



County Pay Practices

Although the Counties We Visited Have Rules in Place to Ensure Fairness, Data Show That a Gender Wage Gap Still Exists

Report 2015-132

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May 31, 2016

2015-132

The Governor of California
President pro Tempore of the Senate
Speaker of the Assembly
State Capitol
Sacramento, California 95814

Dear Governor and Legislative Leaders:

As requested by the Joint Legislative Audit Committee, the California State Auditor presents this audit report concerning county pay practices at four California counties—Fresno, Los Angeles, Orange and Santa Clara.

This report concludes that a gender wage gap continues to exist. After reviewing data on total compensation across nearly 4,000 different job classifications and covering more than 100,000 employees, our audit found that women earned between 73 percent and 88 percent of what men earned, on average, from fiscal year 2010–11 through fiscal year 2014–15. This aggregate measure of the gender wage gap—which does not account for the specific jobs held by men and women—has slightly widened at each of the four counties between fiscal years 2010–11 and 2014–15. Our audit also found that men and women do not occupy highly-compensated jobs with the same frequency. Although women make up between 54 percent and 60 percent of each county’s full-time workforce, men were more likely to occupy county job classifications with average total compensation greater than \$160,000. Nevertheless, the level of pay disparity we found between men and women was often less than five percent when we reviewed compensation levels within specific job classifications, or groups of classifications having similar compensation amounts. A variety of factors can contribute to pay disparities between employees, such as full-time versus part-time employment; county pay practices that consider an employee’s prior pay when establishing current pay, which can further perpetuate pay disparities; and new employees who may only be offered the minimum starting salary regardless of their qualifications.

Our audit also attempted to evaluate whether counties were making employment decisions based on objective and job-related criteria. However, three of the four counties do not maintain records—nor are they required to under civil service rules—documenting why they chose a particular male or female candidate. County officials could only provide documentation explaining their rationales for 39 of the 154 competitive employment decisions we reviewed. While we saw that more women than men were successfully passing screening exams and being contacted for job interviews, the limited documentation at the counties hinders a more thorough evaluation of whether counties treat men and women equally during the hiring process and further leave counties vulnerable should their hiring decisions be challenged. Further, the four counties we visited did not specifically track gender-based wage and promotion complaints. Counties could benefit from knowing how frequently these complaints are filed and whether there are patterns of complaints that pertain to specific county departments. Finally, to enhance public transparency on gender pay equity issues, the Legislature should require public employers to provide gender information when reporting data to the State Controller’s Office.

Respectfully submitted,



ELAINE M. HOWLE, CPA
State Auditor

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Summary

Results in Brief

After reviewing employee compensation data from four counties—Fresno, Los Angeles, Orange, and Santa Clara—our audit found that, in the aggregate, female county employees earned between 73 percent and 88 percent of what male county employees earned from fiscal year 2010–11 through fiscal year 2014–15.¹ In fact, the data show that this gender wage gap has slightly widened at each of the four counties over the five-year period we reviewed. For example, for Los Angeles County positions, women earned roughly 80 percent of the average total compensation for men in fiscal year 2010–11, but this figure dropped to 76 percent by fiscal year 2014–15. Our calculations of these differences are based on gender pay disparities in the aggregate. We also focused our review on 1,855 specific job classifications, or groups of job classifications, with similar compensation and found 45 percent more classifications in which men earned more than women.

The counties' compensation data also show that female employees were more likely to occupy classifications that provided relatively low- to mid-levels of average total compensation, whereas their male counterparts tended to be concentrated in mid-level to highly compensated county classifications. We generally found that men outnumbered women in classifications for which the average total compensation was \$160,000 or more for fiscal year 2014–15, even though women accounted for between 54 percent and 60 percent of all full-time employees we reviewed. With women more often occupying classifications that pay at the mid- to lower-end of the salary strata we reviewed, the aggregate wage gap in the four counties we reviewed appears to be influenced by the types of job classifications women occupy.

Additionally, when we looked more closely at groups of job classifications with similar compensation amounts, we found that pay disparities between men and women were often between less than 1 percent and nearly 9 percent. For example, in classifications with average total compensation of \$240,000 or more in Orange County, men earned average total compensation of \$268,122, while women in the same classifications earned, on average, \$265,165—a difference of roughly 1.1 percent.

¹ To identify wage disparities between male and female county employees who occupied comparable positions—and to mitigate the effects of midyear promotions, transfers, or other employer actions that can influence salary amounts and pay differences—we limited our analysis to include only full-time employees who were active in a single job classification for the entire fiscal year. Moreover, to maintain consistency with federal law, we include in figures for salaries and wages the employees' benefits, such as employer contributions to health care and retirement, and additional payments, such as overtime and paid leave.

Audit Highlights . . .

Our audit concerning county pay practices and policies at four California counties—Fresno, Los Angeles, Orange, and Santa Clara—revealed the following:

- » *From fiscal years 2010–11 through 2014–15, the aggregate gender wage gap has widened slightly at each of the four counties.*
- » *In the aggregate, female employees earned between 73 percent and 88 percent of what male employees earned.*
- » *Men outnumbered women in classifications with average total compensation greater than \$160,000 in fiscal year 2014–15, even though women accounted for between 54 percent and 60 percent of all full-time employees.*
- » *When we looked more closely at groups of job classifications with similar compensation amounts, we found that pay disparities between men and women varied between less than 1 percent and nearly 9 percent.*
- » *Three of the four counties did not document why a particular candidate was selected for employment over other qualified candidates.*
 - *County officials could only provide documentation explaining their rationales for 39 of 154 competitive employment decisions we reviewed.*
- » *The counties followed their own salary-setting pay policies, but a variety of factors unrelated to an employee's skills or abilities can influence salary rates.*

continued on next page . . .

- » *Current law does not require counties to consistently monitor gender-based pay equity issues in the hiring and salary-setting process.*
- » *Requiring public employers to report gender information when submitting employee-specific data to the State Controller's Office would enhance transparency on gender pay equity issues.*

We also reviewed groups of county employees working within the same classifications and county departments (regardless of the employees' full-time status) to understand why differences in salaries existed. We reviewed records for 161 individual employees within 46 classifications, many of which displayed variances of 20 percent or more between men's and women's pay. Although we found no evidence of gender discrimination, our review revealed a multitude of factors that can result in differences in pay among employees working within the same job classification. These factors include the starting salary for each employee in his or her current county job, which can often be influenced by prior pay in a previous county job; the length of time spent by the employee in his or her current job; and whether the employee worked full-time or part-time during the entire fiscal year. Our review found that the disparities in pay were often influenced by a combination of these factors, but part-time versus full-time employment was the single most significant factor. As a result, our analysis of the counties' compensation data that we previously discussed was based only on data for full-time employees.

We found that the counties we visited often did not keep records documenting why a particular candidate was ultimately selected for employment over other qualified candidates. Consequently, we could not always determine whether counties were using valid job-related criteria when deciding whether to employ particular male or female candidates. Applicable civil service rules do not require that counties document their hiring rationales; instead, counties are to focus on establishing rules and maintaining supporting documents covering the events leading up to actual hiring decisions. Nevertheless, if challenged, employers—including the four counties we visited—must successfully demonstrate that their decisions to hire certain individuals (or not to hire others) did not result from discriminatory employment practices.

In our view, it is reasonable to expect hiring managers to have some basis for selecting candidates and to document these decisions. During our audit we evaluated 240 hiring decisions (60 for each county), of which 195 hiring decisions were for positions covered by the civil service rules of each county, and 154, or 79 percent, of the 195 decisions were filled through competitive recruitment. However, even when the counties followed competitive processes, they could only provide documentation explaining why they chose the successful candidates or alternatively why they did not select others, in 39 of the 154 competitive recruitments we reviewed.

We noted that only Santa Clara County instructed its hiring managers to document why the individuals who were interviewed were or were not selected for employment. Moreover, the county's rules provide examples of appropriate and inappropriate rationales

regarding candidate selection. Although our testing of hiring processes at the three other counties showed that both men and women successfully passed screening exams, got on certified eligibility lists, and were contacted for hiring interviews, the hiring decisions themselves were generally unclear, and we could not further scrutinize and evaluate the counties' decision making. Similarly, all four counties did not document hiring decisions for positions not covered by civil service rules. Of the hiring decisions we reviewed, 45 were for *unclassified positions*, or those positions excluded from civil service rules and considered *at-will appointments* because employees who fill them can be terminated without cause. These positions are often senior- and executive-level management positions, but the four counties we visited could document their rationales for hiring candidates for these positions in only three of the 45 decisions we reviewed.

Nevertheless, the State has an opportunity to ensure that counties not only document the bases for their hiring decisions but also actively prevent and monitor pay disparities and then report their findings to the public and local officials. State law requires the California Department of Human Resources (CalHR) to periodically perform audits of counties' hiring and compensation practices under the State's mandated civil service rules. The Legislature could amend state law to establish the expectation that counties must be capable of objectively explaining, at the time of hire, why candidates who were interviewed were or were not selected for employment. CalHR's audits could then evaluate and report on whether the stated hiring decisions were, in fact, objective and job-related. Further, the Legislature could require counties to periodically evaluate, by job classification, the differences in men's and women's compensation and to determine which county pay policies have contributed to any significant variances identified and whether such policies require modification to eliminate or reduce gender-based pay disparities. Finally, counties should share these analyses with local leaders, such as locally elected boards of supervisors, so that the committee leaders and the public can have an ongoing discussion and understanding of where significant pay disparities exist and the pay policies that contribute to them.

Our audit evaluated an additional 60 salary-setting decisions for each of the four counties—or 240 total decisions—to understand how counties determined pay. Our review found that counties consistently followed their own pay policies, but such policies may place at a disadvantage those who are returning to the workforce following extended absences. For example, 57 of the 240 salary decisions we reviewed involved individuals who were newly hired in their respective counties, and 42 (12 males and 30 females) were employees earning the minimum amounts for their salary ranges. We further noted that women were hired at their positions'

minimum salary rate in 30, or 79 percent, of the 38 cases we reviewed, and men were hired at their positions' minimum salary rate in 12, or 63 percent, of the 19 cases we reviewed. A variety of factors unrelated to the qualifications or capabilities of the employees could have caused these results. Some counties noted that they have policies to set the salaries for new county employees at the minimum rate for their respective positions. In other cases, counties indicated that even though the successful candidates exceeded the minimum qualifications for many of the classifications that we were evaluating, the counties did not have difficulty recruiting for these classifications, and thus the counties were often unwilling to pay higher amounts regardless of candidates' qualifications.

We also examined 54 salary-setting decisions for classifications in which each salary amount fell within a broad-range without any pre-defined salary steps (broad range schedule), and we noted that the differences between the minimum and maximum salaries in these broad-range positions was sometimes large. For example, the difference between the minimum salary of \$122,408 and the maximum salary of \$250,016 for the chief child psychiatrist position in Fresno County was \$127,608. An employee's salary within a broad range can be the result of negotiations that federal law, state law, and county policies do not require the counties to document. Nevertheless, we analyzed how often the 54 employees (30 male and 24 female) received salary amounts above the midpoints of their respective salary ranges. The data in our selection indicated that women were less likely than men to obtain salaries above the midpoints for their job classifications. Specifically, 24, or 80 percent, of 30 men in our selection and 15, or 63 percent, of 24 women successfully negotiated or otherwise received salaries above the midpoint levels of their salary ranges.

During our audit, we also attempted to obtain all wage and promotional discrimination complaints filed with the four counties we visited as well as the complaints' outcomes; however, we had difficulty identifying whether complaints pertaining to pay or promotional disparities were specifically based on gender. Although we found that all four counties we visited had policies to respond to alleged instances of pay discrimination in the workplace, the counties do not specifically track gender-based wage and promotional complaints, and neither federal nor state law currently requires that counties track this information. Nevertheless, our review of county complaints found that relatively few—36 complaints out of 14,674—appeared to pertain to complaints alleging sex-based discrimination regarding wages or promotional advancement. Of the 36 complaints we identified, 10 complaints are still under investigation, 25 complaints were not substantiated, and one was substantiated; however, this substantiated complaint is still

in litigation, and we cannot discuss the specifics of the allegation. Because of the limitations in the counties' tracking processes, it was difficult to determine how often employees filed sex-based pay equity complaints, and the actual number of these types of complaints could be higher. Counties could benefit from identifying and tracking complaints that allege sex-based discrimination involving equal pay issues or promotional opportunities. Knowing how frequently these complaints are filed and whether such complaints are focused at particular departments could be useful information for county officials as they attempt to monitor gender equity issues among their employees.

Finally, both the public and county employees could benefit from better data collected by the State Controller's Office (Controller). The Controller currently collects public employee compensation data by employer and classification on its Government Compensation in California website, but it is not currently required to collect information on the sex of those employees. To enhance transparency and accountability regarding gender pay equity, the Legislature should amend state law to require public employers to report sex information when submitting the employee-specific data to the Controller.

Recommendations

Legislature

To ensure that counties consistently monitor pay disparities between male employees and female employees and to ensure that counties perform these reviews and publicly report their findings, the Legislature should amend state law to do the following:

- Require counties to periodically compare, by specific job classification, the differences in total average compensation between male employees and female employees.
- Require counties to publicly report to local decision makers those classifications for which the differences in total compensation are significant, further indicating which county pay policy or policies contributed to the variances and whether any modifications are needed to reduce the disparities.

If the Legislature desires that counties be able to demonstrate that their hiring decisions for civil service positions are based on objective and job-related criteria, it should amend the state law to require that each county document the reasons why it chose the selected candidate over others from the certified eligibility list.

To ensure that the general public and legislative decision makers have readily available data on male and female employees' compensation by specific classification and public employer, the Legislature should direct the State Controller's Office to obtain information on the sex of each public employee reported on the Government Compensation in California website.

Counties

To ensure that they can consistently demonstrate that candidates are hired for permanent civil service positions based on valid and job-related criteria, regardless of their sex, each county should develop policies requiring hiring managers to document the reasons why they chose the selected candidate over others from the certified eligibility list.

To ensure that they can readily monitor gender-based pay equity complaints and reliably evaluate how often such complaints are filed by its employees, each county should develop tracking mechanisms that allow management to reliably determine how often these complaints occur and whether there are patterns of complaints that pertain to specific county departments or classifications.

Agency Comments

Fresno, Los Angeles, Orange, and Santa Clara counties generally agreed with our conclusions and recommendations and offered additional comments regarding specific policies and practices at their individual county.

Introduction

Federal and State Laws Prohibit Sex-Based Pay Discrimination in the Workplace

Congress has passed various laws to protect employees from discrimination based on their sex. For example, Congress passed the Equal Pay Act of 1963 (Federal Pay Act), which prohibits sex-based wage discrimination among employees.² The Federal Pay Act generally mandates that, except under certain conditions, employers provide their employees with equal pay for equal work in classifications that require equal skill, effort, and responsibility, and that are performed under similar working conditions. These provisions have been interpreted via federal regulations to mean that the jobs need not be identical, but they must be substantially similar. Job content (not job titles) determines whether classifications are substantially similar. Nevertheless, pay disparities among employees performing similar work are still allowable under the Federal Pay Act, as long as the difference is not based on sex as noted in the text box. The federal law applies equally to both men and women and generally applies to all employees—including administrative, professional, and executive employees. All forms of payment are covered under this law, including salary, overtime pay, bonuses, reimbursement for travel expenses, and benefits, among others.

In addition to the Federal Pay Act's equal pay and compensation requirements, Title VII of the Civil Rights Act of 1964 (Title VII), as amended, prohibits all employment discrimination based on an individual's race, color, religion, national origin, or sex. The law also makes it illegal for an employer to discriminate against an employee because he or she opposed an unlawful employment practice, filed a charge of discrimination, or participated in an investigation, proceeding, or hearing pertaining to discrimination. In addition, this law also prohibits employers from using selection procedures that have the effect of disproportionately excluding persons based on race, color, religion, sex, or national origin, where the tests or selection procedures are not job-related and consistent with a business necessity.

Federal Prohibition of Wage Discrimination Based on Sex

The Equal Pay Act of 1963 says the following:

No employer shall discriminate within any establishment between employees based on sex by paying wages at a rate less than what is paid in such establishment to the opposite sex for equal work on jobs, the performance of which requires equal skill, effort, and responsibility, and which are performed under similar working conditions, except where such payment is made pursuant to the following:

1. A seniority system.
2. A merit system.
3. A system measuring earnings by quality or quantity of production.
4. A pay differential based on any factor other than sex.

Source: [Title 29 United States Code section 206\(d\)](#).

² Although the words *sex* and *gender* have different legal meanings, throughout this report we use the terms interchangeably except when referring to the requirements of specific state and federal laws. Sex-based wage discrimination is commonly referred to as a *gender equity* issue, and the difference between the lower salaries earned by women when compared to men's salaries is commonly called the *gender gap* or *gender wage gap*.

Some Distinguishing Provisions of the California Equal Pay Act

The California Equal Pay Act includes requirements that employers do the following:

- Demonstrate affirmatively that wage differentials are based upon bona fide factors other than sex.
- Demonstrate that each factor relied upon for a wage differential is applied reasonably, that the sum of the factors accounts for the entire wage differential, and that the differential is consistent with a business necessity.
- Do not discharge, discriminate, or retaliate against an employee for disclosing the employee's own wages, discussing the wages of others, or inquiring about another employee's wages.

Source: California Labor Code, Section 1197.5.

Since 1949 California has had its own laws aimed at protecting employees in the workplace against wage discrimination based on sex. The California Equal Pay Act (California Pay Act), most recently amended in October 2015, requires equal pay for substantially similar work when viewed as a composite of skill, effort, and responsibility, unless the employer can demonstrate that differences in pay are job-related and based on factors other than sex. The California Pay Act expands beyond the express requirements found in the Federal Pay Act in certain areas, and we highlighted some of those key provisions in the text box.

Although California law does not expressly require employers to monitor employee wages and to identify disparities, the potential financial penalties for employers found in violation of the California Pay Act can be significant. If an employee is successful in a civil action, the employer could be expected to pay the amount of

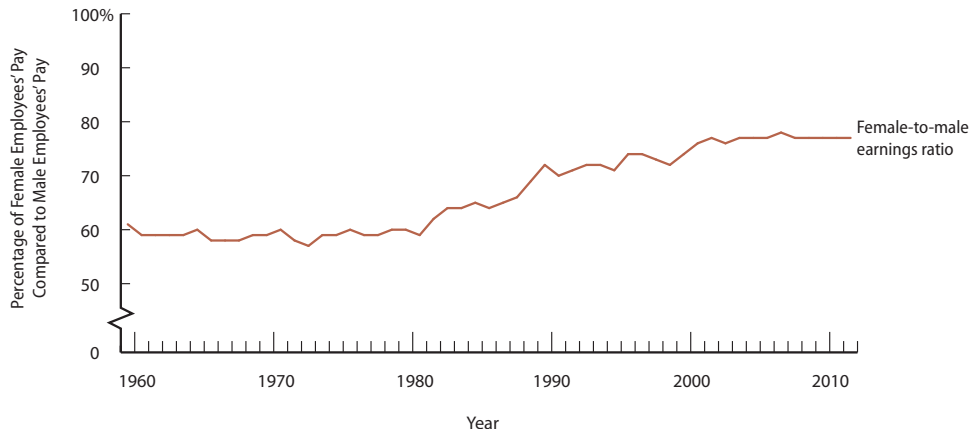
lost wages owed to the employee as well as additional damages and attorney's fees.

Studies Have Identified Gender-Based Pay Differences Across Occupations, but No Clear Consensus Exists About the Size of the Problem or Its Causes

According to various studies and reports, women in the labor force have historically received less pay than men.³ The U.S. Census Bureau (Census Bureau), in its September 2013 report titled *Income, Poverty, and Health Insurance Coverage in the United States: 2012*, states that women earned less than 59 cents for every dollar earned by a man in 1963, the same year Congress passed the Federal Pay Act. However, almost 50 years later, the Census Bureau's 2012 data suggest that the wage gap has persisted, albeit to a lesser degree, with women earning less than 77 cents for every dollar earned by a man, a situation causing a roughly 23-cent pay gap. Despite the gains made, progress toward further closing the pay gap has stalled in recent years. According to the Census Bureau, women consistently earned about 76 cents on the dollar between 2001 and 2012. Figure 1 illustrates the limited progress that has been achieved at further closing the wage gap in recent years.

³ Some of the reports we reviewed regarding the gender-based wage gap included the following: Francine D. Blau and Lawrence M. Kahn, *The U.S. Gender Pay Gap in the 1990s: Slowing Convergence* (October 2004); CONSAD Research Corp., *An Analysis of Reasons for the Disparity in Wages Between Men and Women* (January 2009); and Congressional Research Service, *Pay Equity: Legislative and Legal Developments* (November 2013).

Figure 1
The Gap Between Male Employees' Pay and Female Employees' Pay in the U.S. From 1960 to 2012



Source: U.S. Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2012*.

