

Equal Pay Calculation Tool Instructions



This calculation tool is intended to assist employers with 30 or fewer employees to conduct a self-evaluation to determine if they are paying similarly employed employees within comparable job groupings differently.

This tool will not give employers a definitive determination on whether they are in compliance with the law, but will facilitate the process to gather and analyze relevant compensation information. The scope and detail of the analysis will vary significantly depending on the size, makeup, pay structure, and resources of each employer. Employers may opt to develop an alternative method of analysis depending on the needs of their organization. Ultimately, determinations are made on a case-by-case basis during the course of an investigation.

All compensation must be included in this calculation tool. Compensation includes the wages and benefits provided by an employer to an employee. Wages include, but are not limited to, salaries, hourly rates, commissions, and non-discretionary bonuses. Benefits include compensation given to employees not based on performance such as gifts, medical insurance plans, retirement plans, paid time off, and discretionary bonuses.

Before using this tool, employers should first determine which employees in their organization are “similarly employed.” Under the law, employees are considered similarly employed if the performance of their job requires similar skill, effort, responsibility, and working conditions. Job titles alone don’t determine if employees are similarly employed.

Please use the instructions in this document when completing the Equal Pay Calculation Tool (click on the EPOA Employer Resources link at Lni.wa.gov/EqualPay). You can check off the boxes within the instructions below while conducting your equal pay analysis.

This calculation tool has three separate worksheets: Employee Data, Calculation Tool, and Further Review.

Worksheet 1: Employee Data

You should fill in the blank fields (i.e., cells) with applicable employee and compensation information for each of your employees. Fields that are shaded grey will populate and calculate automatically and should not be filled in.

- The “Job Grouping” field (column C) should be completed with a name and/or number identifying the group of comparable jobs that you determined each employee belongs in (e.g., “Group 1” or “Group 2”). Each grouping should include all jobs that require substantially similar skill, effort, and responsibility, and are performed under similar working conditions.

B	C	D	E
Job Title	Job Grouping	Gender (M, F, or X)	Full/Part Time
Senior Recruiter	1	M	Full Time
Senior Recruiter	1	F	Full Time
Senior Recruiter	1	M	Full Time
Senior Recruiter	1	X	Full Time
Senior Recruiter	1	M	Full Time

- You should complete either the “Hourly Employees” (columns F-H) or “Salaried Employees” (columns L and M) section for each employee, but generally not both. For hourly employees, the “Hourly Rate” (column F) will be each employee’s base hourly wage rate. The worksheet will default to “0” for those fields that don’t apply to a particular employee.

Comp		
Hourly Employees		
Hourly Rate	Total Annual Hours (Regular)	Total Annual Hours (OT)
\$52.01	2080.00	200.00
\$51.18	2080.00	100.00
\$50.38	2080.00	0.00
\$49.71	2080.00	0.00
\$49.06	2080.00	0.00

OR

Salaried Employees		
Annual Base Salary	Total Annual Hours	Total Salaried Base Compensation
\$0.00		\$0.00
\$0.00		\$0.00
\$0.00		\$0.00

- For all employees, enter the annual number of regular hours worked, not including any overtime hours, in the “Total Annual Hours (Regular)” (column G) field. Enter each employee’s overtime hours in the “Total Annual Hours (OT)” (column H) field. The worksheet will automatically take into account overtime hours and pay to calculate the “Total Effective Hours” (column I), which includes regular hours, plus 1.5 hours for each overtime hour worked.

Complete Either Salaried or Hourly Fields (input "0" for blank)					
Hourly Employees					
Rate	Total Annual Hours (Regular)	Total Annual Hours (OT)	Total Effective Hours	Total Base Compensation	Total Compensation
\$52.01	2080.00	200.00	2280.00	\$108,180.80	
\$51.18	2080.00	100.00	2180.00	\$106,454.40	
\$50.38	2080.00	0.00	2080.00	\$104,790.40	
\$49.71	2080.00	0.00	2080.00	\$103,396.80	
\$49.06	2080.00	0.00	2080.00	\$102,044.80	

- For salaried employees, the “Annual Base Salary” (column L) field should be completed with each employee’s actual annual base salary – what the employee actually earns, in addition to completing fields in columns G and H. If the employee works a reduced schedule, their reduced salary should be included, not the full-time salary for the position (e.g., for an employee who works an 80% schedule for a position that pays \$50,000 full-time, that employee’s actual annual base salary generally would be \$40,000). If an employee has not been employed for a full year, you should calculate what the employee’s salary would be over the course of a full year. Input “0” for all other pay-related fields.

