



Highlights

Why OCA Did This Study

In accordance with the Office of the City Auditor's Fiscal Year 2019 Audit Work Plan, we conducted a performance audit of the City's compensation reporting.

The objective of this audit was to determine how the City's compensation data is or could be utilized by the City and other stakeholders. With the recent passage of the City's Equal Pay Ordinance, and with issues of employee compensation featured prominently in our recent Human Capital Fact Book, we examined City employee pay equity as one such example.

What OCA Recommends

OCA made 6 recommendations to address issues we identified, which will require a collaborative effort between the City Administration, Human Resources Department, Personnel Department, and City Attorney's Office. Key recommendations include:

- The City should conduct periodic pay equity studies at least every three years.
- The City should develop and execute an action plan to increase diversity in high-paying fields. The development of this action plan should contemplate additional measures to improve recruiting efforts for high-paying fields to diverse groups, and increase job flexibility and work-life balance.
- In addition, the plan should consider measures to reduce reliance on overtime, which is a significant driver of the gender pay gap.
- While our results do not prove the City has engaged in unfair or illegal behavior, the City should investigate the root causes of pay gaps that exist even after adjusting for line of work, age, and City experience, and determine if any remediation is necessary.

For more information, contact Kyle Elser, Interim City Auditor at (619) 533-3007 or cityauditor@sandiego.gov.

City Employee Pay Equity

The City Should Conduct Periodic Employee Pay Equity Studies, and Should Investigate and Respond to Apparent Earnings Gaps Between Genders and Racial/Ethnic Groups Where Necessary

What OCA Found

Pay equity between genders and racial/ethnic groups is a prominent topic in today's society, as well as in the field of human capital management. For example, one often-quoted statistic is that across the entire United States economy in 2018, full-time female employees earned only 81 percent of what full-time male employees earned. In response, federal, state, and local laws, including the City of San Diego's Equal Pay Ordinance have been passed to try to improve pay equity in the workplace. Research shows that gaps in pay are not just an important issue legally and socially; they are also an issue that can affect the ability of organizations, such as the City of San Diego, to attract and retain talent.

Finding 1: The City Has Not Historically Conducted Pay Equity Studies

We found the City has not historically conducted pay equity studies to identify City employee pay disparities across genders and racial/ethnic groups; to investigate the root causes of any pay differences found; and to ensure that the City is complying with all applicable laws, policies, and City diversity goals. As a result, the City is unaware of --and unable to investigate and respond to -- any pay gaps that may exist.



Finding 2: The City Should Evaluate Whether Additional Steps Should be Taken to Increase Diversity in Higher Paying Jobs

We found that within the City's workforce in 2017, full-time female employees earned approximately 83 percent of what full-time male employees earned. This is slightly higher than the U.S. national figure of 81 percent, but somewhat lower than those across the State of California, as well as San Diego County (both 89 percent). In addition, we found that full-time non-white employees earned approximately 80 percent of what white employees earned. Our results indicate that in order to close these gaps, the City would need to increase gender diversity in high-paying positions, especially within public safety departments, and increase racial/ethnic diversity in high-paying positions Citywide.

Finding 3: The City Should Investigate and Respond as Necessary to Gender and Racial/Ethnic Earnings gaps, which Appear Among Some Employee Groups Even After Accounting for Line of Work and Experience

While the simple comparison of averages above is relatively easy to understand and may identify potential areas of concern, it has substantial limitations. For example, it does not take into account variables such as different types of jobs performed by these groups. We performed an 'adjusted' pay gap analysis that holds factors that affect pay constant, including line of work, years of City experience, and age. When adjusting for these factors, we found that significant differences in pay exist for some lines of work, but not others. For example, we found that female Firefighters earned approximately \$25,000 less than male Firefighters of similar age and years of service—a gap that was almost entirely explained by differences in overtime use. Along racial/ethnic lines, the largest difference we found was for Deputy City Attorneys, with non-white employees earning about \$6,200 less than whites, even after adjusting for age and years of service, and even when excluding overtime.