Despite the stark contrast between women's earning on average 23 percent less than the amounts men earn, the magnitude of the problem and the degree of impact resulting from the wage gap's numerous potential causes remain undefined. Some researchers have examined the pay gap and concluded that a significant portion of it can likely be explained by employee choice and behavior, such as an individual's deciding how best to balance work, personal, and family commitments. For example, an individual's choices about what to study in school, what profession to pursue, and whether to temporarily leave the workforce to care for children or other family members can influence that individual's pay. Nevertheless, according to a 2009 study by the CONSAD Research Corporation for the U.S. Department of Labor, "It has not been possible to develop reliable estimates of the total percentage of the raw wage gap for which all of the factors that have been separately found to contribute to the gap collectively account." Although CONSAD estimated that between 4.8 percent and 7.1 percent of the raw wage gap is unexplained, it commented that it is not possible to determine reliably whether any portion of the observed gender-based wage gap can be attributed confidently to overt discrimination against women. At a practical level, CONSAD commented that "the complex combination of factors that collectively determine wages paid to different individuals makes the formulation of policy that will reliably redress overt discrimination that does exist a task that is, at least, daunting and, more likely, unachievable." In another report prepared by the American Association of University Women (AAUW) in October 2012, the findings indicate that many factors play a role in the wage gap and that even after controlling for factors such as college majors chosen, numbers of hours worked, and employment sectors, the pay gap shrinks but it does not disappear. The AAUW's report says that

about one-third of the pay gap cannot be explained by any of the factors commonly understood to affect earnings, thus indicating that other factors more difficult to identify—and likely more difficult to measure—contribute to the pay gap.⁴

Obtaining better information to understand the pay gap and its causes has been a focus at the federal level; however, no apparent consensus exists about the types of data that researchers should collect. According to an April 2012 White House report that describes the accomplishments of its equal pay task force, the U.S. Equal Employment Opportunity Commission (EEOC) initiated a study by the National Academy of Sciences to determine the types of pay data that should be collected to enhance the monitoring and enforcement of wage discrimination laws. The results of this study were made public in 2012. The study concluded that without a clearly articulated vision from federal agencies for how employers could use wage data, the benefits of obtaining additional wage information from employers are uncertain, and the process creates a significant administrative burden on the EEOC and potentially increases the reporting burden on employers. Further, legislative efforts that have stalled in Congress, such as the so-called Paycheck Fairness Act, have also contained provisions for the EEOC and Department of Labor to perform more training and research on pay equity and to survey data currently collected by the federal government that could be used to aid in better monitoring pay equity issues. However, this legislation does not specify the particular types of data necessary for better monitoring.

The Four Counties We Visited Are Required to Adhere to Merit System Principles When Hiring and Establishing the Salaries for Certain Types of Employees

The four counties we visited—Fresno, Los Angeles, Orange, and Santa Clara—generally had two types of employees: *classified employees*, those appointed to positions covered by the counties' merit system rules, and *unclassified employees*, those appointed to positions that may fall under such rules but for which the rules are not required. Merit system rules are personnel standards that describe how the county will recruit, select, and compensate employees for positions that have permanent status.⁵ Merit system rules are founded on the idea that permanent and career service employees are to be recruited, selected, and promoted based on their

⁴ In 2016 the American Association of University Women released a report on the gender pay gap that reaffirmed the findings in its October 2012 report that approximately 7 percent of the difference between men's earnings and women's earnings one year after graduation is unexplained.

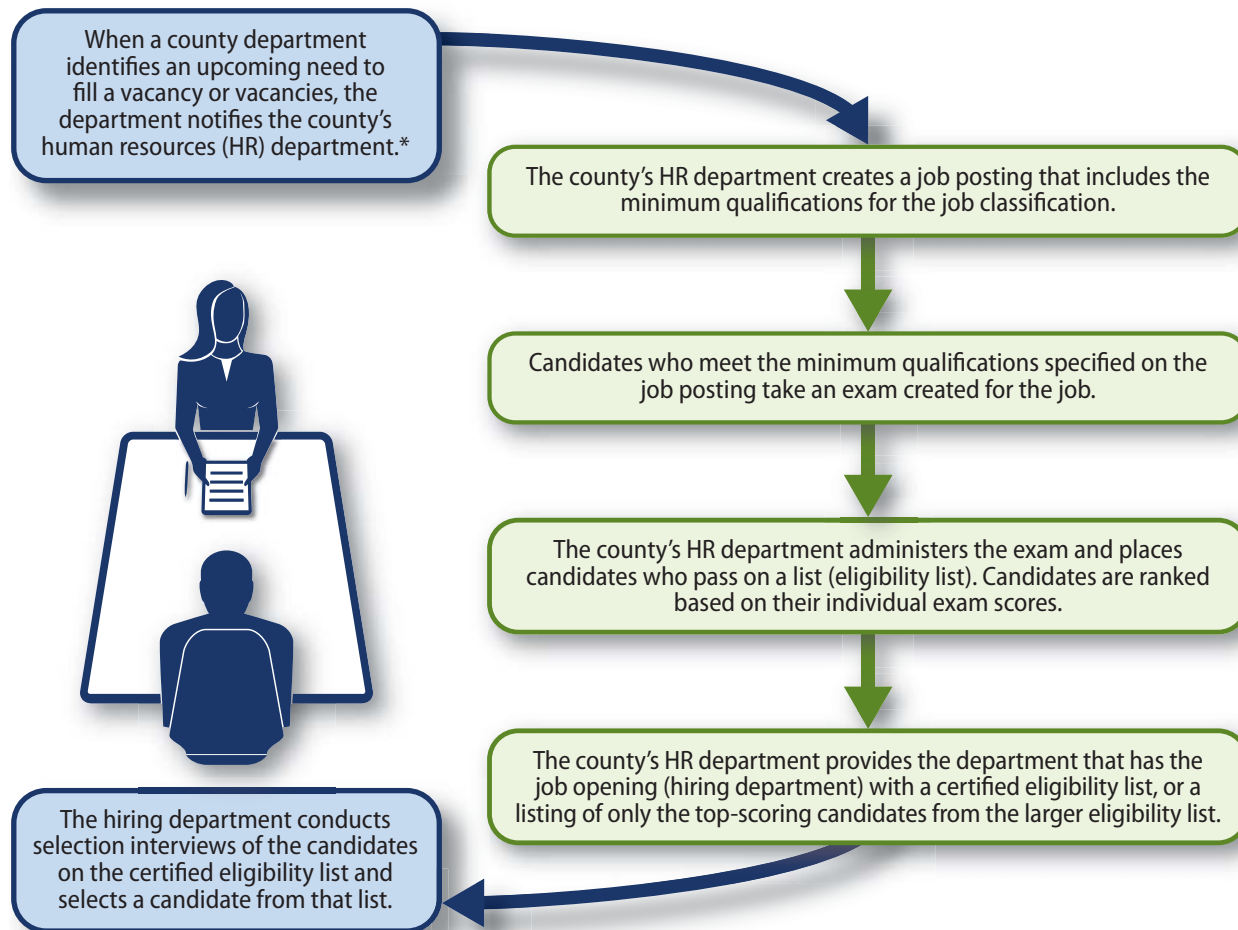
⁵ Title 2 of the California Code of Regulations defines *permanent status* as an employment condition in which the employee, after the successful completion of a probationary period, can only be removed for cause, the curtailment of work, or the lack of funds.

relative abilities, knowledge, and skills as opposed to other factors, such as their personal relationships or political connections. Such employees also typically enjoy certain rights to appeal—through an impartial process—their employers’ decisions when the employees are subject to discipline or other adverse employment actions, such as termination. The Government Code and federal law require all counties participating in certain state-funded or federally funded programs, such as the Social Security Act and the Federal Civil Defense Act, to adopt merit-based personnel systems in accordance with the regulatory guidance issued by the California Department of Human Resources (CalHR). CalHR arranges for periodic reviews of each county’s compliance with these regulations.

Classified employees are commonly the permanent, career employees of each county and make up a significant part of a county’s workforce. For example, according to Santa Clara County, nearly 90 percent of its workers are classified employees. In contrast, counties may exempt unclassified employees—those who lack permanent career status, including those appointed to temporary positions or to such executive-level leadership positions as department heads—from the same standards and protections afforded to classified employees.

Our audit focused on two aspects of each county’s merit-based rules, namely its hiring and selection process and its salary-setting process for employees covered by these rules. CalHR’s regulations list different “merit principles” associated with these two types of decisions. For selection and recruitment, regulations generally require that recruitment efforts be planned and carried out in a manner that assures equal employment opportunity and open competition for an applicant’s initial civil service appointment. Basic recruitment efforts for career entry must include the posting of examination announcements, and the candidate selection procedures must be job-related and must maximize validity, reliability, and objectivity as much as possible. According to regulations, when hiring (or otherwise appointing) an individual for a permanent career service position, counties must select from an appropriately ranked eligibility list, choosing from either the top 10 eligible individuals or from a top-scoring group of individuals who are willing to accept the conditions of employment. Figure 2 on the following page provides an overview of a hypothetical county’s hiring process based on merit system rules and principles.

Figure 2
A County's Recruitment and Selection Process for Classified Positions



Source: California State Auditor's analysis of Fresno, Los Angeles, Orange, and Santa Clara counties' policies and procedures related to hiring and promotions for classified positions.

* In Los Angeles County, certain county departments handle their own recruitment, selection, and hiring process.

In contrast, counties may follow—but are not required to follow—such prescriptive rules when recruiting, selecting, and hiring for an unclassified position, or an appointed position not covered by the county's merit system rules. In such cases, the individual or county body that appoints an employee to an unclassified position need only determine that the individual meets the requirements for the job and that the employee thereafter serves at the pleasure of that appointing authority. For example, in Santa Clara County's merit system rules, county appointments of individuals to unclassified positions can be exempt from rules dictating how the county is to advertise and administer hiring exams.

Our audit also examined the salary-setting process for the four counties we visited, and it reviewed CalHR's regulations, which similarly establish a merit-based principle, stating that "equitable and adequate compensation will be provided." Elaborating on this principle, the regulations describe the need for a compensation plan that considers the responsibility and difficulty of the work as well as the level of compensation needed to compete in the labor market, among other pertinent factors. During our review of the four counties' salary-setting processes, we often saw that the county officials had established salary ranges for specific job classifications and that some of these salary ranges for those in classified positions included incremental salary steps within the salary ranges. For example, a county may have a job classification called human resources analyst I with a salary range between \$4,611 and \$6,048 per month and a seven-step salary schedule that spans the \$1,437 difference between the minimum and maximum salary amounts. If they demonstrate at least "competent" performance, human resources analysts can advance to higher steps each year until they reach the highest possible salary level for the position. How quickly a human resources analyst can reach the highest level depends both on the employee's performance and on the salary step at which he or she began employment.

Employees who work in positions covered by merit-based rules do not always begin their employment at the lowest possible salary step. The four counties we visited have policies allowing executive-level managers to decide when to hire someone above the minimum salary step (sometimes referred to as the classification's *hiring rate*) by taking into account the candidate's particular skills and experience in relation to the classification. In other circumstances, the counties' policies may dictate that an existing county employee who transfers or promotes to a different classification be placed in the nearest salary step that allows for a preestablished increase in pay. Our earlier example's human resources analyst who earns \$6,048 per month might later promote to an administrative analyst position that has a salary range of \$5,139 to \$6,740 per month. When the county completes the transfer, the county's compensation rules might require the employee's placement into the fifth salary step, or \$6,385 per month, which provides at least a 5 percent increase over the employee's pay in the previous position.

In contrast, counties can, but are not required to, follow CalHR's regulations for county employees appointed to unclassified positions. In some cases, these unclassified positions have broad pay ranges without incremental salary steps. For example, a county's public health director may have a broad salary range that spans a minimum of roughly \$174,000 per year to a maximum of nearly \$223,000 per year. The county's salary-setting process in this

circumstance can involve—among other possible ways to decide on a starting salary—negotiations with the successful candidate or the selection of a specific rate within the established salary range by the local board of supervisors.

Scope and Methodology

The Joint Legislative Audit Committee directed the California State Auditor to review county pay practices and policies in Santa Clara and three other counties that are representative of California’s counties. The audit scope includes four audit objectives. Table 1 lists the audit objectives and the methods we used to address them.

Table 1
Audit Objectives and the Methods Used to Address Them

AUDIT OBJECTIVE	METHOD
1 Review and evaluate the laws, rules, and regulations significant to the audit objectives.	We considered federal and state prohibitions on sex-based wage discrimination, such as the requirements found in the federal Equal Pay Act of 1963, as amended, and the California Equal Pay Act as codified in the Labor Code. We also considered provisions of the Government Code and applicable state regulations regarding the hiring and payment of county employees under merit-based personnel systems.
2 Perform the following for a selection of four counties, including Santa Clara County, for the most recent five-year period: a. Evaluate the counties’ compliance with laws, policies, procedures, and practices related to county employee hiring, promotions, salaries, and gender pay equity. Evaluate the adequacy of the policies, procedures, and practices in minimizing gender wage discrimination.	To address this objective, at Fresno, Los Angeles, Orange, and Santa Clara counties, we performed the following: <ul style="list-style-type: none"> • We satisfied this objective by selecting 60 employees at each county as discussed in more detail in audit objective 2b below. Our tests of compliance focused on evaluating whether a county’s hiring, promotion, and compensation practices complied with certain key requirements found in state regulations governing merit-based personnel systems. Specifically, we examined whether those hired had passed screening exams, whether they had been placed on certified eligibility lists, and whether counties had placed male and female candidates on these lists. We also examined aspects of the hiring and promotions process not covered by the State’s merit-based rules, such as evaluating the extent to which men and women were being contacted for hiring interviews and the extent to which counties could demonstrate that they used objective and job-related criteria to choose candidates for employment. • The State’s merit-based rules do not define how counties should establish employee compensation. Thus, to the extent possible, we examined how each county determined salary amounts for those in our selection, following an employee’s initial hire into county service or upon his or her transfer or promotion into a different county job classification. • State laws do not require that counties adopt policies to specifically track gender pay equity. Counties did establish policies covering Equal Employment Opportunity requirements and the handling of employee complaints, which we discuss in audit objective 2f.

AUDIT OBJECTIVE	METHOD
<p>b. For a selection of transactions, determine whether each county consistently applied laws, policies, procedures, and practices related to county employee hiring, promotions, salaries, and gender pay equity.</p>	<ul style="list-style-type: none"> • For fiscal years 2013-14 and 2014-15, we judgmentally selected a total of 240 county employees (60 employees at each county). Our selection was random with the exception that we ensured that a portion of our selection included those whose salary was at least \$120,000 per year. We made our selections after obtaining extracts from each county's human resources system. Our selection included those employees covered by merit-based rules as well as those who are not, such as employees the counties had appointed to at-will, temporary, and extra-help positions. • We decided to focus on a more recent two-year period in order to have greater assurance that the counties would still have documentation available that would explain their rationales for the hiring, promotion, and salary-setting decisions we examined in our testing. Further, our review of employment data for both men and women over the larger five-year period did not show any significant variation. As a result, we believe our focus on fiscal years 2013-14 and 2014-15 did not affect our report's conclusions.
<p>c. Assess whether the counties justified any deviations from the applicable laws, policies, procedures, and practices identified in the previous step.</p>	<ul style="list-style-type: none"> • To the extent that we saw counties deviate from normal county practice—such as setting the salary for an employee above the minimum amount for a particular classification or deciding to forgo competition during a recruitment—we attempted to identify and document the county's justification for each deviation.
<p>d. Determine which county entity, if any, is responsible for overseeing and enforcing each selected county's adherence to relevant laws, policies, procedures, and practices related to county hiring, promotions, salaries, and gender pay equity, and assess the adequacy of the oversight and enforcement provided.</p>	<ul style="list-style-type: none"> • We interviewed key officials charged with tracking and investigating discrimination complaints at each county. • We obtained and reviewed the California Department of Human Resources' audits of each county's merit-based personnel systems. We also examined how these audits might be augmented to better evaluate county efforts toward mitigating potential pay disparities between the sexes.
<p>e. For a selection of the same or similar county departments within each of the four counties, analyze and compare data related to employee wages for at least five classifications, broken down by gender, ethnicity, education, and years of service. In addition, identify the counties that have been most effective in achieving gender pay equity and those that have been least effective. Identify possible reasons for such differences.</p>	<ul style="list-style-type: none"> • Our review considered all county classifications that had at least one full-time employee in the classification for the entire fiscal year. For the purposes of our report, we present data on total compensation for nearly 4,000 jobs across the four counties. To mitigate the effect of midyear promotions, transfers, or other actions that can influence salary amounts and pay differences, we limited our analysis to include only full-time employees who were active in a single job classification for the entire fiscal year. However, our analysis for Los Angeles County may include some employees who took a leave of absence during the fiscal year because the county does not remove its employees from active status in its personnel and payroll system when they take a leave of absence. • The information presented in our report and in the Appendix generally focuses on data from fiscal year 2014-15. Our review of data from earlier years showed similar patterns without any significant deviation. We were unable to provide information on "education" since the counties did not always maintain this information. • Los Angeles County implemented its current personnel and payroll system on April 1, 2010. Although this system contains certain historical information, such as each employee's initial hire date with the county, it does not contain the detailed information needed to calculate the employee's years of service with the county before April 1, 2010, as this information is stored in its previous legacy system. Thus, for our analysis of Los Angeles County, we calculated each employee's full-time service in a specific job classification for the period April 1, 2010, through June 30, 2015. • We also identified job classifications with varying pay discrepancies between male employees and female employees (regardless of full-time status) and selected a total of 46 such classifications across 35 county departments. • We reviewed personnel and salary records of a total of 161 employees within these classifications from among all four counties to assess the justifications for the differences among these employees' salaries.

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AUDIT OBJECTIVE	METHOD
f. To the extent possible, obtain all wage and promotion discrimination complaints that county employees filed with the four counties and identify the complaints' outcomes.	<ul style="list-style-type: none"> • We examined county policies to determine each county's processes for preventing and responding to alleged instances of discrimination in the counties' workplaces. • We obtained and reviewed each county's discrimination complaint data and filtered the data based on sex or gender and searched for such keywords as <i>wage</i> and <i>salary</i> within the narrative section describing the complaints related to county employment. From each of the four counties' complaint data logs, we attempted to select up to 30 complaints that appeared relevant to our audit. We initially identified 30 complaints from Los Angeles and 30 complaints from Santa Clara counties that matched our keyword search, and just 18 and 27 complaints from Fresno and Orange counties, respectively. We reviewed the summarized narratives to determine whether they actually pertained to wage and promotional discrimination (based on sex or gender) at each of the four counties. We further discuss the limitations of the complaint data beginning on page 45 of the Audit Results. • Ultimately, we identified four cases in both Fresno and Orange counties, 21 cases in Los Angeles County, and seven cases in Santa Clara County pertaining to wage or promotional discrimination (based on sex or gender). We reviewed the supporting documents, including the investigation reports, to understand the circumstances of the complaint and its ultimate outcome.
g. Determine what efforts, if any, each selected county has taken related to mitigating wage discrimination based on gender and assess their effectiveness.	<ul style="list-style-type: none"> • The four counties we visited have policies for responding to discrimination complaints that pertain to alleged violations of their policies on equal employment opportunities. We examined this process during our work under audit objective 2f. • We made inquiries with county officials to understand what analyses, if any, they had performed to identify the frequency and magnitude of any gender-pay disparities among county employees performing similar work.
h. To the extent possible, identify best practices related to mitigating any identified gender-based pay gaps.	<ul style="list-style-type: none"> • We were alert for potential best practices as we examined each county's hiring and salary-setting process. We identified a best practice at Santa Clara County, which we discuss further in the audit report.
3 Obtain and evaluate any relevant reports concerning counties or other public entities related to pay equity with respect to gender and provide options for the content and frequency of future reports on the same topic that could assist decision makers.	<ul style="list-style-type: none"> • We obtained and reviewed the Equal Employment Opportunity Commission's <i>State and Local Government Information EEO-4 Report</i> regarding county employee statistical data. • We reviewed the Government Compensation in California database of the State Controller's Office regarding public employee classification and compensation data.
4 Review and assess any other issues that are significant to the audit.	<ul style="list-style-type: none"> • We evaluated various studies and reports to identify historical differences in pay between male employees and female employees and the potential causes for this pay gap. • During the audit we noted that female representation in higher-paying job classifications was limited when compared to male representation. As a result, we evaluated whether counties could demonstrate that they had consistently hired male or female candidates based on objective and job-related criteria.

Source: California State Auditor's analysis of Joint Legislative Audit Committee's audit request number 2015-132 as well as information and documentation identified in the table column titled *Method*.

Assessment of Data Reliability

The U.S. Government Accountability Office (GAO), whose standards we are statutorily required to follow, requires us to assess the sufficiency and appropriateness of computer-processed information that we use to support our findings, conclusions, or recommendations. In performing this audit, we obtained electronic personnel and payroll data files from the four counties we visited for the purpose of selecting employees in order to review each county's policies and procedures for hiring, promoting, and setting salaries.

We also calculated various compensation statistics relating to ethnicity and gender. We performed data-set verification procedures and electronic testing of key data elements and did not identify any significant issues. To test the completeness of the data, we traced a selection of employees from hard-copy documents to the system and found no errors for three of the four counties we visited. We did not conduct completeness testing in Orange County because not all of their personnel records are stored in a centralized location. Further, we did not test the accuracy of the data because the counties use partially paperless systems, and thus not all hard-copy documentation was available for review. Alternatively, following GAO guidelines, we could have reviewed the adequacy of selected system controls that include general and application controls. However, we did not conduct these reviews because this audit is a one-time review of the four counties' personnel practices, and we determined that it did not warrant the same level of resource investment as an audit of a state agency whose system produces data that may be used during numerous future audit engagements. Consequently, we concluded that the counties' personnel and payroll data was of undetermined reliability for the purposes of this audit. Although this determination may affect the precision of the numbers we present, there is sufficient evidence in total to support our findings, conclusions, and recommendations.

