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# NEW EVIDENCE ON THE GENDER PAY GAP FOR WOMEN AND MOTHERS IN MANAGEMENT

## HEARING

BEFORE THE

## JOINT ECONOMIC COMMITTEE
## CONGRESS OF THE UNITED STATES

ONE HUNDRED ELEVENTH CONGRESS

SECOND SESSION

SEPTEMBER 28, 2010

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# NEW EVIDENCE ON THE GENDER PAY GAP FOR WOMEN AND MOTHERS IN MANAGEMENT

**TUESDAY, SEPTEMBER 28, 2010**

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
*Washington, DC.*

The committee met, pursuant to call, at 9:07 a.m. in Room 106 of the Dirksen Senate Office Building, The Honorable Carolyn B. Maloney (Chair) presiding.

**Representatives present:** Maloney, Cummings, and Brady.

**Senators present:** Bingaman.

**Staff present:** Andrea Camp, Gail Cohen, Colleen Healy, Elisabeth Jacobs, Jessica Knowles, Rachel Greszler, Ted Boll, and Robert O'Quinn.

## OPENING STATEMENT OF THE HONORABLE CAROLYN B. MALONEY, CHAIR, A U.S. REPRESENTATIVE FROM NEW YORK

**Chair Maloney.** The Committee will come to order, and I welcome all the witnesses and my colleague from the other side of the aisle, Mr. Brady, and I will begin with my opening statement.

Good morning. Today's hearing on the gender gap among managers is part of the Joint Economic Committee's in-depth look at women in the work place. Women's work is crucial for families' economic well-being, particularly in these tough economic times.

Women comprise nearly half of the workforce, and families are increasingly dependent on working wives' incomes, with working wives now contributing 36 percent of household income, compared to 29 percent in 1983.

Because of this, gains in women's earning power or the absence of progress on that front is a very important economic security issue for American families. Women earn just 77 cents on the dollar as compared to men for doing the exact same work. That figure hasn't budged in nearly ten years.

The report released today by the GAO provides additional evidence of the persistence of the gender gap at the highest echelons of industry. The GAO finds a striking pay gap between male and female managers. In 2007, female managers were paid 81 cents for every dollar earned by their male manager peers, even after accounting for measurable differences like age, education, and industry.

The pay gap for women in management shrank by just two cents from 2000 to 2007. In short, and in no uncertain terms, we are



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stalled out. No matter how you slice the data, the pay gap between male and female managers persists.

Even among childless managers, women earn just 83 cents for every dollar earned by their male peers. Both the GAO and Catalyst also find that we have made very little progress in breaking the glass ceiling for women in management.

Women's representation in management professions in 2007 was essentially unchanged from 2000, and motherhood continues to be a penalty for women in the workforce. A previous GAO report showed that fathers enjoy a bonus, while mothers pay a penalty for their decisions to have children. I like to call this the "mom bomb."

Today's GAO report shows that management moms earn just 79 cents for every dollar earned by management dads, a figure that has not budged since 2000. In all but one industry, fathers are more likely than mothers to be managers. When working women have children, they know it will change their lives, but they are stunned at how much it changes their paychecks.

While women's earnings are a crucial element of families' economic security, this is particularly true for families where the wife is a manager. Across all industries, married female managers are just like male managers in one key regard: they are their families' majority breadwinners.

But married male managers' paychecks represent about 75 percent of their families' total earnings, compared to the 55 percent of total family earnings represented by married female managers' paychecks. The impact of the wage gap is particularly painful in our current economic downturn, as families struggle to make ends meet in the face of stagnant wages and job losses.

In order to further our understanding of the gender pay gap across the economic spectrum, I am pleased to announce today that I will be requesting a new report from GAO investigating gender pay and representation issues among lower-wage workers.

The GAO research team provides a great service to our nation with their impartial data-driven analysis of pressing economic problems, and I look forward to learning more from them when this report is issued next year.

Women are more productive and better-educated than they have ever been, but their pay has not yet caught up. Women continue to bump up against everything from subtle biases to acts of discrimination relating to gender stereotypes about hiring, pay raises, promotions, pregnancy, and caregiving responsibilities.

The first piece of legislation that President Obama signed into law, the Lilly Ledbetter Act, was an important start, but additional legislation is necessary to close the loopholes in the Equal Pay Act that allow discrimination to persist. I am proud to be the co-sponsor of the Paycheck Fairness Act, which passed the House earlier this session, and I hope that the Senate will soon act on it.

Better work/life balance policies would allow both mothers and fathers to continue to support their families and develop their careers. By ensuring that women aren't forced to start all over again in new jobs, paid-leave policies can help keep women upwardly mobile in their careers, protecting their earnings.

The Working Families Flexibility Act, which I have sponsored with the late Senator Kennedy, would do just that, and I am

pleased to announce that just last week, Senator Casey introduced a version similar to this act in the Senate. I would like to thank today's panel, and I look forward very much to your testimony. I recognize my colleague and very good friend, Mr. Brady.

[The prepared statement of Representative Maloney appears in the Submissions for the Record on page 30.]

## OPENING STATEMENT OF THE HONORABLE KEVIN BRADY, A U.S. REPRESENTATIVE FROM TEXAS

**Representative Brady.** Thank you Madam Chairman. I'm pleased to join with you to welcome our panelists before the Committee this morning, and I would ask unanimous consent that my statement be entered in the record in full.

**Chair Maloney.** No objection.

**Representative Brady.** I support equal compensation for men and women, and our nation's laws that are in place to ensure women are not discriminated against in the work place. Where lax enforcement of our laws may exist, Congress should fulfill its duty in its role in conducting proper oversight, and I appreciate the Chairwoman's sponsoring of this hearing today.

Back home, we have a number of women entrepreneurs, women in management, women in the workforce, who talk to me mainly today about jobs, the economy, and about stretching their family budget further. They are concerned about this economy. They have seen since the beginning of the year our economic growth has dropped by two-thirds. We are beginning to stall out again in our recovery. At a time when we ought to be adding jobs, we're continuing to lose them.

Small businesses are not hiring. They're continuing to lay off, and consumer confidence is at an 18-month low. We've given back all the consumer confidence from the last year and a half. The stimulus has not worked to jump-start the economy. It certainly has not worked to restore consumer confidence, and businesses are holding—many of them led or with women in key management positions—are holding onto more than $2 trillion of cash that ought to be going toward rehiring new workers, the old workers, hiring new ones, making new investments, adding net new sales force.

They're not doing that, and what they tell us, both small businesses and large, that they're frightened by what they see coming out of Washington these days. They see continued talk of higher taxes, more regulation. They're concerned about the health care bill driving up health care costs, its impact on their small businesses, very concerned about higher energy prices from cap and trade, and now they're facing in January, January 1st, a nearly $4 trillion tax bomb that will go off, affecting every person in America. Families who are trying to balance their budgets, small businesses who are trying to survive this recession.

