, Lion Brothers Company, Inc.
Jimmy Dulay	President, State Law Enforcement Officers Labor Alliance
Dr. Erin George	Assistant Professor of Economics, Hood College
Dr. Mileah Kromer	Director, Sarah T. Hughes Field Politics Center, Goucher College
Melissa R. Wells	Field Representative, Community Hub for Opportunities in Construction Employment
R. Deryl Butler	President, Butler Security, Inc.

*Interested parties from throughout Maryland and the District of Columbia have consistently attended Commission meetings and provided valuable input.

II. Commission Goals

The Commission’s goals are to analyze wage disparities in the public and private sectors within Maryland, establish a mechanism for the Commission to gather data, develop a strategy to promote equal pay for equal work, address the potential to streamline legal processes and remedies, and develop fruitful private and public sector partnerships. When the Commission initially evaluated its legislative mandate, the main issue of concern was the availability of data. With collection and analyzation of data being critical to the Commission’s goals, the Commission

initially undertook a search for data that could be used to examine potential equal pay disparities in Maryland.

One source of data that was available was wage information on public sector, State of Maryland employees. The Commission partnered with the Maryland Department of Budget and Management (DBM) to gather data. DBM provided the Commission with data on 37,607 State of Maryland executive branch employees aged 25-64. The Commission analyzed this data and the results are set forth herein. This population is a very small portion of the available workforce in Maryland. It does not include private sector workers, local government workers, federal government workers, or those of working age not currently in the workforce.

III. Commission Findings

A. Overview

The gender wage gap is the difference in wages earned by women relative to the wages earned by men. Analogously, the racial wage gap is the difference in wages earned by minorities and wages earned by whites. A complete data set of all private and public sector wages in Maryland does not currently exist. Moreover, full demographic information connected to public and private sector wages for Maryland workers does not exist. If such data existed, the Commission could perform data analysis to fully establish whether a wage gap exists and also analyze factors that explain some or the entirety of the gap. Currently, the data provided to the Commission only allowed for findings of median pay without regard to individual job descriptions or geographic salary discrepancies; the data is limited and includes inherent flaws due to a lack of control for numerous meaningful variables.

One of the first tasks of the Commission was to research the work done by previous groups within Maryland and to determine what academic or governmental research had been completed in other states. Previous studies have shown that a wage gap does exist, and dependent upon what data was available, the studies concluded that portions of the wage gap can be accounted for by objective factors; these factors include educational attainment, work history, hours worked per year, and job-required skills. Additional studies, based upon more substantial data sets, have found that subjective factors, unrelated to discrimination, also explain portions of the wage gap. (i.e. desired level of flexibility in the workplace, time spent out of the workforce, salary negotiation processes.)²

² See *Attachment B*.

Multiple studies have accounted for portions of the wage gap, but no study has accounted for the entirety of the wage gap.³ None of the studies have explicitly defined discrimination as the direct cause for unexplained portions of the wage gap. The studies do show the wage gap has decreased over the past few decades due to multiple factors – more women are now earning college degrees than men, women are earning degrees in higher paying fields than in the past, more women are staying in the workforce after having children, more men are utilizing paternity leave, male dominated jobs that have historically paid higher wages are shrinking over time (manufacturing, construction, skilled labor), and family medical leave policies have made it possible for more women caregivers to stay in the workforce.⁴ To view a list of the research papers reviewed by the Commission, see *Appendix B*.

B. Methodology

The Commission, in partnership with the Department of Budget and Management (DBM), obtained data on the wages paid to Maryland public sector employees in the executive branch. That data set includes the gender of employees (though some individuals declined to report a gender), the race of the employee, their job title, and length of service. The data does not indicate the educational attainment of individual employees; the data only provides minimum education requirements for a position. Nor does the data include other explanatory factors such as prior work experience, geographic salary discrepancies, compensating wage differentials, or issues relating to selection in the labor force. Studies in other states have considered these explanatory factors and found that they do account for a portion of the measured wage gap, but the data used by the commission is more limited in scope and is, thus, not ripe for sustained conclusions. While the data shows a wage gap for gender and race, the data does not account for why the gaps exist or how those gaps have changed over time.

Moving forward, by identifying and controlling for objective factors (i.e. education attainment, level of experience, etc.), the Commission could more fully assess subjective factors involved in the wage gap. While it is difficult to delineate the entirety of the pay gap, the Commission has taken a first step by examining available government data. Future work by the Commission will involve investigating other data sources such as United States Census data and survey data, which would include private sector information and significantly more detail regarding information on individuals within the data set.