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Audit Results

Male Employees Generally Earned More Than Female Employees During Fiscal Years 2010–11 Through 2014–15

According to the U.S. Census Bureau, in 2012 American women who worked full-time earned on average less than 77 cents for every dollar earned by their male counterparts. In other words, the aggregate pay gap between the wages of men and those of women (regardless of job classification) was roughly 23 percent. Our review of the pay data for Fresno, Los Angeles, and Orange counties (three of the four counties we visited) provided a similar result when we evaluated total average compensation, which includes salaries, employee benefits, and additional payments, such as overtime and paid leave, for certain full-time county employees.⁶ In Santa Clara County the pay gap was less: female employees earned, on average, between 87 percent and 88 percent of what male employees earned. The data also show that the aggregate wage gap has widened slightly at each of the four counties over the most recent five fiscal year period data was available. In fact, this measure of the pay gap in Los Angeles County grew from 20 percent in fiscal year 2010–11 to 24 percent in fiscal year 2014–15.

When evaluating the differences in average total compensation between male and female employees working in the same job classification or in groups of classifications with similar total compensation amounts, we found that there are more classifications for which men earned more than women, and that men more often held higher-compensated jobs. For nearly 4,000 county job classifications, we calculated the average total compensation for the full-time employees in each classification, regardless of gender, and assigned each classification and its employees into 13 different pay strata.⁷ Doing so allowed us to identify potential male-versus-female pay differences across low-paying to highly compensated county classifications. The results for fiscal year 2014–15 showed that the difference in average total compensation between male and female employees—regardless of how well compensated the position—varied between less than 1 percent and nearly 9 percent.

⁶ To identify wage disparities between male county employees and female county employees who had comparable positions—and to mitigate the effects of midyear promotions, transfers, or other employer actions that can influence salary amounts and pay differences—we limited our analysis to include only full-time employees who were active in a single job classification for the entire fiscal year. However, our analysis for Los Angeles County may include some employees who took a leave of absence during the fiscal year because the county does not remove its employees from active status in its personnel and payroll system when they take a leave of absence. Moreover, to maintain consistency with federal law, we include the employees' benefits, such as employer contributions to health care and retirement, and additional payments, such as overtime and paid leave, in the average total compensation amounts presented.

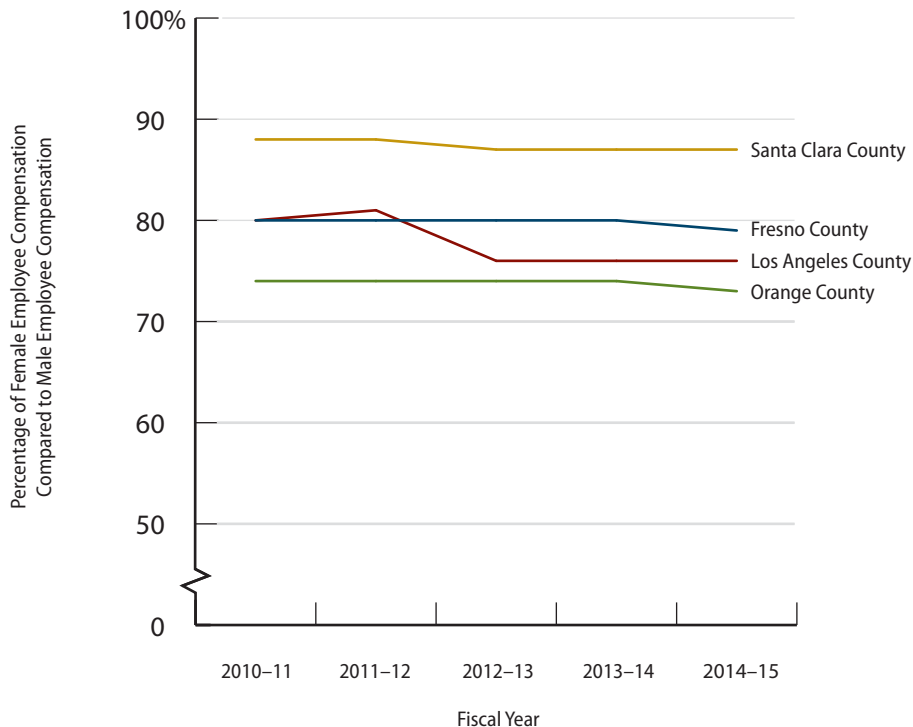
⁷ Although the words *sex* and *gender* have different legal meanings, throughout this report we use the terms interchangeably except when referring to the requirements of specific state and federal laws. Sex-based wage discrimination is commonly referred to as a *gender equity* issue, and the difference between the lower salaries earned by women when compared to men's salaries is commonly called the *gender gap* or *gender wage gap*.

The Gender-Based Pay Gap Has Widened Marginally at the Four Counties We Visited, and Men Held More Jobs in the Higher-Paying Classifications

As shown in Figure 3, women earned between 73 percent and 88 percent of the aggregate pay men earned, without accounting for the specific jobs held, from fiscal years 2010–11 through 2014–15. Figure 3 also shows that this pattern has persisted over this five-year period with no clear positive trend at any county toward achieving higher levels of pay equality. In fact, the figure shows that the aggregate wage gap has slightly widened at each of the four counties. For example, in fiscal year 2010–11, Fresno County’s female employees earned roughly 80 percent of what male employees earned, but by the end of fiscal year 2014–15, female employees were earning just 79 percent of male employees’ pay. In Los Angeles County, female employees also earned roughly 80 percent of male employees’ average total compensation in fiscal year 2010–11, but this figure had dropped to 76 percent by the end of fiscal year 2014–15.

Figure 3

Average Total Compensation of Female Employees as a Percentage of Average Total Compensation of Male Employees Fiscal Years 2010–11 Through 2014–15



Sources: California State Auditor’s analysis of personnel and payroll data obtained from Fresno County’s PeopleSoft Human Capital Management System, Los Angeles County’s eHR Personnel and Timekeeping System, Orange County’s County-wide Accounting and Personnel System, and Santa Clara County’s Human Resource Payroll System.

Notes: Average total compensation includes pay and benefits tracked in the counties’ personnel and payroll systems, such as regular pay, overtime pay, and employer contributions to health benefits and retirement.

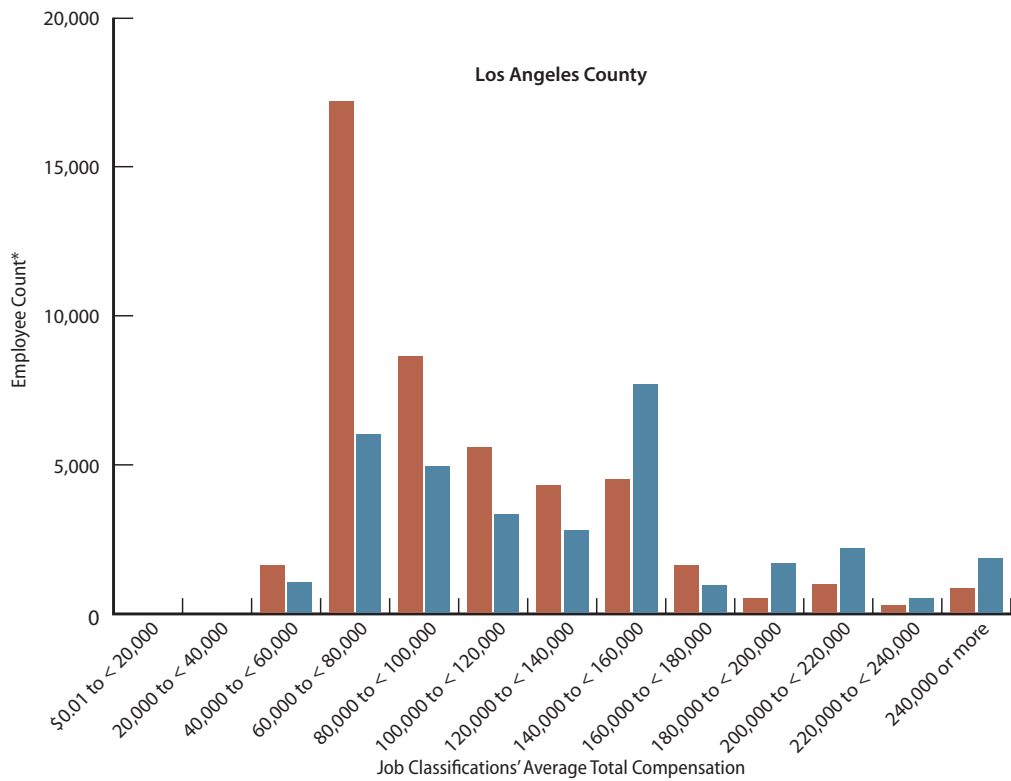
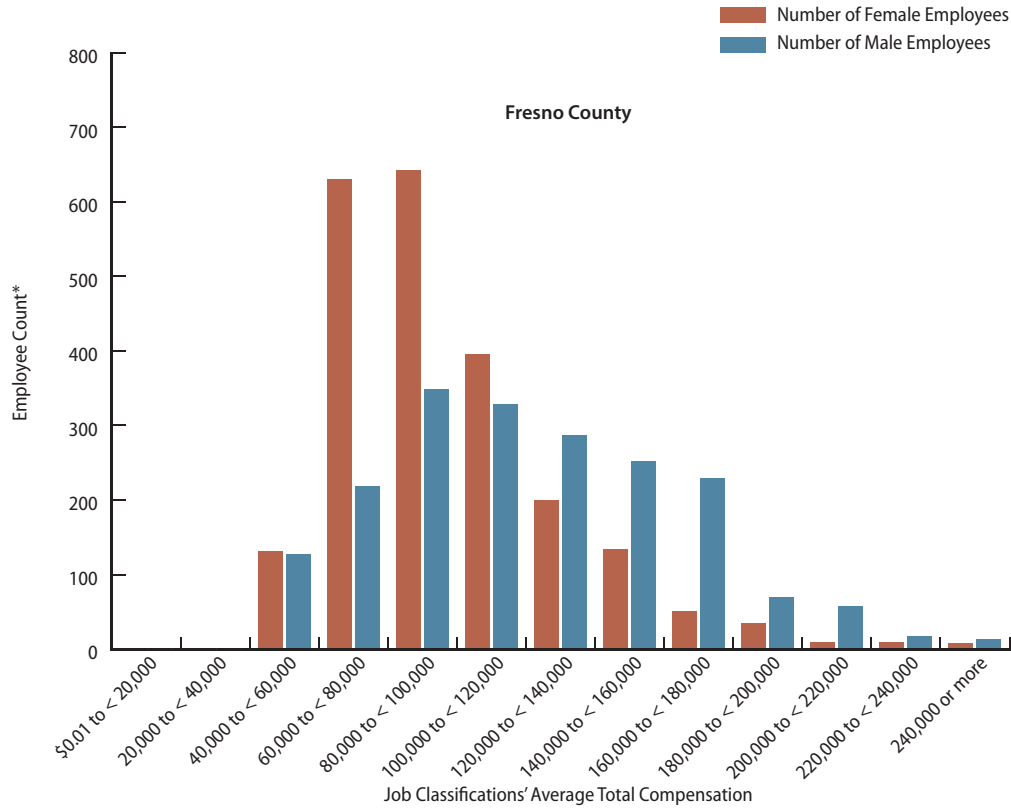
This figure includes only full-time employees who were active in a single job classification for the entire fiscal year. We limited our analysis to that group of employees to mitigate the effects of midyear promotions, transfers, or other actions that can influence salary amounts and pay differences. However, our analysis for Los Angeles County may include some employees who took a leave of absence during the fiscal year because the county does not remove its employees from active status in its personnel and payroll system when they take a leave of absence.

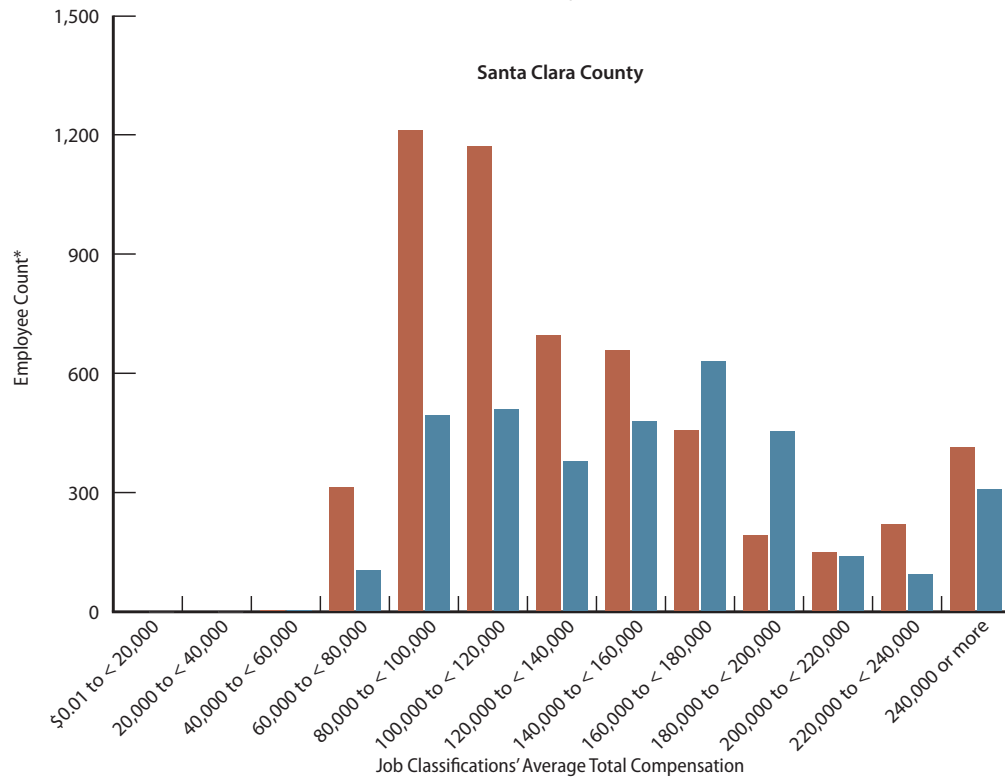
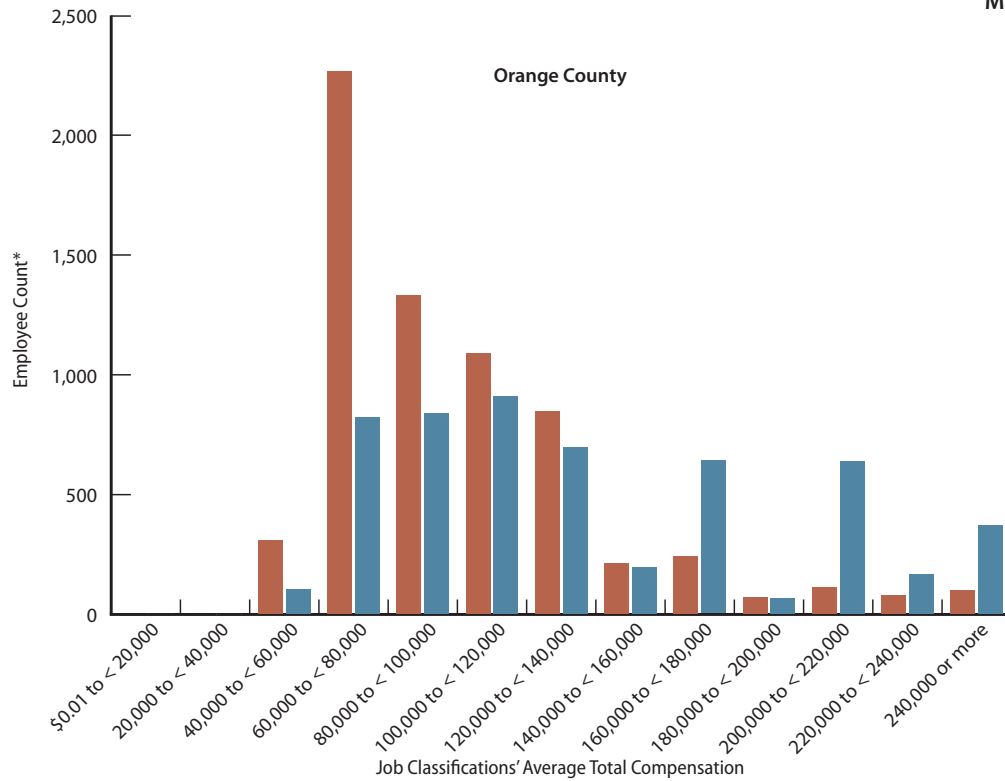
Achieving greater levels of pay equality depends not only on men and women earning equal amounts in the same classification, it also requires men and women to occupy equally both lower and more highly compensated positions. Our analysis found—as shown in Figure 4 on the following two pages for fiscal year 2014–15 at Fresno, Los Angeles, and Orange counties—no such equality because more men than women tended to occupy the highly compensated county classifications. Generally, we found that men outnumbered women in county job classifications for which the average total compensation was greater than \$160,000, even though women accounted for between 54 percent and 60 percent of all full-time employees whose records we reviewed. However, the one exception was Santa Clara County, which had more women than men in the top three salary ranges.

When we reviewed Santa Clara County’s underlying data to understand why it appeared so different from the other three counties’ data, we found that it had a significant number of highly compensated individuals employed in health care positions, such as physicians and nurses. Of the 411 women and 306 men in the highest salary range we reviewed—classifications with average total compensation of \$240,000 or more—we determined that Santa Clara County had 74 female nurses of varying types and a higher number of female physicians (118) relative to male physicians (104). On the other hand, for the three other counties we visited, we found that the top salary ranges included many law enforcement and fire positions, which were overwhelmingly filled by men. For example, for fiscal year 2014–15, Los Angeles County had 622 full-time fire captains, and the average compensation for that position was nearly \$245,200. Of those 622 individuals, only four were female. Similarly, at Orange County, in fiscal year 2014–15, 551 individuals worked full-time in the position of deputy sheriff II. This position had an average total compensation of more than \$210,000 per year; however, only 49 of those 551 individuals were women.

At Fresno, Los Angeles, and Orange counties, more men than women occupied highly compensated classifications.

Figure 4
Distribution of Female and Male Employees Working in Low- to High-Paid Job Classifications
Fiscal Year 2014–15





Sources: California State Auditor's analysis of personnel and payroll data obtained from Fresno County's PeopleSoft Human Capital Management System, Los Angeles County's eHR Personnel and Timekeeping System, Orange County's County-wide Accounting and Personnel System, and Santa Clara County's Human Resource Payroll System.

Notes: Average total compensation includes pay and benefits tracked in the county's personnel and payroll system, such as regular pay, overtime pay, and employer contributions to health benefits and retirement.

This figure includes only full-time employees who were active in a single job classification for the entire fiscal year. We limited our analysis to that group of employees to mitigate the effects of midyear promotions, transfers, or other actions that can influence salary amounts and pay differences. However, our analysis for Los Angeles County may include some employees who took a leave of absence during the fiscal year because the county does not remove its employees from active status in its personnel and payroll system when they take a leave of absence.

* The employee counts represent individuals in jobs in which the average total compensation falls within the salary ranges shown. For example, 17 Orange County employees (regardless of sex) worked as cashiers for the entire fiscal year and the average total compensation for all 17 employees was nearly \$66,000, with the lowest paid employee earning \$55,000 and the highest more than \$80,000. All 17 employees still appear within the \$60,000 to < \$80,000 range because the total average compensation for a cashier was nearly \$66,000.

In Specific Classifications or Groups of Classifications With Similar Compensation, Male Employees Often Make More Than Their Female Counterparts

We focused our review on specific job classifications or groups of job classifications with similar compensation and found that men often earned more than women on average. We saw 78 classifications across the four counties that had disparity levels of 20 percent or greater. In 56 of these classifications, men earned more than women. In 22 of the 78 classifications, women had higher salaries. Those 78 classifications accounted for roughly 4 percent of all job classifications in the four counties and less than 2 percent of the county employees included in our analysis. For the five classifications with both high disparity levels and a significant number of employees (or more than 20), two of the five were in Los Angeles County and pertained to fire-fighting positions. These two positions were significantly different from the remaining 76 classifications as they each had more than 600 male employees and six or fewer female employees. The other three classifications were in Santa Clara County and had no such commonality because they pertained to stock clerks, clinical nurses, and aides to the county's board of supervisors. Table 2 provides the overall distribution of county job classifications by level of gender-based pay disparity. The table shows more classifications in which men earned more than women: men earned more in 843 classifications, while women earned more in 492 classifications. However, when we looked at the total population of employees making up the 1,855 classifications shown in Table 2, we found that for 71 percent of the employees, the difference in pay between men and women in the same position varied by no more than 5 percent.

Men earned more in 843 classifications, while women earned more in 492 classifications.