We see women are now the fastest-growing among entrepreneurs. I was a Chamber of Commerce executive before coming to Congress, so I got to see firsthand how women are the leading entrepreneurs among our small businesses. Women and minority-owned businesses are really the catalysts for new small business creation in this country. They are for the first time, as a generation, building wealth, and they're concerned about the death tax

coming back, springing back to full life January 1st, which will make it very difficult for them to pass their small business and their wealth back down to their children and their grandchildren.

I don't know how anyone could believe that the way to jump-start our stalled economy is to heap new taxes on the very professions and small businesses most critical to a recovery. That doesn't make economic sense, and I don't think refusing to hold a vote, just a straight up or down vote, on extending the tax cuts, so there is not a tax increase on professions, small businesses, on capital gains and dividends is right.

I just think leaving Congress without letting the will of Congress be held and be known, to put lawmakers on the record of whether they support these tax increases or not, whether they're serious about jump-starting the economy, I think, really is irresponsible. I'm hopeful that maybe this hearing, maybe others, where we feature again the challenges of women in the workforce, building wealth, of retaining their hard work and being rewarded for it will encourage an up or down vote.

I'm hopeful perhaps any effort we can make to encourage an up or down vote this week before we leave, I think, would be helpful. With that, I yield back.

[The prepared statement of Representative Brady appears in the Submissions for the Record on page 31.]

**Chair Maloney.** I thank the gentleman for being here. We are focusing today on an important report that just came out of the GAO, but I need to respond to my good friend and colleague's revisionist history on where our economy is. He seems to have amnesia, and does not remember that the last month that former President Bush was in office, this country lost 790,000 jobs.

Because of the policies that were put in place during his eight years, we had a continued loss of jobs, down to what I call the "red valley." Since President Obama took office, we have been moving in the right direction. It is not success, but it is definitely progress. For the past eight months, this country has gained jobs in the private sector, which is the true indicator of economic recovery.

President Obama's actions, along with the Recovery Act, helped start moving us in the right direction. Economists Alan Blinder from Princeton University and Mark Zandi, who was McCain's economist—he works for the private sector for Moody's, he's a forecaster—they came out with a joint report saying that if President Obama and the Democrats had not taken the steps that they did to start moving our economy in the right direction, this country would have lost an additional 8.5 million jobs and would have been thrust not into the great recession, which we are suffering in now, but into a Great Depression.

With the actions of the Obama Administration to stabilize our financial markets, to bring reform to them, we avoid the risk of taxpayers having to invest in bailouts in the future. Actions such as the HIRE Act give a tax credit to businesses that hire unemployed workers. And you know from the testimony that we heard before this Committee that a tax credit was one of the prime goals that economists said would help us move in the right direction.

Just last week the Senate passed and the President signed into law an important bill that we passed in the House earlier, a $30

billion loan fund for small businesses, directed to small businesses, to help them expand, to hire. What we're hearing on both sides of the aisle is that our small businesses do not have access to credit. This money will be solely for credit to small businesses directed through community banks and regional banks, with other tax incentives and breaks to try to get this economy moving in a stronger direction.

History speaks for itself. The facts speak for themselves. I would certainly take the initiatives and trends that we're seeing now over the long line of policies that led us to the deep, red valley. But today is not a time for this type of debate. Women comprise half of our population. The new GAO and Catalyst studies are very disturbing, and we plan to hear more about them today.

I thank our witnesses for being here, and I would like to introduce them, and thank them for their life's work and for being here today. Dr. Andrew Sherrill is a Director of Education, Workforce, and Income Security Issues at the U.S. Government Accountability Office. He oversees the GAO's work on worker protection and workforce development issues, and has worked there for 19 years. He has led GAO teams in producing reports to Congress on topics including the gender pay gap, compensation for nuclear weapons facilities, and welfare reform, among many other topics.

Ms. Ilene Lang is the President and Chief Executive Officer of Catalyst, the leading research and advisory organization working to build inclusive work places and expand opportunities for women in business. She was appointed President in August of 2003, and named CEO in September of 2008. She was the founding CEO of AltaVista Software, a subsidiary of Digital Equipment Corporation.

She was named to the Global Agenda Council on the Gender Gap at the World Economic Forum, and she is a member of the National Board Development Committee of the Girl Scouts of the USA.

Dr. Michelle Budig is an associate professor of Sociology and the associate director of the Social and Demographic Research Institute at the University of Massachusetts. She has published work on gender differences leading to self-employment, the relationship between women's employment and fertility histories, and earnings penalties associated with childcare, labor, and motherhood.

In 2003, her research won the Rosabeth Moss Kanter Award for Research Excellence in Families and Work.

Ms. Diana Furchtgott-Roth is a senior fellow at the Hudson Institute, and directs the Center for Employment Policy. From February of 2003 to April of 2005, she was chief economist of the U.S. Department of Labor. She was Assistant to the President and Resident Fellow at the American Enterprise Institute from 1993 to 2001. Prior to that, she served in the White House under President George H.W. Bush.

We thank all of our distinguished panelists, and we'll begin with Dr. Sherrill and go down the line. Thank you again for being here.

**DR. ANDREW SHERRILL, DIRECTOR OF EDUCATION, WORKFORCE, AND INCOME SECURITY, U.S. GOVERNMENT ACCOUNTABILITY OFFICE**

**Dr. Sherrill.** Chair Maloney and members of the Committee, I'm pleased to be here today as you examine issues related to women in management. Although women's representation across the general workforce has grown, there remains a need for information about the challenges women face in advancing their careers.

To respond to your request that we update our 2001 report on women in management to 2007, we addressed the following three questions:

First, what is the representation of women in management positions, compared to their representation in non-management positions by industry?

Second, what are the key characteristics of women and men in management positions by industry, and third, what is the difference in pay between women and men in full-time management positions by industry? My remarks today are based on our full report, which is being released at this hearing.

To examine these questions, we analyzed data from the Census Bureau's American Community Survey for the years 2000 through 2007. We analyzed managers across all of the broad industry categories used in the survey, representing almost the entire workforce. We defined managers as individuals classified under the manager occupation category in the survey, which includes a wide range of job titles.

In our analysis of the differences in pay between male and female managers working full-time and year-round by industry, we used annual earnings as our dependent variable, and we made adjustments for differences of certain characteristics that were available in the data set, and are commonly used to estimate adjusted pay differences.

These include age, hours worked beyond full-time, race and ethnicity, state, veterans status, education level, marital status and presence of children in the household. In summary, we found that when looking across all industries combined from 2000 to 2007, female and male managers' characteristics remained largely similar. However, differences narrowed substantially in level of education and slightly in pay.

