



## Transparency Report Pay Equity Vendor Reporting

### *Pay Equity Reports from State Vendors Indicate Persistent Wage, Female Representation Gaps and Low Compliance Rate*

Drawing on data that the Office of the State Auditor (OSA) collected from the General Services Department (GSD), this Transparency Report examines pay equity reports submitted by private company vendors pursuant to Executive Order (EO) 2009-049. The OSA evaluated issues related to the wage gap, gender representation in different job categories and overall Executive Order compliance.

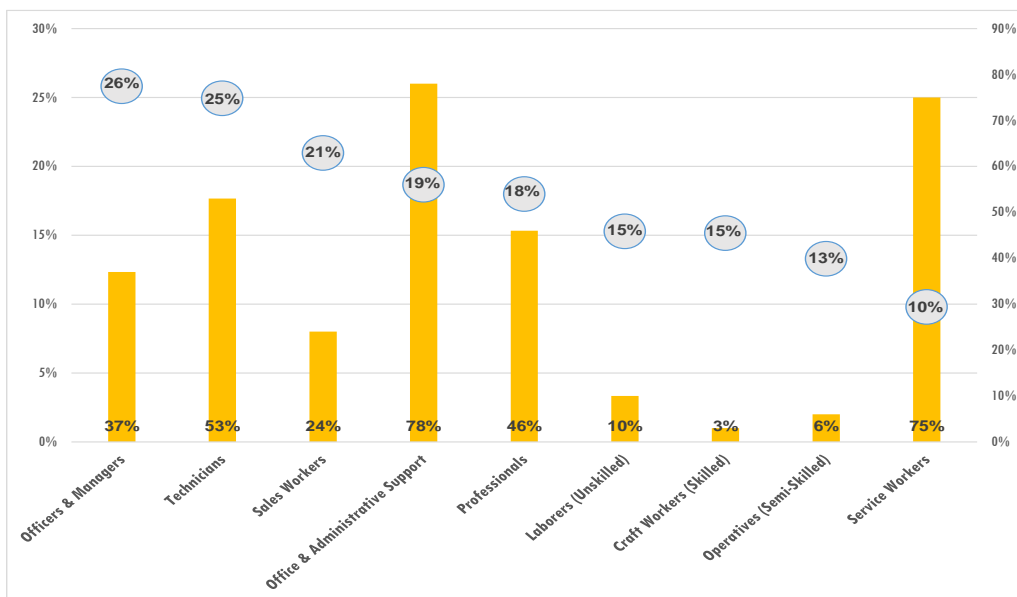
The largest pay gap of 26% (74 cents on the dollar) was reported in the job category of “officers and managers,” which encompasses personnel who set broad policies and direct individual departments or special phases of operations. The largest representation gap was reported in the category of “craft workers,” the category for manual workers of relatively high skill level, with only 3% of employees reported in this category being female. In addition, the OSA found very significant shortcomings in compliance, both in the number of vendors submitting forms and in the quality of data submitted. The OSA recommends best practices related to EO 2009-049 on page six.

### *Pay Equity Reporting in a nutshell*



A “wage gap” or “pay equity gap” is the difference in the rates of pay between two different groups of people. In 2009, Governor Bill Richardson issued Executive Order (EO) 2009-049, “Fair and Equal Pay for All New Mexicans.” The EO focused on pay equity gaps between men and women. The EO established a Working Group to evaluate pay equity issues, and directed the State Personnel Office (SPO) to prepare an annual Fair and Equal Pay Report identifying pay equity gaps within state government. The EO also directed certain vendors contracting with executive branch agencies to file a pay equity report when bidding for contracts.

**Wage Gap (in circles) and Percentage of Female Employees (in bars) Reported in each Job Category**



“Financial reporting plays a major role in fulfilling government’s duty to be publicly accountable in a democratic society.”  
– Governmental Accounting Standards Board, Concept Statement No. 1.



Background

EO 2009-049 resulted from the work of Governor Richardson’s Task Force on Fair and Equal Pay (the “Task Force”). The Task Force’s 2009 report documented the results of a detailed analysis of State classified employee data (meaning data on permanent employees, as opposed to political appointees). The report found that pay equity gaps in the New Mexico classified workforce were lower than national averages. Nationally, the gender wage gap was 23% favoring males. However, of the 396 pay bands that the Task Force analyzed for gender pay gaps, only 15 had gaps exceeding 20%, affecting less than half of one percent of the population reviewed. Regarding gender representation, the report found 16 executive branch departments (46%) in which females represented more than 60% of all employees, six (17%) in which males represented more than 60% of all employees, and twelve (35%) with no gender segregation according to the criterion used.