We further examined how often county job classifications had either men or women earning higher average total compensation than did employees of the opposite gender. When analyzing each county's pay data, we grouped classifications falling into certain salary ranges based on the earnings of the individuals holding those positions. We arranged each classification—and its male and female employees—into one of 13 different salary ranges (or strata) based on each classification's average total compensation. We found that roughly 50 percent to 60 percent of all county classifications had men as the higher-earning gender. Table 3 on page 26 lists, by pay strata, how many county classifications had either men or women earning higher average total compensation than members of the opposite gender earned. For example, Table 3 demonstrates that at Fresno County men earned more than women in 12 of the 17 classifications in which the average total compensation was \$240,000 or greater in fiscal year 2014–15.

Table 2
Numbers of County Job Classifications Grouped by Level of Pay Disparity
Fiscal Year 2014–15

LEVEL OF PAY DISPARITY BY GENDER	COUNTY				TOTAL	TOTAL WITH DISPARITY GREATER THAN 20 PERCENT	
	FRESNO	LOS ANGELES	ORANGE	SANTA CLARA			
Number of job classifications in which women earn more by these percentages:	>30%	0	7	1	4	12	22
	>20–30%	1	5	2	2	10	
	>10–20%	10	61	8	23	102	
	>5–10%	13	91	19	37	160	
	>2–5%	20	116	33	39	208	
Subtotal of job classifications in which women earn more than men					492		
Number of job classifications with pay disparities of 2% or less for either gender		50	269	105	96	520	
Number of job classifications in which men earn more by these percentages:	>30%	0	15	0	6	21	56
	>20–30%	3	25	1	6	35	
	>10–20%	15	102	20	37	174	
	>5–10%	16	161	47	59	283	
	>2–5%	27	173	61	69	330	
Subtotal of job classifications in which men earn more than women					843		
Total job classifications with both genders		155	1,025	297	378	1,855	

Sources: California State Auditor’s analysis of personnel and payroll data obtained from Fresno County’s PeopleSoft Human Capital Management System, Los Angeles County’s eHR Personnel and Timekeeping System, Orange County’s County-wide Accounting and Personnel System, and Santa Clara County’s Human Resource Payroll System.

Notes: The analysis shown above is based on average total compensation, which includes pay and benefits tracked in the counties’ personnel and payroll system, such as regular pay, overtime pay, and employer contributions to health benefits and retirement.

This table includes only full-time employees who were active in a single job classification for the entire fiscal year. We limited our analysis to that group of employees to mitigate the effects of midyear promotions, transfers, or other actions that can influence salary amounts and pay differences. However, our analysis for Los Angeles County may include some employees who took a leave of absence during the fiscal year because the county does not remove its employees from active status in its personnel and payroll system when they take a leave of absence.

After comparing the results shown previously in Figure 4—illustrating the distribution of female employees across different compensation levels—with Table 3, we see that women often occupy classifications at lower levels of compensation, yet men still have the higher average total compensation in more of those same classifications. For example, Table 3 shows that Los Angeles County has more classifications in which men earn more than women across all pay strata. When looking specifically at classifications in Los Angeles County with average total compensation between \$80,000 and less than \$100,000, men earned higher average total compensation in 201, or 64 percent, of those classifications, while women earned more in 114, or 36 percent, of the classifications. However, the data for Los Angeles County show that 8,609 women, or 64 percent of 13,506 employees, fall under those same classifications compared to 4,897 men, or 36 percent. Similarly, in Fresno County, men earned more than women in 41, or 58 percent, of the 71 classifications, with average total compensation ranging between \$80,000 and less than \$100,000; however, 640, or 65 percent, of the 987 full-time employees in those same classifications were women. Finally, in Santa Clara County, where there were more women than men in nearly all salary strata and where women

represented 60 percent of the full-time workforce we reviewed, men earned the higher average total compensation in 499, or 52 percent, of the 960 different county classifications.

When looking at groups of job classifications that have low to high levels of total average total compensation, we also found that the differences in compensation between men and women ranged from less than 1 percent to nearly 9 percent. Moreover, we found that the difference in pay between men and women was often less than 4 percent, as shown in Table 4. For example, in job classifications with total average compensation of \$240,000 or more at Orange County, men's average pay was \$268,122, while women in the same classifications earned, on average, \$265,165—a difference of roughly 1.1 percent. After comparing average total compensation of both men and women in various classifications spanning 13 different compensation ranges at four different counties—52 different compensation ranges in total—we identified three salary ranges in which the difference in average pay between male and female employees exceeded 4 percent.

Table 3
Number of Job Classifications in Which One Gender Outearned the Other
Fiscal Year 2014–15

JOB CLASSIFICATIONS WITH AVERAGE TOTAL COMPENSATION BETWEEN		NUMBER OF JOB CLASSIFICATIONS IN WHICH FEMALE EMPLOYEES OR MALE EMPLOYEES HAD HIGHER AVERAGE TOTAL COMPENSATION							
		FRESNO COUNTY		LOS ANGELES COUNTY		ORANGE COUNTY		SANTA CLARA COUNTY	
		FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
1	\$240,000 or more	5	12	89	200	3	27	49	46
2	220,000 to < 240,000	6	3	26	29	3	5	22	26
3	200,000 to < 220,000	4	7	28	37	1	2	23	24
4	180,000 to < 200,000	6	10	27	51	3	3	39	44
5	160,000 to < 180,000	9	15	58	65	3	11	52	60
6	140,000 to < 160,000	16	30	67	106	11	21	57	87
7	120,000 to < 140,000	25	33	95	137	20	67	53	59
8	100,000 to < 120,000	22	30	111	184	45	68	83	72
9	80,000 to < 100,000	30	41	114	201	60	71	71	67
10	60,000 to < 80,000	41	32	124	137	59	39	12	14
11	40,000 to < 60,000	13	18	22	31	10	8	0	0
12	20,000 to < 40,000	0	0	0	1	0	0	0	0
13	0.01 to < 20,000	0	0	0	1	0	0	0	0
Totals		177	231	761	1,180	218	322	461	499

Sources: California State Auditor's analysis of personnel and payroll data obtained from Fresno County's PeopleSoft Human Capital Management System, Los Angeles County's eHR Personnel and Timekeeping System, Orange County's County-wide Accounting and Personnel System, and Santa Clara County's Human Resource Payroll System.

Notes: Average total compensation includes pay and benefits tracked in the county's personnel and payroll system, such as regular pay, overtime pay, and employer contributions to health benefits and retirement.

This table includes only full-time employees who were active in a single job classification for the entire fiscal year. We limited our analysis to that group of employees to mitigate the effects of midyear promotions, transfers, or other actions that can influence salary amounts and pay differences. However, our analysis for Los Angeles County may include some employees who took a leave of absence during the fiscal year because the county does not remove its employees from active status in its personnel and payroll system when they take a leave of absence.

If a job classification only has one gender, we count that gender as earning more.

■ = In most positions in this compensation range, women earned more, on average, than men earned.

■ = In most positions in this compensation range, men earned more, on average, than women earned.

Table 4
Average Total Compensation for Female and Male Employees
Fiscal Year 2014–15

	JOB CLASSIFICATIONS WITH AVERAGE TOTAL COMPENSATION BETWEEN	FRESNO COUNTY			LOS ANGELES COUNTY		
		AVERAGE TOTAL COMPENSATION		PERCENTAGE DIFFERENCE IN AVERAGE TOTAL COMPENSATION	AVERAGE TOTAL COMPENSATION		PERCENTAGE DIFFERENCE IN AVERAGE TOTAL COMPENSATION
		FEMALE	MALE		FEMALE	MALE	
1	\$240,000 or more	\$304,389	\$292,430	4.1%	\$286,633	\$288,685	0.7%
2	220,000 to < 240,000	225,632	230,597	2.2	228,689	236,588	3.5
3	200,000 to < 220,000	206,772	210,585	1.8	203,683	210,561	3.4
4	180,000 to < 200,000	184,816	189,213	2.4	184,433	183,886	0.3
5	160,000 to < 180,000	168,077	173,649	3.3	169,192	170,912	1.0
6	140,000 to < 160,000	146,705	148,342	1.1	146,652	159,513	8.8
7	120,000 to < 140,000	127,885	130,128	1.8	128,586	128,785	0.2
8	100,000 to < 120,000	110,148	110,596	0.4	112,904	114,811	1.7
9	80,000 to < 100,000	87,797	87,606	0.2	88,794	91,888	3.5
10	60,000 to < 80,000	67,659	67,903	0.4	69,223	69,873	0.9
11	40,000 to < 60,000	51,834	52,586	1.5	55,470	55,770	0.5
12	20,000 to < 40,000	0	0	NA*	0	32,728	NA†
13	0.01 to < 20,000	0	0	NA*	0	7,991	NA†

	JOB CLASSIFICATIONS WITH AVERAGE TOTAL COMPENSATION BETWEEN	ORANGE COUNTY			SANTA CLARA COUNTY		
		AVERAGE TOTAL COMPENSATION		PERCENTAGE DIFFERENCE IN AVERAGE TOTAL COMPENSATION	AVERAGE TOTAL COMPENSATION		PERCENTAGE DIFFERENCE IN AVERAGE TOTAL COMPENSATION
		FEMALE	MALE		FEMALE	MALE	
1	\$240,000 or more	\$265,165	\$268,122	1.1%	\$304,051	\$330,172	8.6%
2	220,000 to < 240,000	232,336	237,610	2.3	227,252	228,087	0.4
3	200,000 to < 220,000	207,684	210,621	1.4	208,823	213,317	2.2
4	180,000 to < 200,000	193,647	193,341	0.2	187,717	188,790	0.6
5	160,000 to < 180,000	164,884	166,758	1.1	166,024	171,332	3.2
6	140,000 to < 160,000	149,038	151,131	1.4	147,206	151,779	3.1
7	120,000 to < 140,000	130,189	132,470	1.8	128,848	130,219	1.1
8	100,000 to < 120,000	107,737	109,215	1.4	107,915	108,097	0.2
9	80,000 to < 100,000	89,371	90,641	1.4	90,739	89,416	1.5
10	60,000 to < 80,000	68,688	67,597	1.6	77,218	75,637	2.1
11	40,000 to < 60,000	58,822	58,725	0.2	0	0	NA*
12	20,000 to < 40,000	0	0	NA*	0	0	NA*
13	0.01 to < 20,000	0	0	NA*	0	0	NA*

Sources: California State Auditor’s analysis of personnel and payroll data obtained from Fresno County’s PeopleSoft Human Capital Management System, Los Angeles County’s eHR Personnel and Timekeeping System, Orange County’s County-wide Accounting and Personnel System, and Santa Clara County’s Human Resource Payroll System.

Notes: Average total compensation includes pay and benefits tracked in the county’s personnel and payroll system, such as regular pay, overtime pay, and employer contributions to health benefits and retirement.

This table includes only full-time employees who were active in a single job classification for the entire fiscal year. We limited our analysis to that group of employees to mitigate the effects of midyear promotions, transfers, or other actions that can influence salary amounts and pay differences. However, our analysis for Los Angeles County may include some employees who took a leave of absence during the fiscal year because the county does not remove its employees from active status in its personnel and payroll system when they take a leave of absence.

■ = Women earned more, on average, than men did.

■ = Men earned more, on average, than women did.

* Not applicable because there were no female or male county employees in positions averaging this amount of total compensation.

† Not applicable because there were no female county employees in positions averaging this amount of total compensation.

Significant Pay Disparities Within Job Classifications Often Occurred Because of County Workers' Full-Time Versus Part-Time Employment

Although we found no evidence of gender discrimination pertaining to employee pay, our review of 161 county employees working in 46 job classifications revealed a multitude of factors that can result in differences in pay among employees working within the same job classification. These factors included the following: the starting salary for each employee in his or her current county job, which can often be influenced by prior pay in a previous county job; the length of time spent by the employee in his or her current job; and whether the employee worked full-time or part-time during the entire fiscal year. Our review of 46 job classifications found that the disparities in pay were often influenced by a combination of these factors, while part-time versus full-time employment was the single most significant factor.⁸

To understand why differences in salary exist and to determine which, if any, of the above factors contribute the most to pay disparities between men and women, we examined groups of employees within the same job classification and county department (regardless of full-time status) from fiscal year 2014–15. Our review focused on 46 job classifications that had at least 20 or more employees and that had at least five from each gender. The classifications we selected for review included ones where the disparity in pay varied from as little as 2 percent to as much as 75 percent, with many displaying variances of 20 percent or more. However, upon closer review, we determined that the most significant reason for these high pay disparities within the job classifications resulted from employees who were either working part time or less than a full year within the classification. For example, we saw one instance where a female deputy public defender I's annual salary was roughly \$26,000 less than her male counterpart's salary, despite having similar time on the job; however, the difference was caused by the female employee's decision to take six months off without pay. To compensate for employees who either did not work an entire year or worked only part time, we recalculated the pay disparity in each of the 46 job classifications based on employees who worked full-time in each classification during fiscal year 2014–15 and earned at least the expected minimum annual salary. Following this recalculation, the pay disparities often dropped to less than 2 percent, with no single classification having a disparity of over 10 percent.

We determined that the most significant reason for high pay disparities within the job classifications resulted from employees who were either working part time or less than a full year within the classification.

⁸ As a result of this discovery, we adjusted our aggregate analysis of pay disparities, discussed previously, to include only full-time employees who were active in a single job classification for the entire fiscal year.

With pay disparities between the genders often occurring at 2 percent or less, we next attempted to determine what other factors significantly contributed to the remaining pay disparities by reviewing the salary earnings for 161 employees in these 46 job classifications. We primarily selected employees who earned at least the minimum salary amounts for their classifications and identified employee records for review based on attributes that could be indicative of inappropriate pay disparities, such as employees who had worked within a classification for similar amounts of time but earned different amounts of regular pay, and employees who worked within a classification for a short time but earned pay that was beyond the normal hiring rate.

The results of our review found that of the remaining factors, no single factor contributed the most to the remaining pay disparities. Instead, we observed certain county pay practices that can, but do not always, lead to one employee earning more than another in a particular job classification. For example, we frequently observed county employees obtaining a starting salary that was above the normal recruiting rate—occurring for 106, or 66 percent, of the 161 employees whose records we reviewed—because the employee had transferred or promoted from another county job. As discussed later in the report, counties have these rules to ensure their employees do not take a pay cut when they transfer or promote into a higher position. For example, in Los Angeles County, we reviewed the salary placements for two employees within the senior board specialist classification. We noted a male and female employee who promoted into this classification on the same day, but the male employee initially earned a monthly salary of \$4,773, whereas the female employee initially earned a monthly salary of \$4,521—5.3 percent less. The male employee’s new monthly salary of \$4,773 was based on his previous salary of \$4,521 per month in his previous county job, whereas the female employee had previously earned \$4,282 per month in her last job with the county. We calculated that the male employee and female employee in our example each earned a 5.6 percent increase as a result of their promotions, and we determined that this raise was consistent with the county’s policies for promotions at the time. Although the county’s application of the policy was consistent with its rules, it yielded different salary levels in this instance based on the employees’ individual salary histories as opposed to their gender.

We also saw that county employees who changed jobs within the county did not always receive starting pay that was higher than the amounts earned by new county employees. For example, Santa Clara County hired a new employee for an attorney position at the third salary step because of his previous experience as a trial attorney, while an existing county employee promoted into the same job classification at the lower first salary step.

Certain county pay practices can, but do not always, lead to one employee earning more than another in a particular job classification.

When we compared employees who entered a classification as a new hire against those who entered due to transfers or promotions, the new employees at times earned less.

Aside from considering prior pay, we also frequently observed instances where the county set salaries for new employees at the minimum salary step (or hiring rate), occurring in 28 of the 48 new employees we reviewed. Thus, when we compared employees who entered a classification as a new hire to those who entered due to transfers or promotions, the new employees, at times, earned less. For example, Los Angeles County hired a new county employee as a welfare fraud investigator trainee at the first salary step and at the same time hired three others—each of whom had previously held other county jobs—at higher salary rates when compared to the new employee. For 11 of the 48 new employees, we also noted that counties established starting pay above the normal hiring rate in order to address recruiting challenges such as employment shortages within a particular classification. For example, Los Angeles County's data show that the difference between men's pay and women's pay in the deputy public defender I position was nearly 30 percent, or less than 1 percent if we exclude employees who worked less than the entire fiscal year. We selected a male and female deputy public defender I to compare because the male employee had less time served in the position, yet earned more than his female counterpart in fiscal year 2014–15. However, upon closer review, we determined that, at the time when the male employee was hired in June 2014, the Los Angeles County Chief Executive Officer (chief executive officer) had authorized an adjusted minimum rate for the deputy public defender I position at step 6—or \$6,018 per month—in order to assist the Public Defender's Office's recruitment and retention efforts. However, when the female employee was hired, earlier in February 2014, this adjusted hiring rate was not in effect and so the hiring rate at that time was only \$5,255 per month. The difference in these two employees' salaries did not depend on their gender; rather, the different dates on which they were hired created the disparity. We also noted that the chief executive officer's memo required that all employees earning below the step 6 salary rate of \$6,018 per month be advanced, and we saw evidence that the female deputy public defender I's salary was adjusted retroactively.

Counties are also able to pay new county employees at a higher salary step for those employees who exceed minimum qualifications and we found that counties placed 9 of 48 new employees (three men and six women) at a salary level that was beyond the minimum hiring rate. For example, we selected the clinical social worker I classification in Orange County and compared two employees with similar years of service in the classification, noting that the female employee earned over \$10,000 more during fiscal year 2014–15 than the amount earned by the male employee during the same period. However, when we reviewed the salary information, we found that the female employee was hired at a step 7 salary rate because of her two years of previous experience

in the same position as a contractor with the county. On the other hand, the male employee promoted into the same job classification at the minimum salary rate, step 1 from another county position. Orange County's policies allow its hiring managers to request special salary step placement for an employee whose previous experience enables him or her to make a greater contribution to the county. The application of the policy is at the discretion of the hiring manager based on his or her assessment of the new employee's qualifications.

Finally, for seven of the 161 employee records we reviewed, we determined that while the job classification of physician was the same, each employee had different medical specialties or other circumstances that made them difficult to compare. For example, we reviewed two physicians (a man and a woman) who each worked full-time and were hired during the same month and year into the same medical department at the Santa Clara Valley Medical Center, but they earned different rates of pay, with the male physician earning \$149.04 per hour, or roughly \$310,000 annually, and the female physician earning 13 percent less, or \$129.81 per hour, a rate that totals nearly \$270,000 annually. However, the male physician specialized in gastroenterology, and the female physician specialized in cardiology, making these two positions difficult to compare. In general, the smaller remaining pay disparities we identified were the result of multiple pay practices in the counties that—taken together—cause employees, regardless of gender, to earn different amounts.

Counties Applied Some Aspects of Their Hiring and Promotions Processes Equally, but Their Rationales for Selecting Successful Candidates Remain Unclear

As part of our audit, we examined whether the four counties we visited consistently followed key hiring and promotional rules for both male and female candidates. We examined 240 different hiring or promotional decisions (60 for each county) over a two-year period covering fiscal years 2013–14 and 2014–15. We evaluated in particular whether the counties engaged in a competitive recruitment process, whether the successful candidate achieved sufficiently high scores on competitive hiring exams, whether both male and female candidates were successful on these exams, and whether both men and women were contacted for hiring interviews. However, although there was sufficient documentation of the process leading up to the hiring decisions, three of four counties did not always document why they ultimately chose certain candidates over others.

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Employers are not required under federal or state law to document why they choose particular candidates over others for employment, and the State's regulations governing the counties' merit-based personnel systems do not cover this important topic.

For county employees appointed to classified positions or for those governed by counties' merit system rules (as described in the Introduction), all four counties treated male and female candidates equally during the parts of the hiring and promotions we reviewed.⁹ Counties frequently followed competitive hiring practices to fill vacant classified positions, placed more women than men on certified eligibility lists, and contacted more women than men for hiring interviews. However, the counties often did not maintain documentation explaining their rationales for choosing particular candidates over others who were also qualified for the positions. According to the county policies and practices we observed in Fresno, Los Angeles, and Orange counties, county management does not expect documentation of such decision making. As a result, for many of the hiring decisions we reviewed at these counties, the rationale for selecting a particular candidate over others who competed for the positions was unclear and hindered a more thorough evaluation of whether employers were objectively selecting men and women based on job-related criteria. In contrast, the policies and practices at Santa Clara County do require such documentation and provide a model or best practice that, in our view, should be used by other counties. Employers are not required under federal or state law to document why they choose particular candidates over others for employment, and the State's regulations governing the counties' merit-based personnel systems do not cover this important topic.

The first element of the hiring and promotions process we evaluated at each of the four counties was the extent to which they engaged in a competitive recruitment process to fill their vacancies. All four counties had the general expectation in their personnel rules that competition would be the standard process for filling classified positions. Of the 240 hiring and promotional decisions we collectively reviewed at the four counties, 195 decisions pertained to the counties filling a classified position. During our review, we found that the counties engaged in a competitive hiring process for 154, or 79 percent, of those 195 classified hiring decisions, such as by issuing hiring announcements seeking qualified candidates and describing the counties' evaluation methods for selecting candidates. The announcements clearly provided applicants with an understanding of the minimum requirements for the position, and, at times, any other desirable qualifications that the county was looking for when attempting to fill the vacant position. All of the advertisements we reviewed also provided potential applicants

⁹ *Merit system rules* are personnel standards that describe how a county will recruit, select, promote, and compensate employees for positions that have permanent status. These rules are intended to ensure that the county bases employment decisions on the employee's relative ability, knowledge, and skill as opposed to his or her personal relationships or political connections.

with additional information about the hiring process, such as the application filing periods, the ways to apply, and the times and places of examination, when necessary.