Salaried Employees		
Annual Base Salary	Total Effective Hours	Total Salaried Base Compensation
\$83,200.00	2280.00	\$83,200.00
		\$0.00
		\$0.00

- For salaried employees, the “Total Effective Hours” (column M) field should be completed with each employee’s worked hours over the course of a full year or your standard workweek multiplied by 52 weeks, whichever is applicable. You should record all worked hours, including overtime hours for all employees (same as column I). Considering you are providing the same opportunity of working and earning overtime to all employees of different genders.
- If you have “salaried non-exempt” employees who also receive overtime pay, you should input information for those employees in the “Hourly Employees” section of the worksheet. Importantly, overtime pay should not be included in the “Other Incentive Pay” (column P) or “Any Other Pay” (column Q). If employees don’t get additional incentive pay input “0.”
- If you have additional categories of compensation that may differ from employee to employee, you should enter that information in the “Any Other Pay” (column Q). This calculation tool assumes that compensation such as health insurance and other benefit plans, for example, are available to all employees within a job grouping on an equal basis and in equal value. If employees don’t get any other pay, input “0.”

O	P	Q
Com		
Bonus	Other Incentive Pay	Any Other Pay
\$0.00	\$0.00	\$0.00
\$0.00	\$0.00	\$0.00
\$0.00	\$0.00	\$0.00
\$0.00	\$0.00	\$0.00

- The worksheet will calculate each employee’s “Average Hourly Rate (Base)” (column S) and “Average Hourly Rate (Total Compensation)” (column T) which reflects each employee’s effective hourly rate before and after bonus or other incentive pay, respectively.

R	S	T
Complete For All Employees		
Total Compensation	Average Hourly Rate (Base)	Average Hourly Rate (Total Compensation)
\$123,783.80	\$52.01	\$54.29
\$114,131.40	\$51.18	\$52.35
\$104,790.40	\$50.38	\$50.38
\$103,396.80	\$49.71	\$49.71
\$102,044.80	\$49.06	\$49.06
\$101,254.40	\$48.68	\$48.68
\$98,924.80	\$47.56	\$47.56

Worksheet 2: Calculation Tool

You don't need to add any information to this worksheet. It will populate and calculate automatically based on the information added to the Employee Data worksheet (tab 1).

- In the first section (columns B-D), this worksheet will calculate the average hourly rate of compensation (base and total) and the median hourly rate of compensation for all employees within each job grouping.

A	B	C	D
Job Grouping	Average Hourly Rate (Base)	Average Hourly Rate (Total Compensation)	Median Hourly Rate
1	\$49.80	\$50.29	\$49.71
2	\$43.60	\$43.63	\$45.17
3	\$0.00	\$18.25	\$18.25

- In the next three sections (columns E-P), the worksheet will break that information down by gender, providing the average hourly rate of compensation (base and total) for females, males, and other non-binary genders (X) within each job grouping. It will also provide the percentage of earnings below the overall median hourly rate for the job grouping for each gender.

E	F	G	H
Females			
Number of Female Employees	Female Average Hourly Rate (Base)	Female Average Hourly Rate (Total Compensation)	% of Women Below Median Hourly Rate
2	\$49.37	\$49.96	50.0%

- The next three sections (columns Q-AE) will calculate the gap, if any, in average hourly compensation between the genders within each job grouping (both base and total compensation). For example, the "Female-Male Gap (\$/hour)" calculates the gap, if any, between the female average hourly rate as compared to the male average hourly rate. A negative number means that female employees earn that amount less, on average, than men in the job grouping; a positive number means that female employees earn more. The "Gap %" is the percentage difference between the average hourly rates. The last column of each section calculates the gap, if any, between the percentage of one gender whose average hourly rates fall below the overall median hourly rate for the job grouping as compared to employees of a different gender. For example, the "Female-Male Gap in % Below Median," calculates the gap, if any, between the percentage of female employees whose average hourly rates (for total compensation) fall below the overall median hourly rate for the job grouping as compared to the percentage of male employees whose average hourly rates fall below the overall median hourly rate for the job grouping. The higher the number, the greater the disparity between the number of women earning less than the median compared to the number of men earning less than the median.