With regard to women's representation, women comprised an estimated 40 percent of managers and 49 percent of non-managers on average in 2007 across the 13 industry sectors we analyzed. This compares to 39 percent of managers and 49 percent of non-managers in 2000. In all the three industry sectors, women were less than proportionally represented in management positions than in non-management positions. They were more than proportionally represented in construction and public administration, and there was no significant difference in their representation in the transportation and utility sector.

On average across the 13 industry sectors, an estimated 14 percent of managers in 2007 were mothers, with their own children under age 18 living in the household, compared to 17 percent of non-managers. With regard to characteristics, according to our estimates, female managers in 2007 had less education, were younger

on average, more likely to work part-time, and were less likely to be married or have children than male managers.

While the average female married manager earned the majority of her own household's wages, her share of household wages was smaller than the share contributed by the average male married manager in his household wages. However, a key story in our report was that female managers' gains in education surpassed those of male managers from 2000 to 2007.

Looking to the estimated difference in pay between female and male managers working full-time, it narrowed slightly between 2000 and 2007, after adjusting for selected factors. When looking at all industry sectors together and adjusting for these factors, we estimate that female managers earned 81 cents on the dollar for every dollar earned by male managers, compared to 79 cents in 2000. This is the bolded line on the first graphic on the chart up there.

The adjusted pay difference in 2007 varied by industry sector, with female managers' earnings ranging from 78 cents at the low end in the construction and financial activities industries, to 87 cents on the dollar in public administration.

To examine the effects on pay of having children, we conducted two additional analyses. We first compared only managers with children, and then the second compared only those without children. In 2007, the adjusted pay for female managers with children was somewhat lower, 79 cents for every dollar earned by male managers with children. That compares to 83 cents on the dollar for female managers without children.

While this indicates that the factors associated with having children explain some of the differences in pay between female and male managers, it also suggests that other factors are involved in the remaining unexplained differences, the large, gray portion of those last two graphics.

Some of the unexplained differences in pay seen here could be explained by factors for which we lack data or are difficult to measure, such as level of managerial responsibility, field of study, years of experience or discriminatory practices.

Madam Chair, this concludes my prepared remarks. I would be happy to answer any questions you or the Committee members may have.

[The prepared statement of Dr. Andrew Sherrill appears in the Submissions for the Record on page 33.]

**Chair Maloney.** Thank you for your testimony. Ms. Lang.

**MS. ILENE H. LANG, PRESIDENT & CHIEF EXECUTIVE OFFICER, CATALYST**

**Ms. Lang.** Good morning, Chairman Maloney and members of the Committee. Thank you for inviting me on behalf of Catalyst. Founded in 1962, Catalyst is the leading non-profit working globally to advance women in business. Our research, widely considered the gold standard on women in business leadership, identifies major barriers to women's advancement and presents the most effective strategies for creating sustainable change.

Today I will share Catalyst's latest findings on the representation of women in leadership positions, and their implications as we

look at issues of pay equity. First, the good news. Women currently make up 46.7 percent of the labor force, and more than 50 percent of management, professional and related occupations, and have for a long time.

But despite their sustained workforce participation and economic influence, women have experienced a shockingly slow rate of progress advancing into business leadership, regardless of industry.

According to Catalyst research, the percentage of women executive officers and board directors in Fortune 500 companies is stuck in the teens, and a staggering 97.4 percent of Fortune 500 CEOs are men. The Catalyst census of Fortune 500 companies is a precise count of women leaders in our nation's largest 500 corporations, as measured by revenue.

We analyze the Fortune 500 because the country's most powerful and influential companies set the standard. Catalyst believes we will not see systemic change until we see it at the nation's leading corporations. So let's look at the data.

While women are 46.4 percent of the Fortune 500 workforce, they are only 25.9 percent of senior officers and managers, hold only 15.2 percent of board seats, are only 13.5 percent of executive officers, and just 2.6 percent of CEOs. That's 13 CEOs out of 500.

The numbers reflect a deep leadership gap. The current gender ratio of top earners at Fortune 500 companies raises another red flag. Executive officer compensation remains a visible indicator of women's status in corporations. In 2009, women were only 6.3 percent of top-earning executive officers within the Fortune 500.

Women are stuck. Despite decades of efforts to create opportunities for advancement, deep inequities persist. Our recently released report, "Pipeline's Broken Promise," revealed that talented female MBA graduates still start lower, are paid less, and climb more slowly than equally qualified men.

The report surveyed more than 4,100 women and men MBA alumni from 26 leading business schools around the world. Taking into account time elapsed since earning the MBA, years of work experience pre-MBA, industry and region, the survey found (1) women averaged $4,600 less in their initial jobs after controlling for their job level; (2) women were outpaced by men in salary throughout their careers. In fact, the gap in pay intensified as time went on, and cannot be explained by career aspirations or parenthood status.

And (3), even if they both started at entry level, men progressed more quickly than women up the corporate ladder. If this is happening to our best and brightest, one can only imagine the inequities throughout the rest of the system. These inequities must be addressed because it's the right thing and the smart thing to do.

Catalyst Bottom Line research found that Fortune 500 companies with more women corporate officers, on average, financially outperformed those with fewer, and the same holds true for Fortune 500 companies with more women on their boards of directors. On average, companies with more women on their board of directors significantly outperformed those with fewer women by 53 percent on Return on Equity, 42 percent on Return on Sales, and a whopping 66 percent on Return on Invested Capital.

What's good for women is good for American business. From the perspectives of leadership advancement and pay equity, companies that disadvantage women lose out on half the available talent. That's like playing cards with half a deck. Women aspire to success just as much as men do, and they define it similarly. But until women achieve parity in pay and business leadership roles, they will be marginalized in every other arena.

To address inequities, Catalyst advises companies to establish strict accountability regarding promotion and pay. We strongly support legislation that targets inequity. A bold step forward for American business and the economy would be for the Senate to join the House in passing the Paycheck Fairness Act.

Chairman Maloney and members of the Committee, thank you for this opportunity to testify today. I have also submitted a written testimony that includes further details about relevant Catalyst research and our methodology. I'm ready to answer questions now. Thank you.

[The prepared statement of Ms. Ilene H. Lang appears in the Submissions for the Record on page 84.]

**Chair Maloney.** Thank you very much. Dr. Budig.

**DR. MICHELLE J. BUDIG, ASSOCIATE PROFESSOR OF SOCIOLOGY, UNIVERSITY OF MASSACHUSETTS**

**Dr. Budig.** Chairwoman Maloney and members of the Committee, I thank you for the opportunity to speak. Today I testify that a significant portion of the persistent gender gap in earnings among workers with equivalent qualifications and in similar jobs is attributable to parenthood.