For the remaining 41 of 195 classified positions for which the county did not follow a competitive process, we concluded that the counties had made decisions to forgo competition that were consistent with their local policies and procedures. For example, Fresno, Orange, and Santa Clara counties generally had policies that were variations on the idea that competition for certain classified positions was not needed for promotions that are within a series of related classifications (or positions), such as promotions from a position as human resources assistant I to a human resources assistant II. This practice was the most common reason for the lack of competition for classified positions, occurring in 33 of the 41 instances in which competition did not take place. In these cases, the three counties generally determined that the employee in the lower-level position had attained the skills necessary for advancement to the next level and promoted that individual.¹⁰ For example, in Orange County, we reviewed a promotional decision for an employee moving from social worker I to social worker II. Orange County determined that an employee had demonstrated sufficient skill and ability to warrant promotion to the next classification within the “social worker” series, and our review of the employee’s file noted that the employee met the minimum qualifications six months experience as a social worker I with Orange County, and the employee’s supervisor recommended her for the social worker II position.

In the remaining eight of 41 cases in which competition did not occur for a classified position, the counties’ decisions still appeared appropriate as they pertained to instances when employees were temporarily promoted to a position in order to provide extra help, or when the appointment was the result of various other personnel decisions, such as the lateral transfer of an existing employee between positions or the rehiring of a former employee who was previously laid off, among other reasons. Regardless, we did not see any evidence that the decision to avoid competition disadvantaged female employees. In fact, for the 41 instances in which counties did not follow competitive processes for classified positions, female employees were appointed to the positions in 30 instances, or for 73 percent of the vacancies.

We did not find any evidence that avoiding a competitive recruitment process disadvantaged female employees.

¹⁰ In the fourth county, Los Angeles, hiring managers always filled the classified positions we reviewed through a competitive recruitment process.

For each of the 154 competitive hiring or promotional decisions we reviewed for classified employees, we also examined whether the successful candidate had passed screening exams to warrant further advancement in the county's hiring process. In addition, we examined how many men versus women successfully passed these screening exams for placement on certified eligibility lists and whether we saw evidence that roughly equal numbers from both male and female employees were being contacted for hiring interviews. According to our review, all 154 candidates who were ultimately successful in securing county employment had passed the counties' initial screening exams. For example, according to Santa Clara County's merit system rules, candidates must receive a cumulative score of 70 percent to be considered potentially competitive for a position. Continuing the example, the candidate we selected for review not only passed the accounting assistant examination but also attained one of the highest scores. His high examination score placed him on the eligible list and qualified him for a final interview.

In addition to our observation that the 154 winning candidates passed their screening exams, Table 5 shows that, regardless of who ultimately obtained employment, women were often successful at both getting on certified eligibility lists and receiving hiring interviews. In fact, the four counties placed more women than men, on average, on these lists and more often interviewed female candidates for the hiring decisions we reviewed. The results shown in Table 5 seem largely consistent with the overall demographics of the employees at the four counties included in our audit. Based on county records, women represent between roughly 54 and 60 percent of each county's workforce.

Table 5
Average Numbers of Male and Female Candidates Whose Files We Reviewed and Whom Counties Placed on Certified Eligibility Lists and Interviewed for Classified Positions

	FRESNO COUNTY		LOS ANGELES COUNTY		ORANGE COUNTY		SANTA CLARA COUNTY	
	AVERAGE NUMBER	AVERAGE PERCENTAGE	AVERAGE NUMBER	AVERAGE PERCENTAGE	AVERAGE NUMBER	AVERAGE PERCENTAGE	AVERAGE NUMBER	AVERAGE PERCENTAGE
Candidates on counties' certified eligibility lists for classified positions								
Female	21	65%	36	55%	30	64%	7	44%
Male	9	29	30	45	16	34	6	38
Total of averages*	32	94%	66	100%	46	98%	16	82%
Candidates who received interviews for classified positions[†]								
Female	13	60%	NA [†]	NA [†]	10	58%	5	50%
Male	7	33	NA [†]	NA [†]	7	41	5	50
Total of averages*	22	93%	NA[†]	NA[†]	17	99%	10	100%

Source: California State Auditor's review of Fresno, Los Angeles, Orange, and Santa Clara counties' hiring records for 154 competitive hiring and promotional decisions for classified employees.

* The average number and average percentage may not add to the correct number or to 100 percent because we could not determine candidates' sex based on written records.

[†] Not all counties are required to maintain data regarding the number of candidates interviewed for a particular job classification, and Los Angeles County generally did not maintain such records for the competitive hiring and promotional decisions related to the 51 classified positions we reviewed.

Finally, for those 154 competitive hiring decisions, we attempted to review documents explaining each county's rationale for choosing the successful candidate at the time the hiring or promotional decision was made. Understanding each county's rationale is critical, in our view, to evaluating whether county employers are treating men and women equally by basing selection decisions on objective and job-related criteria. Unfortunately, county officials could only provide evidence explaining why they chose the successful candidates, or, alternatively, why they did not select other candidates in just 39, or 25 percent, of the 154 competitive hiring or promotional decisions we reviewed. For those hiring decisions that included a rationale, Santa Clara was the county that most often documented why certain candidates were selected over others, doing so in all 26 of the competitive hiring and promotional decisions we reviewed. Santa Clara County's documentation often notes the deficiencies of the unsuccessful candidates. For example, the documentation included a statement that an applicant for an accountant assistant position lacked experience using SAP accounts payable software. Santa Clara County's Human Resources Practices Manual instructs hiring managers that "[they] must be able to show appropriate justification for all hiring decisions," further requiring that managers "be certain that the candidate selected is objectively the most qualified, or at least equally qualified according to the criteria set." Perhaps more importantly, Santa Clara County's manual provides examples of appropriate and inappropriate rationales regarding candidate selection. Most of the "appropriate" rationales focus on ways to explain why a candidate was not chosen, such as by documenting the following: "Not selected, qualifications were good, but did not have direct experience in a medical setting, while other applicants did." Examples of inappropriate rationales cited in Santa Clara County's manual include such statements as the following: "Not selected, not as qualified as candidate selected."

However, not all counties have the same expectations as those of Santa Clara County. We found that Los Angeles County's merit system rules do not establish a requirement that hiring managers document their rationale for selecting a particular individual over other eligible candidates from a certified eligibility list. We saw that the hiring managers in individual county departments often did not maintain such records, and as a result, we were unable to evaluate the hiring departments' hiring rationales for 41 of the 51 hiring decisions we reviewed. When providing an explanation for the limited documentation, one hiring manager in the county's Department of Public Social Services indicated that performing selection interviews and documenting the results and rationale behind the hiring decision are not required under the county's hiring rules. Other managers within Los Angeles County provided similar explanations. For example, according to the human resources manager at the Los Angeles County's registrar

County officials could only provide evidence explaining why they chose the successful candidates, or, alternatively, why they did not select other candidates, in just 39 of the 154 competitive hiring or promotional decisions we reviewed.

and clerk's office, civil service rules do not require the hiring authority to interview a specific number of candidates, and county hiring managers may appoint any reachable candidate without going through a formal selection interview process. Explaining her position further, this manager stated that all candidates who can be contacted for hiring interviews are all equally eligible for appointment under the county's hiring rules. In our view, this makes proper documentation even more important because there should be a valid reason for selecting the successful candidate.

Fresno County's personnel rules require department heads to maintain records of employment selections, including comments relative to the qualifications of the eligible candidate selected, but they do not require departments to document the justification for why one candidate was selected over another. When we reviewed the hiring and promotional files at Fresno County, available documentation for the selection process was often limited to hard copy interview notes and information contained in an electronic application system called NeoGov. For eligible candidates who received interviews, the NeoGov system provided such limited information as "rejected—not selected" without further information explaining the reasons for the rejections. Orange County's recruitment rules and policies similarly do not establish an expectation that hiring managers document why they chose a particular male or female candidate over others from the eligible candidate pool. As in Fresno County, Orange County also uses the NeoGov system, and its records identify who was offered the position but not the reason why—or why the hiring manager did not choose other candidates who were interviewed.

Even though neither federal nor state employment law explicitly requires employers to document why they choose particular candidates over others when making employment decisions, if challenged, employers must successfully demonstrate that the decision to hire an individual (or not to hire another) was not the result of a discriminatory employment practice. We believe Santa Clara County's policies establish a best practice to limit counties' risk against such claims. We also believe that it is reasonable to expect that hiring managers have some legitimate basis for selecting candidates and that managers document these decisions, which could be used to defend a hiring decision if challenged. Although county officials may claim that all candidates who can be interviewed from certified eligibility lists are "equal" in terms of their qualifications, those male and female candidates who are not selected may disagree. Ultimately, documentation needs to show a nondiscriminatory basis for all candidate selections.

We believe that it is reasonable to expect that hiring managers have some legitimate basis for selecting candidates and that managers document these decisions, which could be used to defend a hiring decision if challenged.

Finally, our audit also reviewed 45 unclassified positions, 39 of which were executive-level appointments to positions that received salaries (not including benefits or other forms of compensation) of at least \$120,000 per year. These unclassified positions were exempt from the merit system rules that we describe earlier. For example, the newly elected Fresno County district attorney appointed an assistant district attorney. This at-will employee was a former chief deputy district attorney and did not undergo the same competitive process generally required for the county's classified employees before appointment—nor was she required to do so. Unlike classified employees, at-will employees are not entitled to civil service status, and they may be terminated at the discretion of the employer at any time, so long as it is for a lawful reason. As in the case of selection for classified positions, selection of candidates to fill unclassified positions usually does not require the counties to justify these hiring decisions. Nevertheless, we found that counties did document the reasons for selecting certain candidates—or for not choosing other candidates—in three of 45 unclassified selections we reviewed. However, because of the lack of documentation for the hiring decisions for most of those at-will positions, we were prevented from reviewing the number of male and female candidates interviewed, or determining whether the counties were objectively selecting men and women based on job-related criteria.

Counties' Salary-Setting Decisions Complied With Their Policies, but Factors Other Than Employees' Abilities Influenced Salary Levels

One of our audit objectives was to evaluate whether the four counties we visited complied with laws and local policies regarding the salary-setting process. Although neither federal nor state law expressly mandates how employers should set employee salaries, each county has established a set of rules governing how employee pay is determined, and we observed that the four counties follow those local rules. For new employees appointed to classifications with incremental salary steps within a salary range, the counties we reviewed often had rules requiring that employees be paid the minimum rate unless an employee possessed unusual or unique qualifications. County hiring managers decide when to request a higher salary for a new employee whose qualifications are beyond the minimum required for the position. In other cases, salary determinations can be the result of undocumented negotiations between the employee and the county that result in the employee receiving a pay amount that is within a broad salary range.

We were prevented from determining whether the counties were objectively selecting men and women based on job-related criteria for unclassified positions because of the lack of documentation for the hiring decisions.

A county's decision regarding whether to offer a higher salary amount to an employee was based on a variety of factors that may have nothing to do with the employee's skills or abilities.

For each of the salary-setting decisions we reviewed for 240 employees (108 men and 132 women), we identified each employee's salary amount, evaluated whether the salary was set at or above the minimum amount established for the particular position, and determined the reasons—to the extent possible—why any employee was paid more than the minimum salary for the classification. We also looked for evidence of whether employees of one gender or the other more often received pay above the minimum rate.

The results of our review found that a county's decision regarding whether to offer a higher salary amount to an employee was based on a variety of factors that may have nothing to do with the employee's skills or abilities. Such considerations that are external to the candidate can include the following: the number of qualified candidates in the labor market, whether the county has strictly enforced policies of only hiring new county employees at the minimum salary rate, and whether the salary-setting decision is for an existing county employee who is transferring or promoting into a new county classification, in which case the new salary amount can be influenced by what he or she earned in the prior county classification.

The data from our selection showed that women were more likely than men to begin county employment at the minimum salary rates for their positions (79 percent of women versus 63 percent for men). Nevertheless, both genders benefitted roughly equally from county pay practices that consider prior pay upon transfer or promotion, with 80 percent of the women and 83 percent of the men receiving starting salary rates above the minimum amounts.

Women Were More Likely Than Men to Begin County Employment at Minimum Salary Levels, and Factors Other Than Ability Can Influence What Salary Rates Are Offered

The four counties we visited have compensation policies that generally, but do not always, direct new employees to start at step 1 of the salary schedule for their classification. Nevertheless, these policies could place both men and women at a disadvantage when their qualifications exceed the minimum requirements for the position. Of the 240 salary decisions we reviewed, 57 pertained to cases in which the employee was new to county service and was entering a county classification with the pay based on a salary schedule with a minimum and maximum amount and incremental salary steps between both endpoints. County policies permit hiring managers to consider paying new county employees above step 1 in certain circumstances, such as when the employee possesses unusual qualifications, including relevant education, experience, and

training, that are above the minimum required qualifications of the classification. As shown in Table 6, the four counties established the starting salary at the minimum step for 42 of 57 employees we reviewed. We also found that, depending upon the education, previous experience, and recruiting challenges associated with the candidates, 15 of the 57 new employees were hired at higher than the base step. Of these 15 employees hired above their respective minimum rates, seven were men and eight were women. Table 6 shows that women were hired at minimum salary rates in 30, or 79 percent, of the 38 cases we reviewed, and men were hired at minimum salary rates for 12, or 63 percent, of the 19 cases we reviewed.

Table 6
Initial Salary-Step Placements for Newly Hired Employees
Fiscal Years 2013–14 and 2014–15

GENDER	COUNTIES' NEW HIRES WHO STARTED				TOTAL
	AT MINIMUM SALARY STEP		ABOVE MINIMUM SALARY STEP		
	NUMBER	PERCENTAGE OF GENDER	NUMBER	PERCENTAGE OF GENDER	
Female	30	79%	8	21%	38
Male	12	63%	7	37%	19
Totals	42		15		57

Source: California State Auditor's analysis of salary decisions for newly hired employees at Fresno, Los Angeles, Orange, and Santa Clara counties appointed to positions with a salary-step schedule.

To understand whether counties were consistently assigning the minimum rate to both men and women based on their qualifications and experience, we made further inquiries for some of the 42 employees where the counties assigned the minimum pay. Specifically, we identified 13 instances in which it initially appeared, in our view, that the new employees' professional background and educational experience exceeded the minimum requirements for the classification.

When evaluating county decisions to pay only the minimum amount, we reviewed five salary decisions (all female employees) in Fresno County, two salary decisions (one male employee and one female employee) in Orange County, three decisions (one male employee and two female employees) in Los Angeles County, and three decisions (one male and two female employees) in Santa Clara County. In response to our inquiries about these 13 salary decisions, county officials from all four counties provided various explanations for establishing the employees' pay at the minimum rates, citing such factors as the lack of difficulty in

recruiting for the positions in question or the lack of support for higher starting salaries given policies to pay at the minimum rate. For example, a female employee at Santa Clara County was hired for a clinical nurse II position and the minimum requirement for the position was that the successful candidate possess at least one year of acute care experience and possess a valid California registered nurse license. The individual who was hired in this case seemingly exceeded these requirements by possessing 11 years of experience as an operating room nurse, which was noted in her application materials. The county justified the minimum salary level for the employee by stating that the county received many applications for this classification from candidates who met or exceeded the minimum qualifications; therefore, the county did not consider this applicant's years of experience to constitute "unusual qualifications" warranting a salary above the minimum. We confirmed that there were three other eligible candidates on the certified eligibility list for this nursing position, making them all competitive for the position.

At Fresno County, we identified five female employees who appeared to have qualifications above the position's minimum requirements. In answer to our inquiry, a county personnel analyst indicated that department heads do not routinely ask for a higher pay rate for new hires (regardless of qualifications), as they have been instructed to offer the minimum salary rate. Further, the Fresno official noted that it is not unusual for individuals who far exceed the minimum qualifications to apply for and accept entry-level positions at the minimum salary rate. When we followed up with the remaining two counties—Orange and Los Angeles—county officials often indicated that applicants for the positions in question were not difficult to recruit.

Although paying the minimum rate for new county employees was common, 15 new employees (seven men and eight women) received pay rates above the minimum amounts for their particular classifications.

Although paying the minimum rate for new county employees was common in the selection of employee records we reviewed, 15 new employees (seven men and eight women) received pay rates above the minimum amounts for their particular classifications. As we did in our review of employees who were paid at the minimum amount, we attempted to determine whether counties were consistently providing higher pay to these male and female employees based on their education and other job-related professional experience. We reviewed records for the 15 employees who were paid above the minimum rate: six in Orange County, five in Santa Clara County, with Los Angeles County accounting for the remaining four employees. We saw no consistent pattern among these 15 employees—their associated classifications included attorneys and information technology workers, among others. For 12 of the 15 pay decisions, county officials were able to show us the internal requests and approvals from county human resources managers authorizing the higher pay amounts. In the three other cases,

Orange County could not locate the support and approval for the higher pay. For 11 of 12 justifications and approvals, counties cited that the reason for the higher starting salary amounts was the hiring manager's conclusion that the candidate's professional or educational background was particularly impressive and relevant to the position.

For example, Los Angeles County hired a male information technology specialist I above step 1. The county justified the decision by citing the employee's extraordinary education and work experience in a related field. In another instance, Santa Clara County hired a female regional planner at salary step 3 and justified the decision based on the candidate's relevant master's and bachelor's degrees in architecture and urban planning, along with her nearly five years of relevant experience. We reviewed the two employees' resumes and concluded that their experience exceeded the position's minimum qualifications. We also noted that, for three of the six employees who Orange County brought in above the minimum rate, the county cited the employees' merit, experience, education, and recruiting difficulties on their salary justifications and these decisions were consistent with their county policies. For example, the county justified its hiring of a surveyor above the minimum rate by describing the candidate's prior work experience in the field and discussed the difficulty in finding well-qualified candidates. The county stated that it had recently made offers of employment to three candidates for four vacant positions, all of whom declined the offer due to the increased demand for surveyors in the region.

A less common reason why counties paid new employees above the minimum rate was the belief that the candidate would not accept a lower amount, a situation that occurred for two of the 12 cases we reviewed. For example, the higher salary step request from Orange County's Health Care Agency cited the likelihood that a candidate for a clinical social worker II position would reject the employment offer if she was not hired at \$31.28 per hour (the normal hiring rate is \$25.17 for the position).

Despite counties' policies allowing hiring managers to use discretion when making salary decisions, we did not see any instances of sex-based discrimination in the counties' salary-setting decisions for the new employees that we reviewed. Salary decisions were often based on the employees' qualifications and experience; however, we also noted that what an employee earns is not always dependent on their qualifications. Some of the counties indicated that many of the positions that we were questioning were not difficult to recruit for even though the candidates exceeded the job's minimum qualifications.

Despite counties' policies allowing hiring managers to use discretion when making salary decisions, we did not see any instances of sex-based discrimination in the counties' salary-setting decisions for the new employees we reviewed.

Female Employees in Our Selection Were Less Likely to Receive Salaries Above the Midpoints of the Salary Ranges for Positions With Negotiated Salaries

The data in our selection show that women were less likely than men to receive starting salaries above the midpoints of broad-range salary schedules. Of the 240 salary decisions we evaluated, 54 involved employees who were either newly employed or who had transferred or promoted into a county classification for which the salary amount fell within a broad range without any incremental salary steps. For some county employees in this group, the salary amount could be the result of negotiations and thus could not be explained by a particular county policy, such as those that require a certain percentage increase over prior pay upon an existing employee's promotion or transfer. Neither federal nor state laws expressly require that counties document how they determine salary amounts for those that are negotiated and the four counties similarly do not require such documentation. The difference between the minimum and maximum salary in these broad-range positions can be large. For example, as of April 2015, the broad-range salary for the position of chief deputy director at the Los Angeles County's Department of Public Works has a span of \$96,744, with the minimum salary of \$188,370 and a maximum capped at \$285,114. Additionally, the salary range for the chief child psychiatrist position in Fresno County spanned \$127,608, with a minimum salary of \$122,408 and a maximum salary of \$250,016. We analyzed how often the 54 employees (30 men and 24 women) received salary amounts above the midpoint of the salary range.

Of 39 employees receiving salaries above the midpoint of the salary range, 24 were men and 15 were women.

Based on our review of 39 employees receiving salaries above the midpoint, 28 were from Orange and Santa Clara counties. The data show that women were less likely than men to obtain a salary above the midpoint. Specifically, 24, or 80 percent, of 30 male employees and 15, or 63 percent, of 24 female employees successfully negotiated or otherwise received salaries above the midpoint of the salary range. We attempted to identify any trends in the types of positions in our review where employees entered either above or below the salary midpoint, but none emerged. Employees who were attorneys or who were employed as the chief, director, or administrative manager of some county function had salaries that were both above and below the salary midpoints for their positions.

All Four Counties Had Policies That Considered Prior Salaries When County Employees Transferred or Promoted Into New County Classifications

Some advocates for greater pay equity argue that an employer's consideration of an employee's prior salary from a different classification can perpetuate pay disparities, noting that women

have historically earned less than their male counterparts. Although state law does not expressly prohibit an employer from requesting or considering a candidate's salary background, in 2015 California's Legislature approved a bill that would have prohibited employers from seeking a candidate's salary history. That bill was vetoed and a similar bill is now pending. In federal government, the U.S. Department of Personnel Management recently advised federal hiring managers against using an employee's prior salary as the sole basis for determining current pay, noting that such a practice could hurt those who are returning to the workforce after an extended absence.