Utilizing DBM data, the Equal Pay Commission analyzed the compensation of 37,607 full-time executive branch employees between the ages of 25 and 64. According to the US Census

³ *Id.*

⁴ See [http://time.com/4064665/women-college-degree/;](http://time.com/4064665/women-college-degree/)
<http://money.cnn.com/2016/03/29/news/economy/us-manufacturing-jobs/index.html>.

estimates, the total number of employed Marylanders in 2015 was 2,239,817, so the data set of 37,607 State government executive branch employees represents only 1.7% of the employed population. Employees were divided into four mutually exclusive groups: white men, white women, non-white men, and non-white women. In this 37,607 employee data set, 8,871 (23.6%) are white men, 9,761 (26.0%) are white women, 5,936 (15.8%) are non-white men, and 13,039 (34.7%) are non-white women. Of the minority employees, 16,706 (90.2%) are African American. The remaining 10% of minorities are American Indian or Alaskan Native (.5%), Asian (4.4%), Hispanic or Latino (2.7%), Native Hawaiian or Pacific Islander (.2%) or multiple races (2.1%).⁵

The median is the midpoint in a group of observed frequencies. The median more effectively controls for outliers within a data set than the mean, or average. In order to analyze the data, the Commission calculated the median wages of individuals by race and gender. The Commission then calculated the overall median within each of the four racial and gender groups. The median is determined without regard to geographic location of the employee, individual job description.

C. Data

Table 1 includes the median pay of men and women in the data subset.

Table 1: Median Pay by Gender

	N (number)	Median Wage
Men	14,807	\$52,434
Women	22,800	\$49,583
Total	37,607	\$50,506

On a national level, women’s median earnings are 83% of what men earn.⁶ Table 1 illustrates that women in Maryland’s executive branch earn 94.5% of what men earn; women in Maryland’s executive branch currently earn 11% higher compared to men than the national median.⁷ This data set does not have explanatory data such as educational attainment or years of experience, so the Maryland executive branch wage gap of 5.5% could narrow further if a regression analysis based upon explanatory factors could be performed.

Tables 2-3 include the percentage of employees ages 25-64 in the executive branch and the median pay for each racial/gender group.

Table 2: Employee Numbers

	Number	Percentage
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⁵ Approximately 6,000 individuals were removed from the analysis due to age restrictions, or because their race or gender was not reported.

⁶ <http://www.pewresearch.org/fact-tank/2017/04/03/gender-pay-gap-facts/>

⁷ *Id.*

White Men	8,871	23.6%
White Women	9,761	26%
Non-White Men	5,936	15.8%
Non-White Women	13,039	34.7% ⁸
Total	37,607	

Per United States census data, women comprise 51.6% of the overall Maryland population.⁹ Within Maryland’s executive branch, women make up 60.6% of the workforce. Per United States census data, a majority of the overall Maryland population is “white alone.” Within Maryland’s executive branch, the majority of workers are non-white.

Table 3: Median Pay by Race and Gender

	N (number)	Median Wage
White Men	8,871	\$56,999
White Women	9,761	\$54,884
Non-White Men	5,936	\$47,425
Non-White Women	13,039	\$47,063
Total	37,607	\$50,506

A majority of full-time employees ages 25-64 in the executive branch are non-white men or women. Over 60% of the executive branch workforce is comprised of women. The median wage of all employees, across all job categories, was \$50,506 annually. “N” represents the total number of employees in each race and gender category. The median wage is the 50th percentile of wages for each group of employees. White men earned the highest median salary and non-white women earned the lowest median salary. This result is consistent with prior research on gender and race in the labor market. (See, for example, Blau and Kahn (2000)¹⁰ and Mandel and Semyonov (2016).¹¹) For more data, see *Appendix A*. It is important to note that this analysis is across all job categories and thereby lacks important nuance needed for more detailed conclusions.

Tables 4-17 in *Appendix A* provide median wages by gender and race reported by the bargaining unit of the employee. In three bargaining units (D, E, and X) there are no statistically significant differences in the median pay of workers of different gender and racial groups. In the remaining bargaining units, white men have the highest or second highest median pay. It was more difficult to account for individual job responsibilities in some bargaining units versus others. For example, “engineering” encompasses many different types of engineers. However, “health care

⁸ Percentage do not equal 100% due to rounding.

⁹ <https://www.census.gov/quickfacts/MD>

¹⁰ Blau, Francine D, and Lawrence M Kahn. 2000. “Gender Differences in Pay.” *NBER Working Paper No. 7732*.