Thus, policies that target the difficulties of balancing work and family responsibilities, as well as discrimination based on workers' parental status, may be the most effective at reducing the remaining gender pay gap. I'm going to address four points: The relative absence of wives and mothers among managers, the larger gender pay gaps among parents, the evidence of motherhood penalties and fatherhood bonuses, and work family policies that are associated with smaller motherhood wage penalties.

The GAO report shows that, compared with male managers, women managers are far less likely to be married, to be parents and have smaller family sizes when they are. The absence of mothers and the rising childlessness among workers is also found in national data.

Table 1 in the handout I've distributed shows that controlling for important labor market and family characteristics, the gender employment gap among the childless is only six percentage points, while it is 20 percentage points among parents. Thus, high-achieving women are foregoing families at rates not observed among high-achieving men. This is an important form of gender inequality. Moreover, the relative absence of mothers may represent a brain drain of experienced, skilled workers.

The GAO report also shows that, among mothers who do persist in management, the gender pay gap relative to fathers is far larger than the gender pay gap among childless managers. Table 2 of your handout shows that, among all full-time workers in the U.S., child-

less women earn 94 cents of the childless man's dollar, while mothers earn only 60 cents of a father's dollar.

The gender pay gap and the parenthood pay gap are strongly linked. Research demonstrates that between 40 to 50 percent of the gender pay gap can be explained by the impact of parental and marital status on men's and women's earnings. Moreover, while the gender pay gap has been decreasing, the pay gap related to parenthood is increasing, which brings us to the wage penalty for motherhood. If we look just at women, the finding that having children reduces earnings, even among workers with comparable qualifications, experience, work hours and jobs, is now well-established. In your handout, Table 3 from our research shows the effect of children on earnings.

All women experience reduced earnings for children, each additional child they have. This penalty ranges in size from 15 percent per child among low-wage workers, to about four percent per child among the highly paid. That mothers work less and may accept lower earnings for more family friendly jobs partially explains the penalty among low-wage workers, and that mothers have less experience due to interruptions for child-bearing explains some of the penalty among highly-paid workers.

But a significant motherhood penalty persists even in estimates that account for these differences, such that the size of the wage penalty after all factors are controlled is roughly three percent per child. What does that mean? In 2009, the typical full-time female worker earned $1,100 less per child in annual wages, all else equal.

This unexplained three percent penalty may partially derive from employer discrimination against mothers, and evidence from experimental and audit studies finds motherhood discrimination in callbacks for job applications, hiring decisions, wage offers and promotions.

After reviewing resumes that differed only in whether they noted parental status, subjects in an experiment systematically rated childless women and fathers significantly higher than mothers on competency, work commitment, promotability and recommendations for hire.

The motherhood penalty compares women against women to see how children impact wages. Among men, fatherhood increases earnings. Some of this fatherhood bonus is due to fathers' longer work hours, greater experience and higher-ranking jobs, but, even after we adjust for these differences, we find a wage bonus for fatherhood.

Figure 1 in your handout shows that, controlling for labor market characteristics, all men receive a fatherhood bonus, and this bonus is the greatest for white and Latino college graduates, whose annual earnings are about four to five thousand dollars higher than comparable childless men. Thus, we see parenthood exacerbates gender pay differences.

What kind of policies might reduce the gender gap in pay attributable to the motherhood penalty? In collaborative NSF-funded research, we've identified three key policies. Figure 2 of your handout shows that universal early childhood education for pre-school children and increased availability of publicly supported affordable high-quality care for children under the age of two enables mothers

to maintain connections to employment, and therein dramatically reduces the motherhood wage penalty.

Figure 3 shows that universal moderate-length job-protected leave following the birth of a child also reduces motherhood penalties. We recommend FMLA needs to be extended to all work places and workers, and ideally should be longer than 12 weeks. Universal paid maternity and paternity leave are key.

Short-term paid maternity leave also reduces women's exit from the workforce and reduces the wage penalty for motherhood. Moreover, non-transferrable paid leave to fathers is strongly linked to smaller motherhood penalties.

I see that I'm out of time, but I'm happy to talk about any of these recommendations, and I thank you for your attention.

[The prepared statement of Dr. Michelle J. Budig appears in the Submissions for the Record on page 107.]

**Chair Maloney.** Thank you very much. Ms. Furchtgott-Roth.

**MS. DIANA FURCHTGOTT-ROTH, SENIOR FELLOW, HUDSON INSTITUTE**

**Ms. Furchtgott-Roth.** Thank you very much for inviting me to testify today. I would like your permission to submit the full testimony for the record, as well as my recent monograph, "How Obama's Gender Policies Undermine Women," which I refer to in my testimony.

I'd like to congratulate GAO on another in a series of excellent studies, and this study does not show discrimination. On page four, if I quote from Dr. Sherrill's letter, he says "Our analysis neither confirms nor refutes the presence of discriminatory practices."

Some of the unexplained differences in pay seen here could be explained by factors for which we lack the data or are difficult to measure, such as level of managerial responsibility, field of study, years of experience or discriminatory practices, all of which can be found in the research literature as affecting earnings.

Dr. Budig has given a very clear summary of the research literature. I mention some of it in my testimony, so I don't think I have to review it here.

Just one small point about the male and female managers and percent of household income. In the bullet point on page two, it says "While the average female married manager earned the majority of her own household's wages, her share of household wages was smaller than the share contributed by the average male married manager to his household's wages."

Well, when I spoke to Dr. Sherrill earlier, one reason for this is because it doesn't account for whether the spouse worked, and there are more non-working female spouses than male spouses. So many of the male managers were the only earner in the household, and that's one reason they had a higher percentage of household earnings.

Well, when you account for age, experience, motherhood, time in the work force, the pay gap basically disappears according to many studies. In fact, Professor Marianne Bertrand of the University of Chicago and Kevin Hallock of MIT have done a study on top CEOs, accounting for age and tenure in the workforce and level of respon-

sibility, and found that women managers earn 97 cents on the dollar.

The GAO study shows that women have been improving over the past seven years, where they were documenting this research, and the danger is not that women are going to fall behind. The danger is that Congress is going to over-react to false discrimination claims and pass legislation that will slow the progress of both men and women. Such legislation is discussed in this monograph here.

The Paycheck Fairness Act specifically was one of the first bills that the House of Representatives passed, but if it is passed by the Senate and signed by the President, it would spawn a tidal wave of lawsuits, and enmesh employers in endless litigation. This bill is a full employment act, not for women but for trial lawyers, that would further burden our overburdened courts, and would slow small businesses and large businesses from hiring, and encourage them to ship more jobs overseas.