The four counties we visited each had salary-setting policies that expressly require consideration of prior pay when existing county employees transfer or promote into a different county classification. Some of the counties we visited stated that having such policies helps them to retain existing employees, to promote their upward mobility, and to ensure that employees are not penalized financially when changing classifications within the county. For example, when explaining Los Angeles County's perspective, the compensation division manager stated that not having such a rule and requiring all employees to promote or transfer at the minimum salary rate of the new classification would likely cause some employees (men and women alike) to incur pay cuts when they change positions because the salary ranges between employees' previous and current county classifications could overlap. To prevent such occurrences, each of the four counties we visited had variations of a policy ensuring that county employees earn at least the same amount, if not more, when they transfer or promote into a different county position.

We reviewed 180 salary-setting decisions made for fiscal years 2013–14 through 2014–15 for employees appointed to positions with a salary-step payment structure. We noted that for 123, or 68 percent, of those decisions, the employees had either transferred or been promoted into a different county classification. As shown in Table 7, for 100, or 81 percent, of the 123 salary-setting decisions that resulted in starting pay above the minimum salary step, we found that 80 percent of women and 83 percent of men started above the minimum salary step.

Table 7
Initial Salary-Step Placements for the 123 Promotion and Transfer Cases

GENDER	NUMBER OF EMPLOYEES WHO STARTED A NEW CLASSIFICATION		TOTAL
	AT THE MINIMUM SALARY STEP	ABOVE THE MINIMUM SALARY STEP	
Female	14	55	69
Male	9	45	54
Totals	23	100	123

Source: California State Auditor's analysis of salary decisions for employees at Fresno, Los Angeles, Orange, and Santa Clara counties who are paid under a salary-step schedule.

Seniority-based county pay policies effectively reward the employee for prior service with the county, and this additional pay above the minimum amount following a promotion or transfer may or may not bear any relationship to that employee's actual ability to perform the work relative to others in the same classification.

When employees change classifications as a result of a transfer, and not a promotion, the four counties' policies require employees to maintain their existing pay levels, which can also result in county employees entering their new classifications at a pay rate that is above the minimum amount. For example, at Santa Clara County, we found two individuals who began work on the same day as account clerk IIs at the county's Social Services Agency, but they started with significantly different salaries. One individual—a woman who was also a new county employee—was paid at the minimum salary rate (or hiring rate) of \$41,456 per year. The second employee (also a woman) had transferred from within the county and, due to earning a higher salary in her previous classification as an office specialist III, began work as an account clerk II earning \$50,019 per year (salary step 5). Although both employees had the same amount of time in the new position, the two employees' salaries were different by more than 20 percent. Clearly, the employees' gender was not the cause of the disparity since both employees were women; rather, the cause was the county's policy of using the existing county employee's prior salary when establishing her current pay.

Such county pay policies, while beneficial to existing county employees, effectively reward the employee for prior service with the county (a form of seniority-based pay) and this additional pay above the minimum amount following a promotion or transfer may or may not bear any relationship to that employee's actual ability to perform the work relative to others in the same classification. Put another way, in our previous example, it is entirely possible that the new county employee earning the minimum \$41,456 per year is just as productive in performing the work of an account clerk II as the county veteran earning \$50,019 per year.

During our audit, we attempted to understand whether seniority-based pay systems needed to be based on a particular classification (or group of similarly related classifications) or whether they could be more broadly applied to prior service with the employer, as appears to be the case with the four counties we reviewed. State and federal laws are not that specific or prescriptive in terms of how seniority-based pay systems must work. The Equal Employment Opportunity Commission (EEOC) has advised that employers who rely on a seniority system as a defense must be able to demonstrate that the seniority-based system was adopted without discriminatory intent, has predetermined criteria for measuring seniority that has been communicated and is consistently applied to all employees, and is, in fact, the entire basis for the difference in compensation. We observed that counties had described in local ordinances or countywide personnel rules how salary amounts are to be calculated when existing employees

change classifications. Further, as discussed earlier, we saw evidence that both male and female county employees benefited from these pay policies in practice.

Nevertheless, employers who use prior salary when establishing a new employee's pay may risk further perpetuating pay inequities. The federal courts are split on whether an employee's prior salary can ever serve as the sole basis for a pay disparity. The United States Court of Appeals for the Ninth Circuit, which is the appeals court that California must follow, has held that the Federal Pay Act does not impose a strict prohibition against the use of prior salary as one of several factors an employer may use to arrive at a employee's salary and that it may constitute a legitimate business reason for a pay differential. Other circuit courts, however, have taken a different position. In December 2015, the federal District Court for the Eastern Division of California held that an employer's reliance on an employee's prior salary as the sole basis for a salary differential conflicts with the Federal Pay Act, stating that "a pay structure based exclusively on prior wages is so inherently fraught with the risk that it will perpetuate a discriminatory wage disparity that it cannot stand, even if motivated by a legitimate business purpose." This ruling allowed a female plaintiff to continue her litigation against a county superintendent of schools.

For the Few Cases We Identified, Counties Often Found That Gender-Based Pay Equity Complaints Lacked Merit, but the Frequency of Such Complaint Filings Is Unclear

Our audit could not quantify definitively how often the four counties we visited received complaints pertaining to pay or promotional disparities based on gender. The counties we visited do not specifically track gender-based wage and promotional complaints, and neither federal nor state law currently requires that they specifically track this information. All four counties we visited had developed their own local policies to promote equal employment opportunities and to prevent and respond to alleged instances of discrimination in the workplace. These local policies frequently encouraged county employees to file complaints—with their own county department or with a designated county office—when alerted to potential violations of county equal pay policies.

However, the counties' processes for recording and tracking employee complaints were not always centralized, making it difficult to determine the universe of equal-pay complaints that were filed by county employees. Except for Los Angeles County, in three of the four counties we visited, local officials provided us with various lists of complaints, each covering different time periods or types of complaints, or they were maintained by different

The counties' processes for recording and tracking employee complaints were not always centralized, making it difficult to determine the universe of equal-pay complaints that were filed by county employees.

county officials. Further, we noted that the counties we visited do not label complaints at a level of detail that would allow for the easy identification of those involving potential violations of equal-pay laws. County complaint forms themselves often included only a checkbox for the complainant to mark for the protected characteristic (such as “gender” or “sex”), while an open-text field provided the complainant with an opportunity to provide more specifics on the nature of the complaint (that is, whether the complaint was wage-related or involved some other concern). As a result, we used our professional judgment to identify complaints that appeared to pertain to gender equity issues with respect to wages or promotional opportunity, and then review how the counties investigated and resolved those complaints.

Table 8 provides information on the total number of complaints that each county received from fiscal years 2010–11 through 2014–15 regardless of the protected characteristic (such as gender, age, ethnicity, etc.). The table also shows that of these total complaints, relatively few complaints appeared to us to allege gender-based discrimination regarding wages or promotional advancement. When searching for these types of complaints, we filtered the counties’ complaint logs based on sex or gender, and when possible, searched for key words such as “wage” and “salary” within the narrative section describing the complaint. In Los Angeles County we identified 21 pertaining to wage and promotional discrimination based on sex or gender. We identified these 21 complaints (which Los Angeles County had received from fiscal years 2011–12 through 2014–15) after performing keyword searches on more than 12,000 complaints. In the other three counties, we could only find seven or fewer complaints that appeared relevant to our audit. However, limitations with the data made it difficult to definitively quantify how often county employees filed gender-based pay equity complaints with their employers, so the actual number of these types of complaints filed may be higher. Nevertheless, of the 36 complaints we identified in Table 8 that appeared to us to allege gender-based discrimination regarding wages or promotional advancement, 10 complaints are still under investigation, 25 complaints were not substantiated, and one was substantiated; however, this complaint is still in litigation and therefore, we are not able to discuss the specifics of the allegation.

Table 8
Number of Employee Wage and Promotional Discrimination Complaints Filed With Each of the Four Counties and the Outcomes of Those Complaints

	FRESNO COUNTY (JULY 2010–JUNE 2015)	LOS ANGELES COUNTY (JULY 2011–JUNE 2015)	ORANGE COUNTY (APRIL 2011–JUNE 2015)	SANTA CLARA COUNTY (JULY 2010–APRIL 2015)
Total number of complaints identified on complaint logs we reviewed	368	12,463	416	1,427
Auditor-identified cases pertaining to wage or promotional discrimination (based on gender)	4	21*	4	7
Female complainant	1	11	4	5
Male complainant	3	10	0	2
Outcomes of complaint investigations				
Complaint Still Under Investigation	0 of 4	10 of 21	0 of 4	0 of 7
Complaint Not Substantiated	4 of 4	11 of 21	4 of 4	6 of 7
Complaint Substantiated	0 of 4	0 of 21	0 of 4	1 of 7

Source: California State Auditor’s analysis of county-provided complaint logs and review of source documents for cases we identified as pertaining to gender-based wage or promotional discrimination at the counties of Fresno, Los Angeles, Orange, and Santa Clara.

* In Los Angeles County, we identified 21 complaints that appeared relevant to our audit. To provide context, we note that Los Angeles County recorded that 5,195, or 41 percent, of more than 12,463 total complaints pertained to discrimination, of which 2,182 contained enough information to warrant review by the County Equity Investigations Unit. Of the 2,182 complaints that the county designated as warranting investigations, 401 related to gender.

The most common type of complaint we identified was one in which a county employee alleged that he or she was denied a promotion based on his or her sex, a complaint that occurred in 31 of the 36 complaints we reviewed. For example, a Fresno County employee claimed discrimination based on sex, race, color, and national origin when applying for a new position. The complainant alleged that members of the opposite sex who had less experience were hired. In response, Fresno County’s legal counsel compiled a report detailing the complaint and concluded that it was unsubstantiated. The report documented how many applicants were male and female, as well as the ethnicity and the ranking of the applicants. The report also informed the complainant of the right to file an appeal with the Department of Fair Employment and Housing or the EEOC. Finally, the legal counsel’s report noted that the complainant was subsequently hired into the position.

Our review of the 36 completed investigations of gender-based wage and promotion complaints at the four counties indicated that the counties usually took an average of eight months to address each complaint. However, Los Angeles County’s process for addressing complaints is lengthier—on average, the county took just more than a year (370 days) from the date the employee filed a complaint until its County Equity Oversight Panel resolved the complaint through a formal resolution. A significant component of the time spent resolving these complaints pertained to the time needed for county investigators to review the allegation. Specifically,

the County Equity Investigations Unit (investigations unit) took an average of eight months (245 days) to investigate complaints, with individual investigations ranging from as few as 98 days to as long as 439 days, or nearly 15 months. Additionally, we noted 10 complaint investigations that were still ongoing even though the complaints had been filed nearly 15 months earlier, on average, at the time of our review. For perspective, according to the EEOC, the average time it took to investigate and resolve a complaint was about 10 months in 2015.

However, according to an assistant director of human resources who oversees the county's investigations unit in Los Angeles County (assistant director), the volume of investigation requests has exceeded the capacity of the investigation unit's current resources. He told us that investigation requests have steadily increased since 2011, with the investigations unit receiving more than 1,400 cases during fiscal year 2014–15. As a result of the increased volume of cases, the investigations unit requested and received additional investigator positions; however, each investigator currently carries a caseload of approximately 35 investigations. Further, the investigations unit uses a tier system to prioritize the assignment and investigation of cases in which high-risk allegations are investigated first and cases involving wage or promotional issues are typically given a lower priority. The assistant director also indicated that the length of time to complete investigations is also affected by scheduling issues that include long delays for witnesses and subjects to respond to requests for information and their availability for interviews.

Modifying existing complaint forms to identify and track complaints alleging sex-based discrimination could be useful for county officials to monitor gender equity issues among their employees.

Ultimately, counties could seemingly benefit from changing their complaint intake forms to specifically identify and track complaints alleging sex-based discrimination involving equal-pay issues or promotional opportunities. Modifying existing complaint forms would likely cost little while potentially making it easier for county officials to identify and monitor how often employees file such complaints. Knowing how frequently these complaints are filed, or whether such complaints are focused at particular departments, could be useful information for county officials as they attempt to monitor gender equity and minimize pay disparities based on gender among their employees.

The State Periodically Reviews Counties' Merit-Based Personnel Systems, but It Could Strengthen These Reviews to Evaluate Gender Equity Issues

Local governments, such as counties and cities, are required under federal law to have merit-based personnel systems for those local employees who administer certain federally funded programs, such as Unemployment Insurance, Medicaid (known as Medi-Cal in

California), and the Supplemental Nutrition Assistance Program. The California Department of Human Resources (CalHR) is responsible for approving a county's merit-based personnel system. Through a contractor called CPS HR Consulting, CalHR also periodically audits counties' compliance with these merit-based rules. Each of the four counties we visited—Fresno, Los Angeles, Orange, and Santa Clara—have had audits of their merit-based personnel systems, and the audits showed that each county had compliant personnel practices; nevertheless, these audits did not evaluate those systems for issues related to gender-based pay equity.

The State's regulations and related audits do not fully address two topics that are relevant to gender-based pay equity issues. First, state regulations do not require that counties document their rationales for choosing a particular candidate for a given position. One of many causes for the gender-based wage gap, as cited by various researchers and discussed in the Introduction, is the different types of jobs or professions that women and men tend to occupy. Despite regulations requiring that county hiring decisions be objective, job-related, and based on the candidate's relative ability, knowledge, and skills, the lack of documentation explaining the county's rationale for choosing one particular individual over other eligible candidates is problematic. Without such documentation, it is not possible to evaluate whether a county has been truly objective during the most important part of the hiring process—the actual hiring decision—because the county's basis for selecting a male or female candidate is unknown. Second, the State's regulations require that counties provide "equitable and adequate compensation" and assure "equitable compensation for comparable work"; however, the regulations have no definitive guidelines suggesting how local governments are to achieve such standards. Instead, state regulations describe in general what counties should consider when evaluating the adequacy of compensation for a particular job, such as "the responsibility and difficulty of the work, the compensation needed to compete in the labor market, and other pertinent factors."

The contractor evaluating the counties acknowledged that its audits do not cover all aspects of the counties' hiring and promotions processes, such as the steps following the creation of an eligibility list, including the hiring interview and the salary-setting process.¹¹ Our review of the CalHR audit reports for the four counties we visited showed that the auditor—when evaluating the recruitment and selection process—focused on compliance issues, such as

Each of the counties we visited have had audits of their personnel systems, but these audits did not evaluate these systems for issues related to gender-based pay equity.

¹¹ An eligibility list is a ranked listing of candidates who have all achieved the minimum score necessary on county exams to be potentially considered for a county position. Once a county creates an eligibility list, the county is to select and hire from among the top-ranked candidates on the eligibility list (or certified list).

Current law does not require counties to consistently and actively monitor gender-based pay equity issues in the hiring and salary-setting process.

whether county employment announcements were posted for a sufficient period of time, whether county exams were job-related and resulted in the appropriate ranking of candidates based on their scores, and whether the county was selecting from the highest-ranked group or groups of candidates when making hiring decisions. When evaluating compensation practices, these audit reports often describe whether counties had regulations or procedures that clearly articulated their pay practices and whether these policies had been shared with employees. The CalHR contract auditor also frequently commented in the reports we reviewed about whether the county had recently performed compensation studies to evaluate whether pay levels for its employees were competitive with those offered by other comparable public-sector employers.

Because the law does not require counties to consistently and actively monitor gender-based pay equity issues in the hiring and salary-setting process, if the Legislature desires counties to do so, it should consider amending state law to clearly establish this expectation and then require CalHR's periodic audits of counties to assess compliance with these new requirements. Such requirements might include the expectation that county officials document, at the time of an employee's hire, why they chose a particular candidate over others. Subsequent audits could then assess whether the choice to hire a particular male or female candidate from a pool of otherwise equally qualified candidates was based on objective and job-related criteria. Requiring counties to document, at the time they hire employees, the counties' hiring rationales would also enhance counties' accountability for the hiring choices that are made.

Finally, to ensure that counties are periodically identifying and evaluating disparities between men's average pay and women's average pay (by classification), the Legislature could direct counties to periodically perform such an analysis and share the results with their boards of supervisors and the public, stating the causes for any significant disparities in pay found between the male and female employees and indicating what additional steps, if any, that need to be taken. Subsequent CalHR audits could verify that such gender-related compensation reviews are performed and the results shared with the public. Consistent analysis and public reporting of significant differences in pay between men and women promote greater transparency and understanding of the potentially numerous causes for the pay differences that exist between male employees and female employees, and they may also help to highlight potential solutions.

Existing Reports on Gender Pay Equity Have Limitations, and Better Information Might Be Available From the State Controller's Office

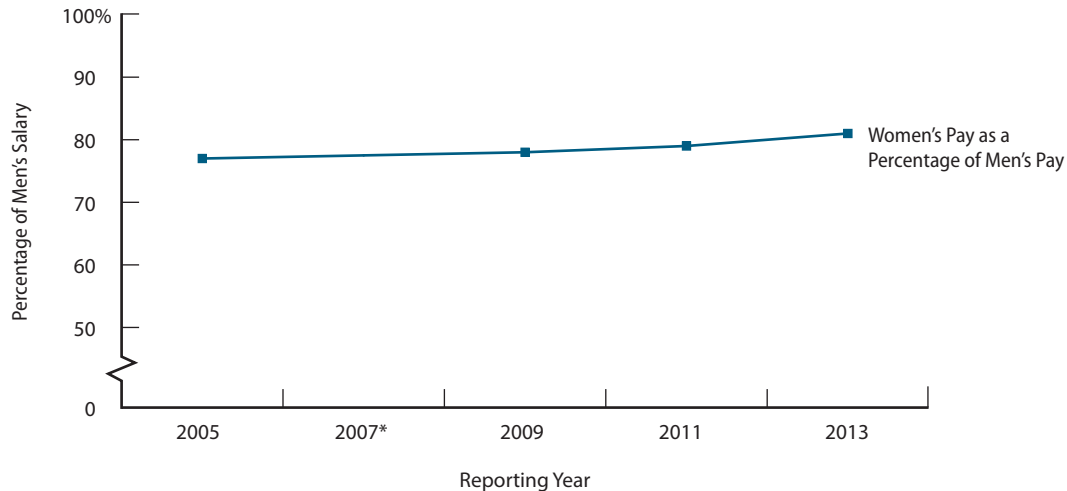
The four counties we visited periodically report two sets of statistical data, one each according to federal and state law, and the data contained in these two reports include information on employee pay that likely have only limited value to legislative decision makers who are interested in monitoring gender-based pay equity and employee pay issues. The limitations in the data are different depending on which of the two reports one reviews. The federal report does not provide detail that would allow the Legislature or the public to search for and identify specific classifications with a specific employer where the average pay for men and women was significantly different. However, the state report required by California's Government Code provides a wealth of information about specific public employers—such as cities and counties—along with employee-specific pay information and their job classifications. The State Controller's Office (Controller) provides this data to the public in a searchable format on its website; yet, this employee-specific data lacks information on sex because neither state law nor the Controller's instructions require public employers to provide this information for the report. Given the potential of the Controller's website to serve as a tool for enhanced pay transparency and accountability regarding gender-based pay equity, the Legislature should consider amending state law to require local agency employers to report the sex of the individual when submitting the employee-specific data that they are already required to provide.

The employer pay information counties report to the federal government reinforces some of the broad patterns we saw in the data for the four counties we reviewed; however, it cannot serve as a pay transparency tool or as a means to potentially identify combinations of employers and specific positions for which women are paid significantly less than men. By September 30th of every odd-numbered year, the EEOC requires all states and political subdivisions with generally more than 100 employees to complete a compensation report. This federal report, which is called the *State and Local Government Information EEO-4 Report* (EEO-4 report), requires public employers to report employee totals by salary level, sex, race, and by broad classification categories such as officials and administrators, professionals, and technicians, to name a few. For example, within the *professionals* classification category, a county reports how many of its employees had annual salaries within certain salary ranges (such as between \$55,000 and less than \$70,000 per year), how many within that salary range were women or men, and the ethnic makeup of each group. Once the EEOC has obtained these reports, it compiles the results and provides statewide data on its website that allow readers to potentially see broad classification patterns for different employee demographics.

Although the State Controller's Office's website provides data about specific local government employers along with employee-specific pay information and their job classifications, it lacks information on the sex of employees.

The trends are generally similar to the analysis of total average salaries we presented earlier for the four counties we visited. For example, Figure 5 indicates that from 2005 through 2013, women in full-time positions in California earned between 77 and 81 cents for every dollar that men earned. Thus, the salary gap between men and women varied from 23 percent in 2005 to 19 percent in 2013—percentages close to the aggregate wage gap that we show on Figure 3 on page 20 in the first section of this audit report.

Figure 5
Median Full-Time Salaries for Women as Percentages of Median Full-Time Salaries for Men in California’s State and Local Governments



Source: U.S. Equal Employment Opportunity Commission (EEOC).