¹¹ Mandel, Hadas, and Moshe Semyonov. 2016. “Going Back in Time? Gender Differences in Trends and Sources of the Racial Pay Gap, 1970 to 2010.” *American Sociological Review* 81 (5): 1039–68. doi:10.1177/0003122416662958.

professionals” tend to have more consistent job requirements; the data reflects that by denoting consistent pay across categories.

Tables 18-26 in Appendix A provide median wages by gender and racial group separated by EEO class. White men typically have the highest median wages, while minority women have the lowest median wages. The data did not reflect the individual job descriptions of the employees. This makes it difficult to draw established conclusions based solely on median pay across an EEO class. For example, “technician” and “professional” can have very different definitions and job requirements between respective individuals.

IV. Future Goals

Having completed an initial analysis of Maryland’s executive branch employees, the Commission will move to complete the outlined goals in HB 1004 (2016). The Maryland public sector data is limited compared to data used in studies conducted by other states. The public sector data used in this analysis does not factor in education attainment, applicable experience before hiring, or geographic salary disparities. A full analysis of all public sector employees and all private sector employees is not possible using currently available data.

Gathering more data to assess the full scope of pay disparity in Maryland’s public and private sectors is critical to the Commission’s goals of recommending applicable processes and policies. Currently, the data is not suitable to draw complete conclusions. As such, the Commission will seek to create private sector partnerships, investigate the possibility of establishing a mechanism to collect more detailed data, and develop a comprehensive strategy for best practices. Additionally, the Commission will seek to create policy recommendations to address streamlining administrative and legal processes once more detailed data has been obtained and analyzed.

Appendix A:

Tables 4-17: By Bargaining Unit:¹²

Table 4: Median Pay by Race and Gender in A: Labor and Trades

	N	Median Wage
White Men	244	37,380
White Women	86	26,886
Non-White Men	188	32,263
Non-White Women	162	26,761
Total	680	32,024

Table 5: Median Pay by Race and Gender in B: Administrative, Technical and Clerical

	N	Median Wage
White Men	261	40,698
White Women	1,241	38,346
Non-White Men	236	35,068
Non-White Women	1,916	37,380
Total	3,654	37,774

Table 6: Median Pay by Race and Gender in C: Regulatory, Inspection, and Licensure

	N	Median Wage
White Men	165	46,098
White Women	98	39,707
Non-White Men	77	40,059
Non-White Women	189	38,346
Total	529	41,102

Table 7: Median Pay by Race and Gender in D: Health and Human Services Non-Professionals

	N	Median Wage
White Men	105	34,795
White Women	482	35,158
Non-White Men	213	35,980
Non-White Women	836	35,158
Total	1,636	35,423

¹² The below excludes the one employee who is in the excluded-student category (W) and the 15 employees who are agency heads (T).

Table 8: Median Pay by Race and Gender in E: Health Care Professionals

	N	Median Wage
White Men	127	56,999
White Women	898	56,999
Non-White Men	119	56,999
Non-White Women	622	56,999
Total	1,766	56,999

Table 9: Median Pay by Race and Gender in F: Social and Human Service Professionals

	N	Median Wage
White Men	173	49,890
White Women	1,067	52,304
Non-White Men	325	45,507
Non-White Women	1,772	46,703
Total	3,337	48,304

Table 10: Median Pay by Race and Gender in G: Engineering, Scientific, and Administrative Professionals

	N	Median Wage
White Men	1,202	58,091
White Women	1,433	55,662
Non-White Men	759	56,374
Non-White Women	1,611	53,431
Total	5,005	55,491

Table 11: Median Pay by Race and Gender in H: Public Safety and Security

	N	Median Wage
White Men	2,337	46,560
White Women	641	47,333
Non-White Men	2,238	45,023
Non-White Women	2,797	46,560
Total	8,013	46,208

Table 12: Median Pay by Race and Gender in I: Sworn Police Officers

	N	Median Wage
White Men	1,176	71,989
White Women	99	68,666
Non-White Men	286	68,666
Non-White Women	37	65,416
Total	1,598	70,386

Table 13: Median Pay by Race and Gender in M: Excluded - Manager

	N	Median Wage
White Men	1,108	85,401
White Women	818	86,769
Non-White Men	498	75,617
Non-White Women	708	76,224
Total	3,132	82,901

Table 14: Median Pay by Race and Gender in S: Excluded - Supervisor

	N	Median Wage
White Men	592	63,779
White Women	982	63,171
Non-White Men	377	59,670
Non-White Women	1,003	60,147
Total	2,954	61,983