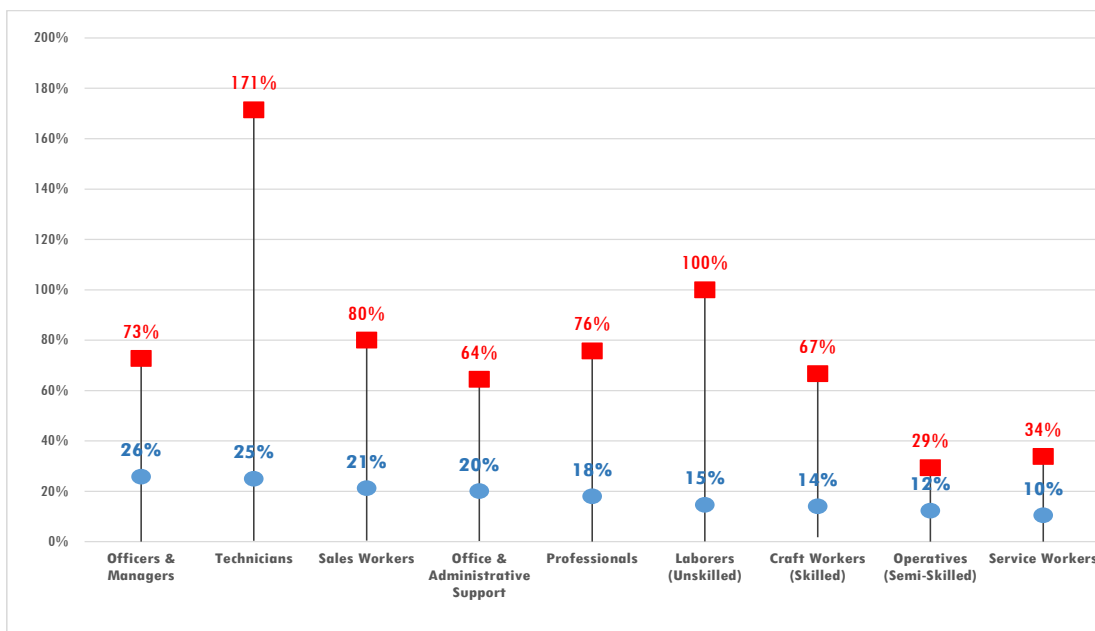
The Task Force recommended that an executive order addressing pay equity should encompass issues in the private sector in addition to state employees. The Task Force recommended vendor reporting on pay equity as a condition of obtaining state contracts for vendors with 10 or more employees, or eight or more employees in the same job category. After EO 2009-049 adopted this recommendation, the General Services Department (GSD) published a series of pay equity reporting forms and instructions. GSD is responsible for collecting all vendor pay equity reporting forms.

For the purposes of this Transparency Report, the OSA requested from GSD all vendor pay equity reporting forms for years 2014 through 2016. Due to poor compliance rates, GSD produced just 267 forms, ranging from 2011 to 2016. Of 246 forms with valid data, 61 were duplicate reports, meaning that the same vendor had submitted one or more report. The OSA used only the newest of duplicate reports from each company for purposes of the analysis in this Report.

Pay Equity

The wage gap data, reported by job category, shows a wide range of gaps. The largest average wage gap of 26% (74 cents on the dollar) was reported in the job category of “officers and managers,” which covers personnel who set broad policies, exercise overall responsibility for execution of these policies, and direct individual departments or special phases of operations.

Wage Gap by Job Category, Average and Range



— Range of reported wage gap data

■ Highest reported wage gap

● Average reported wage gap

The range of reported data starts at 0% or less than 1% in all categories. The largest range is in the category of “technicians,” which covers jobs requiring a combination of basic scientific knowledge and manual skill that can be obtained through two years of post high school education, often offered at technical institutes and community colleges. This large range results primarily from one employer, Presbyterian Health Care Services, which reported the highest wage gap of 171.4% in the technicians job category. The average wage gap in the technicians category is 25%, but because the employer with the largest wage gap also has a large workforce, the weighted average wage gap is 147%.

The smallest average wage gap of 10% is in the category of service workers, which covers a variety of service positions, including hospital attendants, nurses aides, cleaners, cooks, guards, janitors, waiters and waitresses, and guides. This category has the second-highest concentration of female employees, with 75% of reported service employees being female.