The bill would only allow employers to defend differences in pay between men and women on the grounds of education, training and experience, if these factors were also justified on the grounds of business necessity. That means that this change could prohibit, for example, male supermarket managers with college degrees from being paid more than female cashiers, because the college degree for the male manager might not be considered as part of a business necessity.

Another provision of the Paycheck Fairness bill would expand the number of establishments subject to the law from all establishments to the same employer in a county. So right now, it is countywide, but if there are many establishments with some firms in one say low-income county with lower wages, another in a higher-income county, this bill would mean that they would all have to be paid the same.

But now employees who do substantially the same work in one location have to be paid equally. Identifying "substantially the same work" is hard to do for disparate jobs in different locations. Class action suits would be facilitated by the bill's opt-out clause. Now, if a worker wants to participate in a class action suit, she has to affirmatively agree to take part.

What the Paycheck Fairness Act would do is mean that she would have to opt out affirmatively. Otherwise, she would be included. The bill would require the EEOC to analyze pay data and collect more records from employers, imposing a substantial burden in terms of collecting data on race, sex and wages of employees.

So the danger is not that women have insufficient remedies for discrimination, or that they are underpaid when you take account of their age, experience, education and background, but the Congress will interfere and slow the economy even more, reducing job growth and family income for men and for women. Thank you very much for allowing me to testify.

[The prepared statement of Ms. Diana Furchtgott-Roth appears in the Submissions for the Record on page 117.]

**Chair Maloney.** Thank you, and I'll begin the questioning, and I'd like to ask Dr. Sherrill and Ms. Lang about a recent *Wall Street Journal* article that reported that the number of women in finance has fallen dramatically over the last ten years, despite the rise of

the number of women in the industry and their educational level. What does the GAO report tell us about female managers' representation and pay, in the financial services industry, and how has their position evolved over the last decade? Dr. Sherrill.

**Dr. Sherrill.** Our analysis of the financial services industry indicates that women's representation in management positions dropped from about 53 to 50 percent over the time period we looked at. Also, that this industry has the biggest pay difference for male and female managers, at 78 cents to the dollar for men. That's tied with construction.

We also found that the financial services industry by far has the biggest difference between men and women managers in the percentage with bachelor's degree or higher: 26 percentage points. GAO has also done some prior work, separate reports, looking specifically at women's representation and minorities' representation in management over time in the financial services sector, and basically found that from the mid-1990s to the mid-2000s, it's remained largely stagnant.

There have been some initiatives, but there's been obstacles in terms of recruiting more minorities and also getting buy-in from middle-level managers to some of these initiatives like recruitment and internships.

**Chair Maloney.** And Ms. Lang, would you like to comment on this?

**Ms. Lang.** We don't have any research that shows anything different from the GAO.

**Chair Maloney.** And how does this compare to other fields that you looked at in your report, such as education, social services, and other lower-paying fields?

**Dr. Sherrill.** The financial services industry is one of the higher-paying industries, and, in comparison, we didn't find any strict correlation between the representation of women in management positions and the size of the pay difference in different sectors.

But you mentioned health care and social services, just to compare them with the financial services industry. In health care and social services, we saw an increase in the representation of women as managers of up to four percentage points, up to 70 percent, the highest of all across the industries, and the pay gap was 81 cents to the dollar in 2007.

In educational services, women represented about 57 percent of managers in 2007. The pay gap was somewhat less, 86 cents to every dollar earned by the men. That's one of the smallest pay gaps across the industries we analyzed.

**Chair Maloney.** And Ms. Lang, are there sectors of the economy where women are not represented at all at the upper rungs of the corporate leadership? Or Dr. Sherrill, if you'd like to comment. Are there some areas where they're not represented at all? Are there other areas where they're more represented?

**Ms. Lang.** Thank you. We look at the Fortune 500, and we look at industry breakouts, and in particular when there are ten companies in an industry, we compare, and what we found is that there are women in leadership throughout—and senior corporate leadership in every industry. The only place where you don't see women

is in the CEO role. There are some industries that have no women CEOs.

That's not to say that the representation is equivalent across the board. Some do better and some do worse, but, in fact, there are women on boards in just about every industry, and, again, in the C-suite and in management. Some industries have a much higher percentage of women in the overall workforce than others, but it doesn't seem to make that much of a difference overall as to how far they advance, except to the CEO.

**Chair Maloney.** Thank you. My time is up. Mr. Brady.

**Representative Brady.** Well, discrimination against women in the workforce or society is wrong, period, and we ought to root that out, and we ought to apply the principles that allow merit in hard work and effective work to be rewarded on an equal level with men, period. The question is one, what is government's role in doing that, and secondly, does it—and how does it—exist?

I think Ms. Furchtgott-Roth pointed out, as did Dr. Sherrill's report, that it is sometimes difficult to compare apples to apples. We have male-dominated industries and female-dominated jobs. You've got education, skills, tenure, workforce, a whole number of variables in it. I want to get to the point about how that affects women entrepreneurs specifically.

But I also want to point out the women in my district, and we meet regularly with our chambers of commerce or small business groups, and they really sincerely today are most worried about jobs, the economy and this debt and this country.

I think today 90 percent, the latest poll, 90 percent of the American people believe this economy is in bad shape and not getting better any time soon. They raise real doubts and skepticism about the stimulus bill, because it has lost, what, three and a half million jobs now along Main Street since that was put in place.

Almost every economist has downgraded our economic growth over the next year. The fact is that, at this level, it will take much of this decade to return to the unemployment levels of the Bush years.

We have a bipartisan, I think, goal in getting this economy back on track. Back home, what I've seen over the last decade is a dramatic increase in women in leadership roles in the community, leadership roles in business, and especially among small businesses, entrepreneurs.

All you need do is go to any chamber of commerce meeting in any community, and you'll see that it is dominated by women running small businesses. So my question to the panelists is what studies have you done to identify how women in small businesses, entrepreneurs owning their business, launching their small business are doing? What type of equality occurs in the marketplace?

You know, are consumers and clients rewarding small businesses run by women? Is there discrimination in that area? Have there been any studies done? I would open it up. I ask that because that's the growing area of job development and creation in the country. This is where I see major gains occurring.

I want to see more of that occurring. Has anyone made some comparisons, identified those levels?

**Dr. Budig.** Is this on?

**Representative Brady.** There you go.

**Dr. Budig.** A decade ago, I wrote my dissertation on gender differences in self-employment, so my data might be a little old, but I think I can speak to some of your, part of your question. Self-employment and entrepreneurship, particularly among women, is really very varied, right? I mean it runs the gamut from women opening hair salons in their basement to starting up businesses in the tech sector.