Notes: By September 30 of every odd-numbered year, all state and local governments with more than 100 employees must file the *State and Local Government Information EEO-4 Report* with the EEOC. The data presented above represents the median salaries for full-time female employees as percentages of the median salaries for full-time male employees.

* The EEOC website does not have salary information available from the 2007 biennial report.

However, the EEO-4 report is limited as a tool for identifying disparities in pay between the genders in specific classifications. We noted that the salary ranges are uniform among all counties (and throughout the country) regardless of employee salaries—with a top salary grouping of \$70,000 or more. For example, a county such as Santa Clara, where in 2015 more than half of its employees fell within this top salary stratum, the data are too limited to identify disparities in pay among male and female employees. The broad classification categories contained in the EEO-4 report also prevent its use in identifying specific classifications in which pay disparities between men and women might exist.

In contrast to the lack of specific data on particular classifications and public employers in the federal EEO-4 report, the data on the Controller's highly detailed and user-friendly webpage allows users to search information on public employee wage data by specific employer and position. For example, users can search by a particular county the total number of employees and departments and classifications; and can then drill down within the classification to identify individual employees (not including the employee's name) within the classification and such information as their total wages and benefits. The text box shows examples of the employee-specific information already collected by the Controller, which is both summarized on its public website, and is available as raw data for users to download. However, the Controller does not currently collect or report—nor is it expressly required to collect under existing law—information on the sex of employees reported in its Government Compensation in California database.

Employee-Specific Information Available From the Government Compensation in California Database

The Government Compensation in California database of the State Controller's Office provides employee-specific information, including information for county employees, such as the following:

- The employee's position and department within the county.
- Whether the employee is an elected official.
- Minimum and maximum salary range for the employee's current position.
- The employee's total wages, including regular pay, overtime pay, lump-sum pay, and other pay.
- The employee's total retirement and health costs, including his or her defined benefit plan, employee retirement costs covered, deferred compensation plan, pension formula, and health, dental and vision plans.

Source: The Government Compensation in California database, a public website of the State Controller's Office.

Recommendations

Legislature

To ensure that counties consistently monitor pay disparities between male employees and female employees, and to ensure that counties perform these reviews and publicly report their findings, the Legislature should amend state law to do the following:

- Require counties to periodically compare, by specific classification, the differences in total average compensation between male and female employees.
- Require counties to publicly report to local decision makers those classifications for which the difference in total compensation is significant, further indicating which county pay policy or policies contributed to the variance and whether any modifications are needed to reduce the disparity.
- Require that the California Department of Human Resources ensure that counties perform these periodic gender-based pay equity reviews during its audits of each county's compliance with state-mandated civil service rules.

If the Legislature desires that counties be able to demonstrate that their hiring decisions for civil service positions are based on objective and job-related criteria, it should amend the state law to require that each county document the reasons why it chose the selected candidate over others from the certified eligibility list.

To ensure that the general public and legislative decision makers have readily available data on male and female employees' compensation, by specific classification and public employer, the Legislature should direct the State Controller's Office to obtain information on the sex of each public employee reported on the Government Compensation in California website.

Counties

To ensure that they can consistently demonstrate that candidates are hired for permanent civil service positions based on valid and job-related criteria, regardless of their sex, each county should develop policies requiring hiring managers to document the reasons why they chose the selected candidate over others from the certified eligibility list.

To ensure that they can readily monitor gender-based pay equity complaints and reliably evaluate how often such complaints are filed by its employees, each county should develop tracking mechanisms that allow management to reliably determine how often these complaints occur and whether there are patterns of complaints that pertain to specific county departments or classifications.

We conducted this audit under the authority vested in the California State Auditor by Section 8543 et seq. of the California Government Code and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives specified in the Scope and Methodology section of the report. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Respectfully submitted,



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Appendix

Counties' Fiscal Year 2014–15 Compensation Data by Gender, Ethnicity, and Years of Service

Both federal and state laws have been enacted to protect employees from sex-based discrimination in the workplace. Germane to this audit, the federal Equal Pay Act of 1963 requires that, except under certain conditions, employers must provide their employees with equal pay for equal work on jobs that require equal skill, effort, and responsibility, and that are performed under similar working conditions. Similarly, California enacted its own Equal Pay Act in 1949 to protect employees against pay discrimination based on their sex. However, according to the U.S. Census Bureau, as of 2014, women on average still earned only 77 cents for every dollar earned by men. In the Introduction of this report, we discuss some of the factors that researchers have identified to explain the reasons behind the gender-based wage gap, such as employee choice and behavior. In the Audit Results of this report, we provide our analysis of the hiring and salary setting practices as well as an analysis of pay data for each of the four counties we visited—Fresno, Los Angeles, Orange, and Santa Clara—and discuss how those practices may affect any gender-based wage gaps at those counties. For the four counties we visited, the Legislature asked that we also analyze and compare data related to county employees' wages. We obtained the counties' compensation data from their respective payroll systems for fiscal year 2014–15 and present the information by gender, ethnicity, and years of service in the table beginning on the following page. We calculated years of service based on employees' active full-time status in specific job classifications between the date each county implemented its personnel and payroll system and June 30, 2015. The data we obtained lacked the detail necessary to calculate years of service in a specific job classification prior to each system's implementation, resulting in zeros for some of the data we present.

Table
Total Compensation for Four Counties' Full-Time Employees Active in the Same Job Classification All Year
Fiscal Year 2014–15

COUNTY	TOTAL COMPENSATION*	TOTAL EMPLOYEES	TOTAL FEMALE	TOTAL MALE	FEMALE EMPLOYEES' YEARS OF SERVICE†				
					1-5 YEARS	6-10 YEARS	11-15 YEARS	16-20 YEARS	20+ YEARS
Fresno County	\$0.01 to < 20,000	0	0	0	0	0	0	0	0
	20,000 to < 40,000	5	4	1	3	0	1	0	0
	40,000 to < 60,000	310	174	136	141	16	11	6	0
	60,000 to < 80,000	918	661	257	231	198	171	61	0
	80,000 to < 100,000	894	568	326	200	178	136	54	0
	100,000 to < 120,000	656	359	297	129	113	87	30	0
	120,000 to < 140,000	530	223	307	82	78	45	18	0
	140,000 to < 160,000	336	126	210	41	43	26	16	0
	160,000 to < 180,000	242	58	184	19	19	19	1	0
	180,000 to < 200,000	146	31	115	6	14	7	4	0
	200,000 to < 220,000	63	7	56	3	3	1	0	0
	220,000 to < 240,000	29	7	22	4	3	0	0	0
	240,000 or more	25	6	19	3	2	1	0	0
Subtotal	4,154	2,224	1,930						
Los Angeles County	\$0.01 to < 20,000	101	76	25	76	0	0	0	0
	20,000 to < 40,000	487	348	139	348	0	0	0	0
	40,000 to < 60,000	5,826	4,064	1,762	4,064	0	0	0	0
	60,000 to < 80,000	18,306	13,527	4,779	13,527	0	0	0	0
	80,000 to < 100,000	13,564	9,014	4,550	9,014	0	0	0	0
	100,000 to < 120,000	9,494	5,679	3,815	5,679	0	0	0	0
	120,000 to < 140,000	8,921	4,931	3,990	4,931	0	0	0	0
	140,000 to < 160,000	7,271	3,461	3,810	3,461	0	0	0	0
	160,000 to < 180,000	4,706	1,874	2,832	1,874	0	0	0	0
	180,000 to < 200,000	3,075	932	2,143	932	0	0	0	0
	200,000 to < 220,000	2,295	625	1,670	625	0	0	0	0
	220,000 to < 240,000	1,467	371	1,096	371	0	0	0	0
	240,000 or more	2,929	864	2,065	864	0	0	0	0
Subtotal	78,442	45,766	32,676						
Orange County	\$0.01 to < 20,000	0	0	0	0	0	0	0	0
	20,000 to < 40,000	2	1	1	1	0	0	0	0
	40,000 to < 60,000	825	573	252	365	102	58	14	34
	60,000 to < 80,000	2,796	2,052	744	521	828	432	105	166
	80,000 to < 100,000	2,080	1,325	755	490	517	241	45	32
	100,000 to < 120,000	1,955	1,076	879	273	454	270	54	25
	120,000 to < 140,000	1,370	698	672	238	280	137	27	16
	140,000 to < 160,000	816	370	446	141	168	53	5	3
	160,000 to < 180,000	497	165	332	72	78	12	3	0
	180,000 to < 200,000	409	92	317	48	37	6	1	0
	200,000 to < 220,000	430	96	334	39	45	11	0	1
	220,000 to < 240,000	334	74	260	45	21	4	3	1
	240,000 or more	539	110	429	65	26	15	3	1
Subtotal	12,053	6,632	5,421						
Santa Clara County	\$0.01 to < 20,000	0	0	0	0	0	0	0	0
	20,000 to < 40,000	1	1	0	0	1	0	0	0
	40,000 to < 60,000	24	14	10	12	0	2	0	0
	60,000 to < 80,000	585	395	190	244	55	85	11	0
	80,000 to < 100,000	1,621	1,185	436	518	321	286	60	0
	100,000 to < 120,000	1,518	1,066	452	474	280	259	53	0
	120,000 to < 140,000	1,228	792	436	418	172	147	55	0
	140,000 to < 160,000	1,136	620	516	348	149	100	23	0
	160,000 to < 180,000	929	406	523	230	105	58	13	0
	180,000 to < 200,000	574	246	328	149	42	46	9	0
	200,000 to < 220,000	382	171	211	87	51	31	2	0
	220,000 to < 240,000	264	147	117	96	36	10	5	0
	240,000 or more	762	413	349	189	118	65	41	0
Subtotal	9,024	5,456	3,568						
Total for all counties	103,673	60,078	43,595						

ETHNICITY OF FEMALE EMPLOYEES

AMERICAN INDIAN / ALASKA NATIVE		ASIAN, FILIPINO, NATIVE HAWAIIAN / OTHER PACIFIC ISLANDER		BLACK / AFRICAN AMERICAN		HISPANIC / LATINO		NOT SPECIFIED		TWO OR MORE		WHITE	
COUNT	PERCENTAGE	COUNT	PERCENTAGE	COUNT	PERCENTAGE	COUNT	PERCENTAGE	COUNT	PERCENTAGE	COUNT	PERCENTAGE	COUNT	PERCENTAGE
0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
0	0	0	0	1	25	2	50	0	0	0	0	1	25
1	1	17	10	14	8	82	47	1	1	0	0	59	34
5	1	68	10	44	7	336	51	3	0	0	0	205	31
4	1	62	11	46	8	288	51	2	0	0	0	166	29
4	1	38	11	41	11	163	45	1	0	0	0	112	31
3	1	21	9	17	8	72	32	0	0	0	0	110	49
0	0	18	14	10	8	39	31	0	0	0	0	59	47
2	3	3	5	6	10	21	36	0	0	0	0	26	45
0	0	2	6	2	6	5	16	0	0	0	0	22	71
0	0	1	14	0	0	1	14	0	0	0	0	5	71
0	0	0	0	0	0	0	0	0	0	0	0	7	100
0	0	1	17	0	0	0	0	0	0	0	0	5	83
0	0%	8	11%	29	38%	27	36%	0	0%	0	0%	12	16%
1	0	30	9	156	45	112	32	0	0	0	0	49	14
10	0	590	15	1,349	33	1,574	39	0	0	0	0	541	13
41	0	2,346	17	3,580	26	5,512	41	1	0	0	0	2,047	15
30	0	1,642	18	2,182	24	3,838	43	1	0	0	0	1,321	15
15	0	1,210	21	1,402	25	1,985	35	0	0	0	0	1,067	19
11	0	1,237	25	1,112	23	1,683	34	0	0	0	0	888	18
5	0	1,110	32	679	20	1,017	29	0	0	0	0	650	19
2	0	691	37	334	18	443	24	0	0	0	0	404	22
2	0	267	29	159	17	211	23	0	0	0	0	293	31
1	0	141	23	110	18	119	19	0	0	0	0	254	41
0	0	78	21	71	19	76	20	0	0	0	0	146	39
2	0	218	25	101	12	87	10	0	0	0	0	456	53
0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
0	0	0	0	0	0	0	0	0	0	0	0	1	100
1	0	91	16	31	5	278	49	0	0	34	6	138	24
3	0	433	21	72	4	980	48	4	0	90	4	470	23
6	0	234	18	47	4	585	44	2	0	64	5	387	29
3	0	199	18	52	5	381	35	0	0	65	6	376	35
1	0	169	24	33	5	156	22	0	0	26	4	313	45
1	0	88	24	9	2	89	24	0	0	22	6	161	44
1	1	32	19	7	4	21	13	0	0	8	5	96	58
1	1	16	17	0	0	13	14	0	0	1	1	61	66
1	1	14	15	2	2	12	13	0	0	3	3	64	67
0	0	7	9	4	5	6	8	0	0	3	4	54	73
0	0	10	9	7	6	10	9	0	0	8	7	75	68
0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
0	0	0	0	0	0	0	0	0	0	0	0	1	100
0	0	2	14	0	0	6	43	2	14	0	0	4	29
4	1	89	23	22	6	142	36	30	8	13	3	95	24
10	1	334	28	61	5	457	39	50	4	26	2	247	21
2	0	362	34	41	4	388	36	46	4	19	2	208	20
1	0	254	32	40	5	238	30	40	5	22	3	197	25
2	0	197	32	23	4	164	26	26	4	15	2	193	31
3	1	137	34	21	5	99	24	11	3	8	2	127	31
0	0	95	39	16	7	36	15	15	6	9	4	75	30
0	0	93	54	8	5	16	9	9	5	2	1	43	25
0	0	93	63	8	5	11	7	4	3	1	1	30	20
2	0	173	42	16	4	29	7	13	3	4	1	176	43

continued on next page . . .

COUNTY	TOTAL COMPENSATION*	TOTAL EMPLOYEES	TOTAL FEMALE	TOTAL MALE	MALE EMPLOYEES' YEARS OF SERVICE†				
					1-5 YEARS	6-10 YEARS	11-15 YEARS	16-20 YEARS	20+ YEARS
Fresno County	\$0.01 to < 20,000	0	0	0	0	0	0	0	0
	20,000 to < 40,000	5	4	1	1	0	0	0	0
	40,000 to < 60,000	310	174	136	82	27	22	5	0
	60,000 to < 80,000	918	661	257	130	70	43	14	0
	80,000 to < 100,000	894	568	326	123	99	62	42	0
	100,000 to < 120,000	656	359	297	95	104	72	26	0
	120,000 to < 140,000	530	223	307	82	104	88	33	0
	140,000 to < 160,000	336	126	210	38	88	68	16	0
	160,000 to < 180,000	242	58	184	41	65	55	23	0
	180,000 to < 200,000	146	31	115	23	39	47	6	0
	200,000 to < 220,000	63	7	56	19	14	18	5	0
	220,000 to < 240,000	29	7	22	13	6	3	0	0
	240,000 or more	25	6	19	7	5	6	1	0
Subtotal	4,154	2,224	1,930						
Los Angeles County	\$0.01 to < 20,000	101	76	25	25	0	0	0	0
	20,000 to < 40,000	487	348	139	139	0	0	0	0
	40,000 to < 60,000	5,826	4,064	1,762	1,762	0	0	0	0
	60,000 to < 80,000	18,306	13,527	4,779	4,779	0	0	0	0
	80,000 to < 100,000	13,564	9,014	4,550	4,550	0	0	0	0
	100,000 to < 120,000	9,494	5,679	3,815	3,815	0	0	0	0
	120,000 to < 140,000	8,921	4,931	3,990	3,990	0	0	0	0
	140,000 to < 160,000	7,271	3,461	3,810	3,810	0	0	0	0
	160,000 to < 180,000	4,706	1,874	2,832	2,832	0	0	0	0
	180,000 to < 200,000	3,075	932	2,143	2,143	0	0	0	0
	200,000 to < 220,000	2,295	625	1,670	1,670	0	0	0	0
	220,000 to < 240,000	1,467	371	1,096	1,096	0	0	0	0
	240,000 or more	2,929	864	2,065	2,065	0	0	0	0
Subtotal	78,442	45,766	32,676						
Orange County	\$0.01 to < 20,000	0	0	0	0	0	0	0	0
	20,000 to < 40,000	2	1	1	1	0	0	0	0
	40,000 to < 60,000	825	573	252	182	48	8	8	6
	60,000 to < 80,000	2,796	2,052	744	239	285	151	28	41
	80,000 to < 100,000	2,080	1,325	755	248	246	165	54	42
	100,000 to < 120,000	1,955	1,076	879	241	292	235	71	40
	120,000 to < 140,000	1,370	698	672	306	196	114	34	22
	140,000 to < 160,000	816	370	446	261	116	42	20	7
	160,000 to < 180,000	497	165	332	147	116	57	7	5
	180,000 to < 200,000	409	92	317	119	123	41	19	15
	200,000 to < 220,000	430	96	334	145	134	34	12	9
	220,000 to < 240,000	334	74	260	143	75	27	8	7
	240,000 or more	539	110	429	249	118	46	10	6
Subtotal	12,053	6,632	5,421						
Santa Clara County	\$0.01 to < 20,000	0	0	0	0	0	0	0	0
	20,000 to < 40,000	1	1	0	0	0	0	0	0
	40,000 to < 60,000	24	14	10	7	3	0	0	0
	60,000 to < 80,000	585	395	190	121	34	20	15	0
	80,000 to < 100,000	1,621	1,185	436	197	105	95	39	0
	100,000 to < 120,000	1,518	1,066	452	190	119	98	45	0
	120,000 to < 140,000	1,228	792	436	242	72	101	21	0
	140,000 to < 160,000	1,136	620	516	249	129	107	31	0
	160,000 to < 180,000	929	406	523	263	117	111	32	0
	180,000 to < 200,000	574	246	328	177	70	62	19	0
	200,000 to < 220,000	382	171	211	117	46	36	12	0
	220,000 to < 240,000	264	147	117	68	26	14	9	0
	240,000 or more	762	413	349	132	86	78	53	0
Subtotal	9,024	5,456	3,568						
Total for all counties	103,673	60,078	43,595						

ETHNICITY OF MALE EMPLOYEES

AMERICAN INDIAN / ALASKA NATIVE		ASIAN, FILIPINO, NATIVE HAWAIIAN / OTHER PACIFIC ISLANDER		BLACK /AFRICAN AMERICAN		HISPANIC /LATINO		NOT SPECIFIED		TWO OR MORE		WHITE	
COUNT	PERCENTAGE	COUNT	PERCENTAGE	COUNT	PERCENTAGE	COUNT	PERCENTAGE	COUNT	PERCENTAGE	COUNT	PERCENTAGE	COUNT	PERCENTAGE
0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
0	0	0	0	0	0	0	0	0	0	0	0	1	100
0	0	16	12	13	10	65	48	2	1	0	0	40	29
5	2	46	18	19	7	105	41	2	1	0	0	80	31
3	1	60	18	11	3	120	37	1	0	0	0	131	40
2	1	59	20	22	7	101	34	0	0	0	0	113	38
2	1	47	15	24	8	101	33	0	0	0	0	133	43
1	0	31	15	20	10	74	35	1	0	0	0	83	40
2	1	8	4	7	4	62	34	0	0	0	0	105	57
0	0	12	10	3	3	33	29	0	0	0	0	67	58
0	0	1	2	1	2	13	23	0	0	0	0	41	73
0	0	1	5	0	0	5	23	0	0	0	0	16	73
0	0	2	11	2	11	4	21	0	0	0	0	11	58
1	4%	1	4%	9	36%	8	32%	0	0%	0	0%	6	24%
0	0	16	12	49	35	49	35	0	0	0	0	25	18
6	0	352	20	471	27	652	37	0	0	0	0	281	16
13	0	1,064	22	934	20	1,920	40	1	0	0	0	847	18
14	0	794	17	870	19	1,990	44	1	0	0	0	881	19
7	0	836	22	671	18	1,277	33	0	0	0	0	1,024	27
7	0	822	21	662	17	1,321	33	0	0	0	0	1,178	30
12	0	684	18	458	12	1,350	35	0	0	0	0	1,306	34
6	0	461	16	322	11	901	32	0	0	0	0	1,142	40
4	0	285	13	209	10	647	30	0	0	0	0	998	47
5	0	184	11	120	7	452	27	0	0	0	0	909	54
3	0	91	8	84	8	283	26	0	0	0	0	635	58
5	0	278	13	172	8	393	19	0	0	0	0	1,217	59
0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
0	0	0	0	0	0	0	0	0	0	0	0	1	100
0	0	42	17	6	2	126	50	0	0	21	8	57	23
1	0	147	20	28	4	347	47	3	0	32	4	186	25
1	0	125	17	30	4	290	38	2	0	29	4	278	37
2	0	136	15	35	4	304	35	1	0	32	4	369	42
3	0	110	16	28	4	154	23	0	0	29	4	348	52
0	0	68	15	13	3	101	23	0	0	19	4	245	55
0	0	50	15	11	3	66	20	0	0	5	2	200	60
2	1	37	12	6	2	57	18	0	0	6	2	209	66
2	1	34	10	18	5	69	21	0	0	3	1	208	62
1	0	20	8	9	3	40	15	0	0	4	2	186	72
2	0	32	7	8	2	60	14	0	0	12	3	315	73
0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	1	10	2	20	1	10	3	30	1	10	2	20
4	2	58	31	13	7	55	29	13	7	3	2	44	23
4	1	133	31	31	7	119	27	32	7	12	3	105	24
2	0	114	25	38	8	133	29	31	7	8	2	126	28
1	0	126	29	23	5	112	26	33	8	5	1	136	31
9	2	119	23	45	9	124	24	34	7	11	2	174	34
2	0	111	21	33	6	133	25	30	6	5	1	209	40
1	0	71	22	17	5	71	22	22	7	5	2	141	43
2	1	49	23	12	6	47	22	9	4	3	1	89	42
0	0	33	28	8	7	15	13	8	7	1	1	52	44
1	0	95	27	12	3	38	11	14	4	1	0	188	54

Source: California State Auditor’s analysis of personnel and payroll data obtained from Fresno County’s PeopleSoft Human Capital Management System, Los Angeles County’s eHR Personnel and Timekeeping System, Orange County’s County-wide Accounting and Personnel System, and Santa Clara County’s Human Resource Payroll System.

