



# Pay Equity Studies

*Pay Equity Analysis by Title VII Standards vs. Pay Equity Analysis by AAP Location*



What are your pay equity priorities? Title VII and Affirmative Action Plan (AAP location-based) pay equity analyses typically serve different purposes for analyzing compensation data. In some scenarios, it may be recommended that both analyses take place. Besides serving different purposes, the main difference between the analyses is the basis of the pay analysis groupings. AAP location-based analyses are often broader in their groupings, using AAP job groups and/or job title for example, while Title VII analyses may use groupings specific to your company's structure, organized into Similarly Situated Employee Groupings (SSEGs).

## **What is a pay equity analysis by Title VII standards?**

*Title VII of the Civil Rights Act of 1991* prohibits employment discrimination based on race, color, religion, sex and national origin. Title VII is applicable to any organization with 15 or more employees. Enforcement of Title VII is often prompted by individual complaints. A Title VII analysis is typically conducted company-wide and serves the purpose of taking a deeper dive into identifying pay equity challenges and problem areas within the organization. You may create groupings by business unit or other factors in determining pay. It is recommended to do this type of analysis under attorney-client privilege and perform appropriate investigations and remedies following the results.

## **What is a pay equity analysis by AAP location (E.O. 11246)?**

*Executive Order 11246* prohibits federal contractors and subcontractors from discriminating in employment decisions on the basis of race, color, religion, sex, sexual orientation, gender identity or national origin. Contractors are required to perform a compensation review annually. A pay equity analysis would be made, likely in alignment with the AAP snapshot date, to mirror what OFCCP may see in an audit. It may be conducted at the AAP, Functional Affirmative Action Plan (FAAP), or establishment level, by a pay analysis grouping such as AAP job group serving the purpose of understanding what OFCCP would potentially flag in a review.

## Which analysis is right for my organization?

That depends. What are your goals? We may recommend that organizations start with a Title VII analysis and make remedies based on the results of that analysis. Following remedies, it may be recommended to perform an AAP location-based analysis. In the table below, you can see some key differences between the two types of analyses at a glance.

	Pay Analysis by Title VII Standards	Pay Analysis by AAP Location
<b>Who enforces?</b>	Equal Employment Opportunity Commission	Office of Federal Contract Compliance Programs
<b>What businesses would be subject to abiding by the regulations?</b>	Any organization with 15 or more employees in the United States	Federal contractors/subcontractors with 50 or more employees and a contract of \$50,000 or more
<b>What is typically the reason for conducting this type of analysis?</b>	The organization is seeking to understand their pay equity challenges and what their problem areas are	The organization seeks to understand how OFCCP will analyze their data
<b>Is it performed under attorney-client privilege?</b>	Yes, Title VII analyses should always be performed under privilege	Sometimes – this may depend on the situation
<b>What is the scope?</b>	Company-wide	By AAP location/FAAP account
<b>What is the typical timing of the analysis?</b>	Often it is performed to align with the merit cycle of the organization	It aligns with the AAP roster snapshot date
<b>How are groupings conducted?</b>	Appropriate employee comparison groups who are “similarly situated” under Title VII standards will be created, that is they perform similar work requiring similar skills, qualifications and levels of responsibility	Analysis could be conducted at the AAP/FAAP and at the job title or group level to replicate what OFCCP should see in their analysis. Similarly situated employee groupings (SSEGs) may also be created, depending on the goals of the study



## No matter what your pay equity needs may be, DCI is here to help.

With over two decades of experience in pay equity work, we are industry leaders. With our expertise in pay equity laws, statistics, and compensation, we ensure our clients’ analyses are done in a meaningful way. Our consultants leverage their understanding of industrial and organizational psychology and labor economics to understand our clients’ unique organizational challenges and identify strategic solutions. Visit [dciconsult.com](http://dciconsult.com) for a full range of service offerings and options.