What I observed in my analysis was that, among those engaged in professional forms of self-employment, for the highly educated and highly skilled, there were no gender differences in the impact of self-employment and entrepreneurship on family economics. Both men and women benefited from it.

But among non-professional work, it's very different. So you have men opening businesses in crafts and trades such as plumbing, carpentry, and those are pretty lucrative, whereas the things women are doing are not. In fact, the motherhood penalty is even stronger among self-employed, non-professionals than it is in the regular workforce.

There, that can't be employer discrimination, because you are your own employer. I didn't study consumer discrimination, so I can't speak to that end of it.

**Representative Brady.** But that data's a decade old?

**Dr. Budig.** Yes, it is, uh-huh.

**Representative Brady.** Okay. I appreciate the point you're making. I think the last decade has seen tremendous growth in women entrepreneurs. I imagine there are, if you're the mom, and you run the company, and you're taking time off either for the birth or for those early years, clearly there will be an impact.

I'm just curious in the marketplace itself, have there been any studies on, you know, do small businesses owned and run by women make less, generate more income, have greater profit margins, employ more, employ less? Do they have different policies for merit, you know, and productivity in their own business?

I just think these are areas—again, I see tremendous growth in this area, and again discrimination doesn't belong in the marketplace, period. I'm just trying to get to that apples and apples comparison. Thank you.

**Chair Maloney.** Mr. Cummings.

**Representative Cummings.** Thank you very much, Madam Chair, and I thank you for having this hearing. It's so very important. Dr. Budig, can you—maybe you can comment on this. The women in my district, there are huge percentage of them who are single mother head of household, and you know, when I hear you talk about the bonus for fatherhood and then you said what, the penalty for women, you know, I'm trying to figure out how does that—have you broken your numbers down as to how they affect single mother head of household?

The reason I ask you that is because these are the women who have no help usually, who have no support systems. They're the ones that have to get up at five o'clock in the morning, dress the baby, get them to a babysitter, you know, and deal with all of those issues, while somebody who may be married may have a partner who can take on some of those tasks.

So I'm just wondering, has there been research done with regard to that, and the other reason I asked the question is because, if you've got a single earner, and if her wages, if she is penalized for having children, it seems like in those circumstances she's in a tougher, much tougher situation than somebody who may be married.

The other reason I ask the question is because, when we look at our divorce rates, you know, and I wonder how, you know, I'm sure you didn't get into this, but I wonder how all of this, that is when women go out and they're trying their best to move up these ladders, how that might affect the family when they are together, when they are married, and divorce rates.

So you've got a whole—I'd like to just have your comments.

**Dr. Budig.** Certainly. Because single mothers tend to not disrupt their employment when they have children, they have more continuous employment records, and that does help them a little bit, but, for low-wage workers, I have a study coming out next month in *American Sociological Review*, that looks at the impact of motherhood in terms of the motherhood wage penalty across the distribution of women earners.

And among the lowest-paid workers in the economy, they pay the highest wage penalties for motherhood. In part, that's due to the fragility of their child-care systems, that oftentimes that women at that end of the spectrum, when they have work family crises, they have to quit their jobs because they're in jobs with very few benefits or accommodations, whereas women at the higher end of the spectrum usually have more resources to deal with child-care crises and so forth.

But certainly the wage penalty for motherhood is going to be experienced more seriously in a family that is not getting the fatherhood bonus because there's no man in the home, so children are profoundly affected by the loss of earnings that their mothers incur.

**Representative Cummings.** Now, in many jobs, there is a necessity or requirement, and any of you all may comment on this, that a person go back and get credits, say, for example, teachers, lawyers, and, in many instances, as we well know, education and continuing education is one of those factors that would allow a woman to move up the work ladder.

I would imagine that if somebody does not have that support system that's another factor that comes in, that makes it almost impossible to do all the things I just talked about doing, work and then go to night school, take care of the kids.

So I was wondering have you all addressed that issue at all, with regard to continuing education? Mr. Sherrill, Dr. Sherrill? Dr. Lang, Ms. Lang? Either one of you.

**Ms. Lang.** One of the things that Catalyst does is examine practices among companies to see what are the best practices, what goes the longest way towards improving the work environment at companies, and the notion here is that, in a competitive work environment, where you need talent and you talk about continuing education, which is improving the talent, you want to be the employer of choice, and what do the best employers do in those situations?

And those are situations where the best employers sponsor their employees for the continuing education. They invest in their employees. They support them, and they have paid leave for them, so that's kind of where we see the best employers going, that they are trying to make sure that they do not lose their employees because of situations like what you've described.

**Representative Cummings.** I see my time is up. Thank you, Madam Chairman.

[The prepared statement of Representative Cummings appears in the Submissions for the Record on page 183.]

**Chair Maloney.** Thank you very much, and building on Mr. Cummings's questions, in 2003, GAO did another report that I requested on mothers' pay, and it showed that mothers pay a wage penalty while fathers earn a wage premium. Dr. Budig, are there specific industries where the "mom bomb" is more of a problem than others? And if so, what do you think might explain those differences? Dr. Sherrill, or anyone who'd like to comment. But if you could begin, Dr. Budig?

**Dr. Budig.** I have—sorry. I have in the past done analyses by industry, and I did not see that there were better or worse industries for mothers to be in, but the wage penalty for motherhood occurred in the same way in all jobs and industries.

**Chair Maloney.** Do more educated women face a bigger motherhood wage penalty than those who are less educated?

**Dr. Budig.** Education seems to be protective, so the more education you have and the longer you delay motherhood, the less of the penalty you'd incur. So it's worse for younger mothers and for the less educated.

**Chair Maloney.** And do women face an additional penalty when they have a second child? In other words, is the "mom bomb" a one-time explosion, or is it a cluster bomb?

**Dr. Budig.** Women face—it's a cluster bomb.

**Chair Maloney.** It's a cluster bomb?

**Dr. Budig.** It is.

**Chair Maloney.** Really?

**Dr. Budig.** Each additional child impacts earnings in a non-linear fashion, so it actually gets exponentially worse, and the wage penalty for motherhood doesn't go away in my, the research I've done, as the children age, but actually grows over time. So it's a permanent penalty.

**Chair Maloney.** You also mentioned that education is somewhat protective, and we have seen in the last decade that women have outpaced men in receiving college degrees. How have women's educational gains translated into leadership positions in the industry, and I ask Ms. Lang, Dr. Sherrill, anyone? What is the impact of these gains in education? Has that also been reflected in gains in leadership positions and in narrowing the pay gap?

**Dr. Sherrill.** Our prior work on the gender pay gap has shown that women's gains in education and level of work experience in occupations that they're in has explained a big part of their progress at lowering the pay gap.