*Gender Representation*

The OSA also examined gender representation in each of the job categories. Overall, the total workforce reported was almost balanced, with females representing 46% of all reported employees. Job category representation ranged from office and administrative support (78%) and service workers (75%), which are predominantly female, to semi-skilled operatives (6%) and skilled craft workers (3%) that have a very small percentage of female employees.

**Number of Reported Employees and Percentage of Female Employees per Job Category**

Category	Female	Male	Total	Female percentage
<b>Office &amp; Administrative Support</b>	5,254	1,450	6,704	78%
<b>Service Workers</b>	1,690	567	2,257	75%
<b>Professionals</b>	5,794	2,769	8,563	68%
<b>Technicians</b>	1,211	1,404	2,615	46%
<b>Officers &amp; Managers</b>	1,267	2,140	3,407	37%
<b>Sales Workers</b>	286	884	1,170	24%
<b>Laborers (Unskilled)</b>	254	2,347	2,601	10%
<b>Operatives (Semi-Skilled)</b>	200	3,081	3,281	6%
<b>Craft Workers (Skilled)</b>	105	4,044	4,149	3%
<b>Total</b>	16,061	18,686	34,747	46%

However, when viewed from the perspective of the number of employers reporting no female employees, the gender representation picture changes. While craft workers still tops the list of employers reporting no females within their workforce for that category, technicians comes in second, with 69% of employers reporting no females within their technician workforce.

**Percentage of Vendors Reporting No Female Employees and one or more Male Employees**



*Vendor Profiles*

Reporting vendors were primarily small businesses from construction and related industries, possibly because GSD contracts directly with such firms. Fifty-six percent of pay equity reports were from businesses with 50 or fewer employees.

**Vendor Pay Equity Reports, by Reporting Year and Number of Vendor Employees**

Number of Employees of Reporting Entity	Reporting Year						Grand Total
	2011	2012	2013	2014	2015	2016	
<b>1-25</b>		1	5	26	27	4	63
<b>26-50</b>		3	4	12	20	2	41
<b>51-75</b>	1	2	1	9	10		23
<b>76-100</b>			1	6	10		17
<b>100-200</b>			1	11	11		23
<b>200-1000</b>			2	5	7		14
<b>Over 1000</b>				1	3		4
<b>Grand Total</b>	1	6	14	70	88	6	185

*Compliance Issues*

**Low Compliance Rate.** The total sample of 267 reports over a five-year period is almost certainly the reflection of drastic underreporting. For example, a review of the SHARE contract database indicates 2,661 distinct vendors in 2014, but the OSA received only 70 vendor pay equity reports (3%). SHARE lists 2,717 distinct vendors in 2015, but OSA received only 88 reports (3%). However, without expanded vendor reporting, it is not possible to know how many businesses were required to report under EO 2009-049. We cannot calculate the compliance gap because we do not know how many of the vendors listed in SHARE had the requisite number of employees necessary to trigger the requirement of vendor pay equity reports.

Part of the likely poor compliance rate is probably attributable the fact that the process for submitting vendor pay equity forms does not track the procurement process. During the procurement process, the agency that

intends to enter into the contract maintains a procurement file that contains price quotes or bidder responses, campaign contribution forms, purchase orders and other documentation. Depending on the size of the contracts and the nature of the purchase (goods, services or professional services) the contracting agency sends certain items from its procurement file to the Department of Finance and Administration (DFA) and/or GSD. But the vendor pay equity forms do not go to the contracting agency; they go straight to GSD directly from the vendor, often with no reference number or documentation to connect the form with any particular contract. As a result, GSD does not have the ability to cross-reference the vendor pay equity forms with the contracts it reviews. Furthermore, the contracting agency does not receive the vendor form at any point in the process. Unless GSD is the contracting agency, no single agency has the ability to determine if the vendor for a particular agency contract has submitted the pay equity form.

In addition, the requirement only applies to companies over a certain size. Vendors who do not meet that size requirement do not submit any documentation. If the form were required for all vendors, with a self-certification option for vendors who do not need to report, it would be possible to calculate compliance rates.

Timing of Submissions. Because the forms did not contain meaningful data to connect a vendor to a specific contract, understanding the timing of submissions with respect to the procurement process is difficult. However, based on the variations in responses and the few forms that referenced Request for Proposals (RFP), it appears that vendors are only submitting the forms after they have been awarded a contract. EO 2009-049 requires submission of the form with an RFP, which should in theory result in multiple submissions for the same RFP. In full competitive bidding processes, if the contracting agency received forms from all bidders, it could consider pay equity data in selecting a winning bidder if that criteria had been disclosed in the RFP.