Our analysis for Los Angeles County may include some employees who took a leave of absence during the fiscal year because the county does not remove its employees from active status in its personnel and payroll system when they take a leave of absence.

Note: Some small percentages rounded to zero. Further, due to rounding, percentages may not sum to 100.

* Total compensation includes pay and benefits tracked in each county’s personnel and payroll system, such as regular pay, overtime pay, and employer contributions to health benefits and retirement.

† Years of service are calculated based on an employee’s active full-time status in a specific job classification between the date each county implemented its personnel and payroll system and June 30, 2015.

Personnel and payroll system implementation dates are as follows:

- » Fresno County: December 1996
- » Los Angeles County: April 2010
- » Orange County: December 1991
- » Santa Clara County: February 1998

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May 2016



County of Fresno

COUNTY ADMINISTRATIVE OFFICE
JEAN M. ROUSSEAU
COUNTY ADMINISTRATIVE OFFICER

May 6, 2016

Elaine M. Howle, CPA*
California State Auditor
621 Capitol Mall, Suite 1200
Sacramento, CA 95814

RE: State Audit Report – County Pay Practices

Dear Ms. Howle,

On behalf of the County of Fresno, this letter provides a response to the draft, redacted State Audit report titled, "County Pay Practices: Although The Counties We Visited Have Rules in Place to Ensure Fairness, Data, Show That a Gender Wage Gap Still Exists."

As stated in the report, the County of Fresno operates under a comprehensive merit system based personnel administration program, which conforms to California Local Agency Personnel Standards (LAPS). Therefore, we were not surprised that the Auditors found that the County of Fresno's policies and procedures were being followed in regards to the selection and salary setting of employees and that there were no instances of discrimination found in the selection of employees or salary-setting decisions. The County has always been, and will continue to be, focused on selecting the best candidate for any particular position, without regard to gender, race, religion, age, ethnicity, or any other non-job-related factor.

Prior to this audit, the County had begun the process of reviewing and amending, where appropriate, our Personnel Rules/Procedures to ensure compliance with State and Federal laws and regulations, best management practices, and internal changes to procedures. As a result of the approval of Senate Bill No. 358 in 2015, which amended the California Equal Pay Act, as well as this State Audit, we have focused our immediate review on refinements to our rules/procedures, including pay provisions and practices which will help us monitor and ensure that we are in compliance with State law and continue to provide a workplace free of discrimination.

Within the draft report there was one area that the County felt should be referenced in the data is the impact of the California Public Employees' Retirement Act (PEPRA) on total compensation. This statewide law, which impacted almost all public agencies within California, implemented a mandatory lower defined pension benefit and required all new employees to pay half of the normal retirement contribution rate. This requirement has a direct impact on total compensation and will discount meaningful strides that California public agencies may be

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* California State Auditor's comments appear on page 65.

State Audit Report – County Pay Practices
May 6, 2016
Page Two

making in the hiring and compensation of women in the workforce. The County recommends that this fact be acknowledged or referenced in the report.

② We appreciate and will further evaluate the recommendations for Counties to consider upon release of the full report, however, upon review of the draft report we have a practical concern related to one of the recommendations. Specifically, while the County of Fresno understands the rationale behind the recommendation that Counties should develop policies requiring hiring managers to document the reasons why they chose the selected candidate over others, we are concerned about potential unintended consequences should this become a State mandate. The draft audit report recommends additional documentation that would protect Counties from liability if a hiring decision were challenged. However, State mandated reporting of adverse comments concerning unsuccessful applicants could also increase the potential liability of an employer. As acknowledged in the report, the County of Fresno's rules and procedures prohibit discriminatory practices and require maintenance of selection documents. We will be discussing and researching this recommendation further within our County, including operational and cost-benefit analysis, and look forward to reviewing the best practice policy of the currently unidentified County mentioned in the draft report which may help alleviate the concern.

Finally, we understand and agree with the recommendation regarding developing better tracking mechanisms for monitoring gender-based pay equity complaints and will be working on updating our complaint process to allow for more readily available identification of these types of complaints. Ultimately, we understand that the report may include specific recommendations to the Legislature regarding additional legislation or changes to State regulations; the County of Fresno will provide input through that legislative process.

We appreciate the professionalism of your audit team and look forward to seeing the final report. Please let us know if you have any questions or need any additional information.

Sincerely,



Jean M. Rousseau
County Administrative Officer

cc: Ralph Flynn, State Audit Team Leader
County of Fresno Board of Supervisors
Paul Nerland, Director of Personnel Services

Comments

CALIFORNIA STATE AUDITOR'S COMMENTS ON THE RESPONSE FROM FRESNO COUNTY

To provide clarity and perspective, we are commenting on Fresno County's response to the audit. The numbers below correspond to the numbers we have placed in the margin of its response.

Fresno County recommends that we add additional text to highlight the effect of the California Public Employees' Retirement Act. We have not changed our report's text in response to this suggestion. Our report already identifies a number of factors that can result in pay disparities between employees working in the same job classification. For example, on page 28 we state that differences in pay can be the result of each employee having different starting salaries, which can be influenced by earnings in a previous county job; having different lengths of time working in the same job; and having differences with respect to full-time versus part-time employment status.

①

Fresno County is concerned with our recommendation that it require its hiring managers to document the reasons why they chose the selected candidate over others who were also qualified, stating that to do so could increase its potential liability. We believe the county's concerns lack merit and that it has misinterpreted our recommendation. Our recommendation does not, as stated in Fresno County's response, require "state mandated reporting" of adverse comments concerning unsuccessful applicants. Instead, we simply recommend that county officials document how they reached their hiring decisions. As we state on page 35, understanding each county's hiring rationale is critical to evaluating whether county employers are treating men and women equally by basing selection decisions on objective and job-related criteria. Counties that make hiring decisions appropriately under the law should not be concerned that the bases for such decisions are documented and subject to scrutiny.

②

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May 2016



SACHI A. HAMAI
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

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500 West Temple Street, Room 713, Los Angeles, California 90012
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<http://ceo.lacounty.gov>

Board of Supervisors
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First District

MARK RIDLEY-THOMAS
Second District

SHEILA KUEHL
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

May 5, 2016

Elaine Howle, State Auditor*
621 Capitol Mall, Suite 1200
Sacramento, CA 95814

Dear Ms. Howle,

Attached is the response from the County of Los Angeles to the draft audit report, titled "County Pay Practices: Although The Counties We Visited Have Rules in Place to Ensure Fairness, Data Show That a Gender Wage Gap Still Exists." As stated in our response, Los Angeles County is committed to gender pay equity and equal opportunity for all. Further, we endeavor to consistently apply an equitable and merit-based approach in our recruitments, hirings, and promotions.

I commend your team for the professionalism it displayed during this audit and for the timely responses provided to our inquiries.

Should you have any questions, please contact me at (213) 974-1101, or you may contact Lisa M. Garrett, Director of Personnel, at (213) 974-2406.

Sincerely,


SACHI A. HAMAI
Chief Executive Officer

SAH:LG:md

Attachment

c: Each Supervisor
Lori Glasgow, Executive Officer
Mary Wickham, County Counsel
Lisa Garrett, Director of Personnel
Grant Parks, Audit Principal, California State Auditor

"To Enrich Lives Through Effective And Caring Service"

*Please Conserve Paper – This Document and Copies are Two-Sided
Intra-County Correspondence Sent Electronically Only*

* California State Auditor's comment appears on page 71.

County of Los Angeles

Response to Draft State Audit Report



May 5, 2016

Los Angeles County submits this response to the recommendations and statements made in the draft audit report 2015-132.

Overview of the Report

Los Angeles County ("County") is committed to gender pay equity and equal opportunity. The draft audit report found no evidence of gender discrimination pertaining to employee pay in the County. When comparing same jobs or jobs with similar total compensation, the draft audit report cited that generally four percent or less wage gap existed between male and female which is indicative of Los Angeles County's strong commitment to gender pay equity. The County's Civil Service Rules and personnel and salary ordinance prohibit wage discrimination and provide employees with various protections. Employee compensation is established and applied within strict policy parameters in a gender-neutral manner.

The County strives for an equitable approach in recruitments and promotions, and we will continue to examine our practices to ensure a fair and impartial process.

Response to Recommendations Made to All Audited Counties

1. Recommendation: *To ensure that it can consistently demonstrate that candidates are hired for permanent, civil service positions based on valid and job-related criteria, regardless of their sex, each county should develop policies requiring hiring managers to document the reasons why they chose the selected candidate over others from the certified eligibility list.*

① **County of Los Angeles Response:** Los Angeles County's current hiring process requires a plethora of documentation such as a job candidate's skills and qualifications (e.g., work history, skills, education, certifications, and training). The County also requires documentation of candidates' qualifications and performance during the assessment process. The County believes that the required documents provide clear evidence that selections are based on valid and job-related criteria and collectively, they provide our appointing authorities with sufficient information to articulate the reason for the selection of a particular candidate. Additionally, the County affords candidates with an appeal process to ensure that the hiring selections are fair and merit-based.

2. Recommendation: *To ensure it can readily monitor gender-based pay equity complaints and reliably evaluate how often such complaints are filed by its employees, each county should develop tracking mechanisms that allow management to reliably determine how often these complaints occur and whether there are patterns of complaints that pertain to specific county departments or classifications.*

County of Los Angeles
Response to Draft State Audit Report
May 5, 2016

County of Los Angeles Response: Los Angeles County agrees and will take steps to implement this recommendation. The County will immediately enhance its existing databases and begin tracking gender-related pay and promotional complaints.

Response to Statement Regarding the County of Los Angeles

Statement: Under the heading, *For the Few Cases We Identified, Counties Often Found Gender-Based Pay Equity Complaints Lacked Merit, But It Is Unclear How Often Employees File Such Complaints*, the draft audit report states that "on average, the [C]ounty took just over a year (370 days) from the date the employee filed a complaint [for County Policy of Equity (CPOE) violation] until its County Equity Oversight Panel resolved the complaint through a formal resolution." For perspective, the federal Equal Employment Opportunity Commission was cited as taking an average of 10 months to investigate and resolve a complaint.

County of Los Angeles Response: The County CPOE Program is unique in that the basis for filing an equity complaint is expanded. CPOE may be violated when an individual engages in inappropriate conduct toward others based on a protected status (also known as "ICTO") and when a supervisor fails to report conduct that may violate the CPOE. The "ICTO" standard maintains a lower threshold than the severe or pervasive requirement under Federal and State law. As a result, the County of Los Angeles has a high volume of complaints that requires more investigations.

The draft audit report also notes that it took an average of eight months for the County Equity Investigations Unit to complete an investigation. In an effort to address the high numbers of investigations and reduce the investigation cycle time, the County has implemented the following strategies:

- Increased the number of investigators: in 2011, there were 18 investigators and as of 2016, there are 35 investigators;
- Established investigative teams to focus on aging cases;
- Published a solicitation to establish a panel of contractors to assist with equity investigations, as needed.

The implemented strategies listed above have started to yield positive results. In May 2016, DHR intends to request additional investigator positions. The County believes that these strategies will continue to improve the investigative process, including the average investigation cycle time.

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Comment

CALIFORNIA STATE AUDITOR'S COMMENT ON THE RESPONSE FROM LOS ANGELES COUNTY

To provide clarity and perspective, we are commenting on Los Angeles County's response to the audit. The number below corresponds to the number we have placed in the margin of its response.

Los Angeles County is concerned with our recommendation that it require its hiring managers to document the reasons why they chose the selected candidate over others who were also qualified, stating that its current processes already result in sufficient documentation of the hiring decision. We disagree. As we state on page 35, Los Angeles County's merit system rules do not require that hiring managers document their rationale for selecting a particular individual over other eligible candidates from a certified eligibility list and thus we could not evaluate 41 of the 51 hiring decisions we reviewed at the county. As we state on the same page, understanding each county's hiring rationale is critical to evaluating whether county employers are treating men and women equally by basing selection decisions on objective and job-related criteria.

①

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County of Orange
California

Terri Bruner
Interim Chief Human
Resources Officer

May 6, 2016

Elaine M. Howle, CPA *
State Auditor
621 Capitol Mall, Suite 1200
Sacramento, CA 95814

Dear Ms. Howle:

The County of Orange submits this response to the recommendations made in the draft audit report 2015-132, titled "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 County of Orange (County) is committed to non-discrimination and equal employment opportunity including gender-based pay equity. The draft report found that the County adhered to merit selection rules and negotiated Memoranda of Understanding, as well as the process to investigate complaints. The draft report results show that the County has the lowest average percentage difference in average total compensation between full-time female and male employees of the four counties reviewed. ①

In response to the draft audit report recommendations the County provides the following:

Recommendation 1: To ensure that it can consistently demonstrate that candidates are hired for permanent, civil service positions based on valid and job-related criteria, regardless of their sex, each county should develop policies requiring hiring managers to document the reasons why they chose the selected candidates over others from the certified eligibility list.

Response 1: The County will explore best practices for documenting selection decisions, including those of the county identified in the report, and evaluate whether any of the practices identified would be appropriate to implement in our County's selection process to ensure that hiring decisions are based on valid and job-related reasons.

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* California State Auditor's comment appears on page 75.

Recommendation 2: To ensure it can readily monitor gender-based pay equity complaints and reliably evaluate how often such complaints are filed by its employees, each county should develop tracking mechanisms that allow managers to reliably determine how often these complaints occur and whether there are patterns of complaints that pertain to specific county departments or classifications.

Response 2: The County currently tracks all complaints by several categories including BASIS (gender/sex) and ISSUE (pay, promotion, hiring). The County plans to immediately review its Discrimination/Retaliation Complaint form and determine if changes to the form could be made that would enable the County to better track alleged discrimination based on gender-based pay equity, e.g., Equal Pay/Compensation.

The County of Orange will provide a more detailed reply at the end of the 60 day response period.

Regards,



Terri Bruner
Interim Chief Human Resources Officer
Human Resource Services

Comment

CALIFORNIA STATE AUDITOR'S COMMENT ON THE RESPONSE FROM ORANGE COUNTY

To provide clarity and perspective, we are commenting on Orange County's response to the audit. The number below corresponds to the number we have placed in the margin of its response.

Orange County's response claims that it has the lowest average percentage difference in average total compensation between full-time female and male employees of the four counties reviewed. We disagree with Orange County's interpretation of our audit's results. In our view, the data from Table 4 on page 27 shows that Orange County was comparable to the other three counties in terms of the average total compensation for men and women in low to highly compensated job classifications. Further, the data in Table 2 on page 25 makes it clear that, because all four counties have different numbers of job classifications occupied by both men and women, it cannot be used by itself to compare county performance since all four counties have different numbers of job classifications that are occupied with both male and female employees.

①

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County of Santa Clara

Employee Services Agency

County Government Center, East Wing
70 West Hedding Street, 8th Floor
San Jose, California 95110-1705



May 6, 2016

Ms. Elaine M. Howle, State Auditor*
California State Auditor
621 Capitol Mall, Suite 1200
Sacramento, CA 95814

Dear Ms. Howle:

Please accept this letter as the County of Santa Clara's response to the California State Auditor's report 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." This audit was conducted at the direction of the Joint Legislative Audit Committee of the California Legislature.

Within the section of the report entitled, "AUDIT RESULTS," under the subheading, "Counties Applied Some Aspects of Their Hiring and Promotions Processes Equally, but Their Rationales for Selecting Successful Candidates Remain Unclear," there is a discussion of 41 out of 195 classified positions for which counties did not follow a competitive process and not doing so was consistent with policies and procedures. The County of Santa Clara is cited as having a policy by which competition for certain classified positions is not needed for promotions that are within a series of related classifications (or positions). The policy to which this refers concerns "alternately staffed" positions, which are defined as a series of two or more related classifications treated as a single classification in the salary ordinance, with the appointing authority allowed a choice in filling the position from any of the listed alternatives. Alternately staffed promotions are defined as the advancement of a continuing incumbent in a coded position to a classification in the series in a higher salary range, in which advancement is attained based upon the incumbent's ability to meet the qualifications for the higher classification. Promotions in alternately staffed positions are not competitive because the position is already filled (i.e., with an individual hired as a Program Manager I, for example). Because the position is not vacant, a promotion to the Program Manager II level is based upon the incumbent's ability to meet the qualifications for the Program Manager II. In these situations, there is no need for a competitive process.

In the section entitled, "Counties' Salary-Setting Decisions Complied with County Policies, but Factors Other Than Employees' Abilities Can Influence Salary Levels," the report states that the salary amount could be the result of negotiations and thus could not be explained. While this may be true for new hires, the example used is for existing staff, and in this situation, there is little to no discretion, so that negotiations would not be the cause of any discrepancy. For existing staff, the County of Santa Clara adheres to a "10% promotional rule," which means that

Board of Supervisors: Mike Wasserman, Cindy Chavez, Dave Cortese, Ken Yeager, S. Joseph Simitian
County Executive: Jeffrey V. Smith

* California State Auditor's comments appear on page 79.

Page 2

current employees must be placed within a broad range class according to specific guidelines. For salary placement of existing employees at the County of Santa Clara, there are specific rules that dictate where they are placed in the broad range.

The following are the two recommendations of the audit report:

To ensure that it can consistently demonstrate that candidates are hired for permanent, civil service positions based on valid and job-related criteria, regardless of their sex, each county should develop policies requiring hiring managers to document the reasons why they chose the selected candidate over others from the certified eligibility list.

To ensure it can readily monitor gender-based pay equity complaints and reliably evaluate how often such complaints are filed by its employees, each county should develop tracking mechanisms that allow management to reliably determine how often these complaints occur and whether there are patterns of complaints that pertain to specific county departments or classifications.

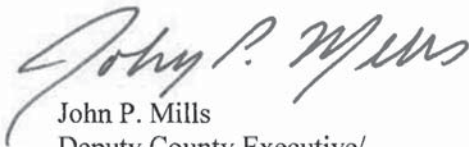
County of Santa Clara Response:

As noted by the report, the County already requires hiring managers to provide the reasons why one candidate is selected over others from the certified eligibility list. In fact, the report cites Santa Clara County's policies in this regard as establishing a best practice to limit counties' risk against claims that the decision to hire an individual (or not to hire others) was the result of a discriminatory employment practice.

- ③ The County of Santa Clara currently tracks all complaints of discrimination made by applicants and current employees to the County's Equal Opportunity Department (EOD). EOD also reviews whether patterns of complaints occur and whether there are patterns of complaints that pertain to specific county departments or classifications. To the extent that there is a need for additional tracking of pay equity complaints, the County will review and make changes to its tracking process as appropriate.

We would like to thank the California State Auditor for the thoughtful work on this report. If you have any questions, please do not hesitate to contact me via phone at (408) 299-5828 or via email at john.mills@esa.sccgov.org.

Sincerely,



John P. Mills
Deputy County Executive/
Director, Employee Services Agency

Comments

CALIFORNIA STATE AUDITOR'S COMMENTS ON THE RESPONSE FROM SANTA CLARA COUNTY

To provide clarity and perspective, we are commenting on Santa Clara County's response to the audit. The numbers below correspond to the numbers we have placed in the margin of its response.

Santa Clara County's comments provide an example of a situation in which there was no need for a competitive hiring process. We are uncertain about why Santa Clara County chose to raise this issue in its response since, as we note in our audit report, its decisions to exempt certain hiring decisions from competition appeared appropriate based on its policies.

①

Santa Clara County's response clarifies that existing county employees who promote into a position with a broad salary range are subject to a "10% promotional rule," thus salary placement for these employees is based on specific county guidelines. The county's response does not specify which rule or guideline it is referring to in its response. During the audit, our review of the county's salary ordinance found a "10 percent rule" for classified employees (those who are covered by the county's merit system rules), but no such rule for employees entering unclassified service. Further, our discussion with the county's executive recruitment services manager confirmed that executive positions in a broad range salary system are negotiated informally and that she was working toward developing practices and procedures to better document the salary setting process and justify an employee's salary offer.

②

Santa Clara County's response implies there may not be a need for it to better track pay equity complaints. We disagree. As we state on pages 45 to 46, three of the four counties we visited—including Santa Clara County—provided us with various lists of complaints that each covered different time periods or types of complaints, or that were maintained by different county officials. At Santa Clara County, we obtained four different tracking spreadsheets. Our recommendation is intended to ensure that county managers can readily determine how often employees file gender-based equity complaints, and determine whether there are patterns of complaints that pertain to specific county departments or job classifications.

③