Q		R		S		T		U		V		W		X		Y		Z	
Base Compensation Analysis		Total Compensation Analysis		Median Analysis (Total Compensation)		Base Compensation Analysis		Total Compensation Analysis		Median Analysis (Total Compensation)									
Female-Male Gap (\$/hour)	Gap %	Female-Male Gap (\$/hour)2	Gap %	Female-Male Gap in % Below Median	Female-X Gap (\$/hour)	Gap % 3	Female-X Gap (\$/hour)4	Gap %5	Female-X Gap in % Below Median										
1	\$0.02	\$1.29	-2.6%	0	\$0.18	\$0.00	76.2%	0	\$0.0										
4	\$0.09	\$3.74	-8.6%	1	\$3.57	\$0.08	345.0%	0	\$0.0										

If the worksheet identifies a gap in average compensation or a greater percentage of employees of one gender earning below the median rate for a job grouping, you should conduct a further analysis to determine whether any differences in pay are justified by one or more of the bona fide factors permitted by law.

Permissible bona fide factors for differences in pay may include:

- Differences in education, training, or experience
- Seniority
- Merit or work performance
- Compensation based on quantity or quality of production
- Regional differences in compensation
- Differences in local minimum wages

Even if the worksheet does not show any gap in average compensation, you should review the data to determine whether any individual employee within a job grouping is paid significantly more or less than the others and whether the difference is justified by one of the bona fide factors permitted by law.

Worksheet 3: Further Review

The third worksheet will calculate the gap, if any, between each individual employee's compensation (base and total) as compared to the average for the job grouping. You may use this worksheet to help organize your analysis of whether employees who are paid more or less than the average for their job grouping are paid differently based on one or more of the bona fide factors permitted by law.

							Gap from Average (Total Compensation)	
Employee (Name or ID)	Job Title	Job Grouping	Gender	Full/Part Time	Total Base Compensation	Total Compensation	\$/hour	%
EE1	Senior Recruiter	1	M	Full Time	\$108,180.80	\$123,783.80	\$4.00	8%
EE2	Senior Recruiter	1	F	Full Time	\$106,454.40	\$114,131.40	\$2.06	4%
EE3	Senior Recruiter	1	M	Full Time	\$104,790.40	\$104,790.40	\$0.09	0%
EE4	Senior Recruiter	1	X	Full Time	\$103,396.80	\$103,396.80	-\$0.58	-1%
EE5	Senior Recruiter	1	M	Full Time	\$102,044.80	\$102,044.80	-\$1.23	-2%
EE6	Senior Recruiter	1	X	Full Time	\$101,254.40	\$101,254.40	-\$1.61	-3%
EE7	Senior Recruiter	1	F	Full Time	\$98,924.80	\$98,924.80	-\$2.73	-5%
EE8	Senior Recruiter	2	M	Full Time	\$97,988.80	\$97,988.80	\$3.48	8%

You should fill in the blank fields (columns J-P) to determine whether one or more of the permitted bona fide factors reasonably explains the entire differential.

J	K	L	M	N	O	P
Years of Service	Performance Score/Rating	Pay Measured by Quality/Quantity of Work? Y/N	Education	Years of Experience	Percentage of Time Traveling	Notes

Correcting Any Gender-Based Pay Differentials

Employers are recommended to take proactive steps to correct, in a timely fashion, any compensation differences between genders performing comparable work that are not justified by one or more of the permissible factors listed in the law. In most cases where correction is necessary, pay adjustments are recommended for some or all employees within a comparable job group.

L&I recommends the following remedial plans to employers:

- Employees who are not compensated highly enough should be brought up to the appropriate salary level.
- Reducing the compensation of higher paid employees is also a lawful means of compliance with pay equity requirements. However, the employer should make sure that their remedial plan complies with other wage and hour requirements.

Employers should develop and implement a remedial plan as soon as possible upon completion of the self-evaluation.

For more information or if you have any questions, please contact our equal pay specialist.

Call: 360-789-5287

Email: esgeneral@lni.wa.gov