When we look at that particular education story here, with the women in management analysis we did, it's kind of a mixed picture. For example, if you look at the industry where the levels of

education are most similar for male and female managers, that's in manufacturing, where they're very close in levels of education, but women represent only 23 percent of management positions, so they're at the lower end.

In construction, an industry where women have higher levels of education than male managers overall, women are only 12 percent of the managers there. In the educational services industry, the levels of education for male and female managers are fairly close, yet women represent 70 percent of managers, so there's no clear picture. Education is just one factor in the story.

**Chair Maloney.** Ms. Lang.

**Ms. Lang.** Certainly education has brought more women into more professional positions, and has brought them into more industries and on the management track, but our study about women MBAs, comparing women and men MBAs (they are sort of the proxy for future leadership)—from day one, first job after an MBA, even after you control for years of experience before the MBA, control for parenthood, industry, region, whatever, women start at a lower compensation than men, so there's a pay gap just for being a girl.

**Chair Maloney.** Well, why is the pay gap so stubborn, and what do you think we can do to try to end it once and for all? We learned from a Census report earlier this year that the gender gap has not budged since 2007, and the GAO report today shows us that the pay gap for women in management barely moved from our first report in 2000.

We got a two cent raise, but that's hardly a massive improvement. Two cents for seven years, between 2000 and 2007. In management, moms saw no improvement at all, so I would just like to hear your comments on why do you think the pay gap is so stubborn? It's barely moved.

**Ms. Furchtgott-Roth.** It's because women like choosing family friendly jobs, so here it goes up to the most educated. So on the Yale Law Women website, these are some of the smartest women in the country, this reads "In the aftermath of recent global financial crises, Yale Law Women believes the focus on family friendly firm policies and policies designed for the retention of women remains more important and pressing than ever."

And family friendly policies are those that allow children to be combined with a career. It means careers where you can be home for dinner, with fewer hours, and these are not careers that lead you on the CEO track. It's not a mom bomb. It's a preference for more flexible schedules, and women want these flexible schedules, and they come with lower levels of pay.

That's why, until women stop wanting to be home with their kids, until mothers stop wanting to spend time with their children, you're always going to have, we're always going to have that pay difference.

**Chair Maloney.** Would you like to comment, Dr. Sherrill? You say you accommodated for part-time work, for preferences, for leaving to have children, taking care of a sick parent? Or Ms. Lang or Ms. Budig, would you like to comment on the persistence of the pay gap?

**Dr. Sherrill.** Yes. We found that being a mother was associated with a lower level of pay. Our prior work, like in our 2003 report, found that, for the general workforce, women's work patterns were a key in explaining differences in pay, such as time away from the workforce, part-time work, fewer hours worked in a year, those kinds of things.

I think this points to a couple of areas. One is the different policies that help women better balance work and family priorities, and I think a second area is women's entry and retention in some of the higher-paying industries. As part of this story, a key issue is the extent to which women are getting degrees in the same fields of study as men, such as mathematics, science, and engineering, and to what extent that is changing over time.

**Chair Maloney.** Okay. Yes, Ms. Lang, very quickly.

**Ms. Lang.** We have studied the values that women and men bring to the workplace, what they're looking for, what they expect, and it's a little counterintuitive. But, in fact, women and men do look for the same kinds of work environments and the values there.

Number one and number two of women and men is having a supportive work environment and having a challenging job. Number three and number four are having a good fit between life on and off the job and being well-compensated. Numbers five and six are working at a company that has high values and having the opportunity for high achievement. Women and men are more alike than different in what they look for in the workplace.

But as it turns out, men are much more likely to get the values that they're looking for than women are, and that's kind of the rub here. There's an assumption that a family friendly work place is a lower-paying workplace for women. That's not true. Companies that really work at having the women, at retaining the women in their workforce, the ones they've invested in, the ones they've developed, they care a lot about what those women want.

I will just conclude with the comment from the Senior Vice President of Human Resources, a man in his early 40s with three young children, who told me recently, he said, "I meet with"—he was a senior VP of Human Resources in a large global company—he said, "I meet with the women all the time, and I can tell you what they want is what I want."

**Chair Maloney.** Well my time is up, but I just would like to comment and come back to this in my further questions. Isn't it true that, in the GAO report, you found a pay gap between childless women and men, so we can't blame motherhood for the entire pay gap, can we? I think that's a fair thing to say. Mr. Brady.

**Representative Brady.** Thank you, Madam Chairman. I want to go back to the apples to apples comparison because I think that's where we want to go. Obviously, GAO's report shows, I think, a 19 percent pay gap on average salaries, but an earlier GAO report, 2009, said that measurable differences account for all but seven percent.

The Department of Labor recently found the wage gap is between about five to seven percent after accounting for measurable differences. Ms. Diana Furchtgott-Roth, you cited a study, Bertrand and Hallock—

**Ms. Furchtgott-Roth.** Yes.

**Representative Brady** [continuing]. That found, you know, not much of the difference in the pay of male and female corporate executives, when they factored in a number of issues. What are they factoring in in that study, that other studies may not be or may, you know, not be factoring in quite as heavily? What are the differences?

**Ms. Furchtgott-Roth.** So what they factored in is the work age and experience, as well as presence of children, and what one finds is not that mothers are underpaid but that getting on the CEO track is just very difficult to do. A lot of men don't make it either. When you, if you're a mother and you select a job that allows you, say, to be home for dinner, or you might choose, say, part-time work.

So you choose part-time work, and then the head of the law firm or whatever it is Ms. Lang talked about says, "Oh yes, I'll give them whatever they want." Say a woman wants a part-time job. So she says, "I want to work three-quarters time and get three-quarters of pay." Then that lowers her wages compared with men, but she's still getting what she wants.

If you look at say recent Supreme Court nominees, Justice Elena Kagan, Justice Sotomayer and then candidate Harriet Miers, they didn't have any children. Condolezza Rice, Secretary of State, no children. Hillary Clinton, one grown daughter when she was in the Senate, and now she's Secretary of State.

The data from the Labor Department in 2009, I have it right here in front of me. If you just don't even account for occupation and education, if you look at childless, single women compared with childless, single men, on the aggregate it's 96 percent. Then if you just add with children under six years, it goes to 80 percent.

**Representative Brady.** And your point in that study is what?

**Ms. Furchtgott-Roth.** This is the Labor Department Highlights of Women's Earnings in 2009, put out in June 2010 by the Labor Department. It has tables of average earnings. This is Table 8 I'm looking at, women, men, married, spouse present, divorced, single. I was just reading from Table 8.

So single women with no children under 18 earned 96 percent of what men earn, but when you add with children under six years, it brings it to 80 percent. These women earn 80 percent, and I can do further calculations here with my pocket calculator if you want. I can turn this data over to your staff. It's right there for anybody to see on the web.