Table 15: Median Pay by Race and Gender in U: Excluded - Board or Commission Member

	N	Median Wage
White Men	24	52,000
White Women	13	52,000
Non-White Men	7	52,000
Non-White Women	9	52,000
Total	53	52,000

Table 16: Median Pay by Race and Gender in X: Excluded - By Executive Order

	N	Median Wage
White Men	1,322	67,796
White Women	1,803	63,371
Non-White Men	584	50,983
Non-White Women	1,200	54,451
Total	4,909	59,861

Table 17: Median Pay by Race and Gender in Z: Excluded - Confidential

	N	Median Wage
White Men	25	58,548
White Women	95	60,340
Non-White Men	26	50,711
Non-White Women	163	53,855
Total	309	56,725

Tables 18-26: By EEO class:

Table 18: Median Pay by Race and Gender in A - Officials and Administrators

	N	Median Wage
White Men	1,133	90,827
White Women	1,199	87,455
Non-White Men	374	88,884
Non-White Women	671	81,352
Total	3,377	87,455

Table 19: Median Pay by Race and Gender in B - Professionals

	N	Median Wage
White Men	2,950	61,497
White Women	5,624	56,999
Non-White Men	2,030	55,056
Non-White Women	6,366	53,855
Total	16,970	56,550

Table 20: Median Pay by Race and Gender in C - Technicians

	N	Median Wage
White Men	787	60,340
White Women	346	48,825
Non-White Men	230	49,734
Non-White Women	289	44,205
Total	1,652	50,506

Table 21: Median Pay by Race and Gender in D1 - Protective Service Worker - Sworn

	N	Median Wage
White Men	869	65,680
White Women	71	64,078
Non-White Men	239	64,078
Non-White Women	31	64,078
Total	1,210	64,078

Table 22: Median Pay by Race and Gender in D2 - Protective Service Worker - Non-Sworn

	N	Median Wage
White Men	2,411	47,063
White Women	504	44,545
Non-White Men	2,356	44,901
Non-White Women	2,643	45,366
Total	7,914	45,366

Table 23: Median Pay by Race and Gender in E - Paraprofessionals

	N	Median Wage
White Men	102	36,998
White Women	573	37,380
Non-White Men	136	36,116
Non-White Women	893	38,061
Total	1,704	37,419

Table 24: Median Pay by Race and Gender in F - Office and Clerical

	N	Median Wage
White Men	125	36,715
White Women	1,240	39,156
Non-White Men	245	34,536
Non-White Women	1,878	37,662
Total	3,488	37,774

Table 25: Median Pay by Race and Gender in G - Skilled Craft Workers

	N	Median Wage
White Men	275	41,541
White Women	6	37,308
Non-White Men	101	39,341
Non-White Women	3	31,889
Total	385	40,916

Table 26: Median Pay by Race and Gender in H - Service Maintenance

	N	Median Wage
White Men	218	24,960
White Women	194	25,116
Non-White Men	211	27,356
Non-White Women	206	26,886
Total	829	25,983

Appendix B:

Further Resources and References:

1. George, Erin E. "Gender Wage Gap." In *The American Middle Class: An Economic Encyclopedia of Progress and Poverty*, edited by Robert S. Rycroft. Santa Barbara, California: ABC-CLIO, 2017.
2. Blau, Francine D, and Lawrence M Kahn, (2000): "Gender Differences in Pay." NBER Working Paper No. 7732.
3. Blau, Francine D.; Kahn, Lawrence M.: "The Gender Wage Gap: Extent, Trends, and Explanations", IZA Discussion Papers, No. 9656.
4. Zwemke, Faith; Watkins, Bonnie; Rothchild, Nina; et al. (2016): "Pay Equity: The Minnesota Experience", Legislative Office on the Economic Status of Women. (Six Ed. 2016).
5. Hegewisch, Ariane; Williams-Baron, Emma (2016): "The Gender Wage Gap: 2016 Earnings Differences by Gender, Race, and Ethnicity", Institute for Women's Policy Research, (2016).
6. LaTourette, Cathy, MPA; Nishishiba, Masami, Ph.D.; Girard, Jillian, MPA; (2015): "Oregon State Government Pay Equity Study of Executive Branch Employees", Center for Public Service, Mark O. Hatfield School of Government, Portland State University, (2015).
7. Maryland Commission for Women, "Woman Employed in Maryland State Government in 1979", (1979).
8. Maryland Equal Pay Commission (2006), "Report of the Equal Pay Commission", (Sept. 30, 2006).