Transparency. When the OSA requested the vendor pay equity forms from GSD, GSD personnel spent considerable time pulling the forms from individual vendor files. OSA then manually input the data into a spreadsheet in order to analyze the figures. For practical purposes, absent an effort like this, there is no transparency or public access to evaluate and review vendor pay equity forms.

Other Deficiencies. Of the 267 forms that GSD submitted to the OSA for review, which includes forms eliminated from analysis because of vendor duplication or lack of data, OSA identified the following deficiencies:

- Missing Data. Twenty-one forms (8%) provided no pay gap data and were in some cases missing other or all data, and were removed from the sample. Seven forms contained mathematical errors that were detectable by looking at the form.
- Incorrect Form Usage. GSD has published two vendor pay equity forms: one for vendors with fewer than 250 employees and one for vendors with more than 250 employees. Twenty-three forms reported more than 250 employees, but did not use the required Form PE 250. Nine forms reported fewer than eight employees, meaning that EO 2009-049 did not require reporting.

### *Conclusions and Best Practices*

The pay equity report data suggests that vendors doing business with the State of New Mexico still have room to improve in terms of wage equity and gender representation. In addition, State agencies can improve on compliance with EO 2009-049.

Experts in the field attribute the wage gap to a variety of causes, including bias and discrimination, choices about education and employment, and parenting and time away from work. This complexity suggests that there is no one-size-fits-all to “fix” the wage gap. State and local governments, including Albuquerque, Cambridge, Massachusetts, New York City, and Tempe, Arizona, are trying initiatives that incentivize meeting certain wage gap standards or penalize a failure to meet standards.



The following best practices and recommendations relate to possible uses of the pay equity report data and improvements in the data collection system.

- Prioritize enforcement of EO 2009-049 and associated efforts to combat pay inequality in State government and among state vendors.
- Improve the data collection system by having vendors submit vendor data forms to agencies, in addition to GSD, prior to procurement decisions.
- Require all vendors to submit a pay equity reporting form, and amend the form to offer a single checkbox option to certify that the vendor does not have 10 employees or eight employees in the same job category and does not need to complete the remainder of the form. This would facilitate calculation of a compliance rate.
- Require vendors to submit the pay equity reporting form electronically in Excel format to facilitate aggregation and analysis of data.
- Amend the pay equity reporting form to require wage gap reporting that indicates whether the gap favors men or women.
- Offer trainings for vendors that inform them of the vendor pay equity reporting form requirements.
- Maintain vendor pay equity reporting forms at GSD centrally and electronically, with public online access, rather than in paper form in separate vendor files.
- Implement review processes to reject forms that are facially deficient or incorrect.
- Fully implement the Executive Order, including involvement of the working group and collection and analysis of pay equity and gender representation data for state agencies.
- Connect the data from vendors with community colleges, educational pipeline programs and others working toward increasing pay equity.

#### Learn More

[National Women's Law Center Pay Equity Resource Page](#)

[Lifetime Wage Gap by State and Ethnicity](#), NWLC

[The Simple Truth About the Gender Pay Equity Gap](#), American Association of University Women (AAUW)

[What is the Gender Pay Gap and Is It Real?](#), Economic Policy Institute

[50 State Pay Equity Desktop Reference: What Employers Need to Know About Pay Equity Laws](#), Seyfarth Shaw

[New Mexico Pay Equity Initiative](#), General Services Department

[City of Albuquerque Pay Equity Initiative](#)

### *Methodology*

To gather the data for this report, the OSA requested vendor pay equity forms from GSD for 2014 to 2016. The OSA gratefully acknowledges the efforts of GSD personnel, who spent considerable time pulling the forms from individual vendor files. OSA staff then manually input the data into a spreadsheet in order to analyze the figures. Because the form does not indicate clearly which year it relates to, GSD provided forms for additional years as well.

Self-reported data should always be interpreted with caution, as such data can be prone to subjectivity and under- or over-reporting on the part of those reporting it. The data that was submitted in the vendor pay equity reports were unaudited, and were often incomplete, unclear or inaccurate. From an initial total population of 267 forms, OSA excluded 21 forms because they lacked any wage gap data and 61 forms because they represented duplicate forms from the same vendors. In excluding duplicates, the OSA used the most recent form submitted by a particular vendor and excluded any earlier forms.

The vendor pay equity forms require reporting of wage data in absolute terms, without indicating whether the gap favors men or women. This may skew averages and other aggregations of data in this Report. For this reason, the OSA decided not to present an overall average or weighted average.

The data used in this study is available at the OSA website:

[http://www.saonm.org/government\\_accountability\\_office](http://www.saonm.org/government_accountability_office)