**Representative Brady.** Can I ask for—thank you. Can I ask first the panelists, and Ms. Lang, you made the point that men and women may be more alike on issues of not just compensation but of time, the ability both to have a satisfying work life and a life afterwards, and time with your children or family, or pursue whatever other interests you have.

Is the workforce becoming more flexible for those who want to have a life outside of it, and is the boom in women-owned businesses, women entrepreneurs, is that perhaps a desire to have more flexibility and more control over your time and still have a satisfying work environment?

I ask that because I see women-owned, starting law practices, medical practices, sales teams. In virtually every field, not nec-

essarily a plumbing company but a lot of businesses in our communities, and one, I think it's because it's merit-based, the ability to control your time, to have some say over your destiny.

But I wonder what role flexibility in controlling your time has in encouraging women entrepreneurs?

**Ms. Lang.** Right. So I've been an entrepreneur, and I can tell you, an entrepreneur works all the time, day and night, round the clock, 24–7, 365. It's a myth that women who are entrepreneurs work part-time. That said, the idea of flexibility and the ability to control your own time is dependent on a lot of things, most particularly on power in the workplace.

So more senior people have more staff. They have more resources. They have more power over their own time because there's somebody else who they can ask to do the work or command to do the work. Now we are in a workplace today in the 21st century that is global markets, global workforces, and it's 24–7, 365.

The workplace that will survive in that kind of economy is one where flexibility is the norm. I'm not talking just about flexible hours. I'm talking about flexibility that leads to innovation, flexibility that allows for cultural competence, so that people who work in one part of the world can support customers in another part of the world. Flexibility for employers and employees, and women and men. That's really also about focusing on results, so I think that how work is done and where it's done today are completely contrary to the really outmoded notions about face-time and being in the office, and the technologies that are available make it much more possible for companies to structure the workplace so that there's much more flexibility. People can work at home. They can work reduced schedules. They can do other kinds of things.

The best companies are offering that to women and men employees. You know if they're the best companies when the men take these kinds of options as well.

**Representative Brady.** Right.

**Ms. Furchtgott-Roth.** So if women want to be offered reduced schedules, then they're paid a reduced amount, and that means there's a pay gap. You just——

**Ms. Lang.** Every credible research study that looks at this controls for that kind of thing, so you don't look at the raw numbers; you look at it controlled for the number of hours worked or some of these other things. That's what it means to control for a factor. So when you control for that, you can look and see what is the pay gap that nets out.

**Chair Maloney.** And this report compared full-time female managers to full-time male managers. It was not comparing part-time employment. We did have a JEC report on part-time employment, and I'll follow up when I have time on that one, but this was full-time versus full-time employment. Mr. Cummings.

**Ms. Furchtgott-Roth** [continuing]. Full-time is over 35 hours a week.

**Chair Maloney.** Pardon me?

**Ms. Furchtgott-Roth.** Full-time is any hours over 35 hours a week.

**Chair Maloney.** Yes, exactly.

**Ms. Furchtgott-Roth.** Someone could be working, say, 36 hours, a woman, and it would be full-time, and she's compared to a man who's working say 50 or 60 hours a week. So saying that those—you have to account for the number of hours, not just full-time or part-time.

**Chair Maloney.** I'll call on Dr. Sherrill to clarify the framework of his report.

**Dr. Sherrill.** We did also take account of hours worked beyond full-time, as one of the explanatory factors.

**Representative Cummings.** I'm sitting here and I'm listening to all this, and I'm also looking at the audience and Ms. Furchtgott-Roth, if you saw some of the expressions on some of these women's faces, I guess you'd be surprised. But I have two daughters, and let me make sure I understand this.

Am I to tell them that they need to wait until they're 40 to have children?

**Ms. Furchtgott-Roth.** No.

**Representative Cummings.** Now hear me out. Now hear my whole question now. Don't answer me too quickly. Am I supposed to tell them they need to wait until they're 40 to have children, if they want to progress up the employment ladder? Am I supposed to tell them that they are—they need to go in and if they're going to have children, they need to expect that they will not move quickly up that ladder?

And I'm just trying to figure out, you know as I listen to all of this, I'm trying to figure out where, and I listened to you, Ms. Lang, and I'm thinking I agree, that you've got to have some flexibility in the employers.

But you know where that comes from? It comes from leadership, and I wonder if there's a correlation between who's sitting on these boards. If I've got an all-male board, it's like imagining Congress without women. I hate to even imagine it.

But if you've got an all-male board, all of whom have benefited from having as many children as they want, and they are making decisions, corporate decisions, Dr. Budig, about their employees. I'm just trying to figure out is there a correlation with regard to sensitivity coming in there because a lot of this is about sensitivity and creating that kind of work place.

For example, I've seen situations where a lot of women tell me, we have some situations in Maryland where they have, for example, daycare centers right on the premises. They love it because they can see their kids at lunch time; they're on the way to work. They can drop them right off, pick them up right there at work. I mean those kinds of things, all of that.

I'm just trying to figure out what do we, instead of us being stuck here, what are the kind of things that, if I'm sitting here as an employer, and I want to make sure that women progress, what are the kind of things that I need to be doing to make sure that that happens?

**Ms. Furchtgott-Roth.** So one thing you could tell your daughters is that the field they choose is very important. They need to get a lot of education and also that some careers are more family friendly than others. If they become a Congressman and follow in their father's footsteps, they are not going to get a wage penalty

for having children because that is a job where the—where it's easier to combine work and family.

If they're a professor in a college, professors are given additional years in many universities to be able to write the publications and get tenure. Women have been teachers frequently because they have long academic leaves in the summer.

On the other hand, if your daughters were to go into, say, investment banking, where there isn't really any concept of part-time work, or a partner in a law firm, a high-powered law firm where the client also wants to see you, you know, it could be 24 hours a day if they have a case. That's difficult to be a full-time working mother.

But a doctor, if she wanted to be a doctor, a medical practice. There are group medical practices, and some doctors cover for others in these medical practices.

**Representative Cummings.** And so if I—what would I say to my son? The same things? What would I say to my sons?

**Ms. Furchtgott-Roth.** I mean if they were to have children?

**Representative Cummings.** The same questions. The same thing you just answered. Would I have a different answer than what you just gave me if I were talking to my boys?

**Ms. Furchtgott-Roth.** Well, it depended if your boy wanted to be home in time for dinner to see his children.

**Representative Cummings.** I see.

**Ms. Furchtgott-Roth.** Some men don't care. Some do.

**Representative Cummings.** Ms. Lang, thank you.

**Ms. Lang.** Yes. I want to thank you for bringing up the issue of leadership and tone at the top, and it's really important. You talked about a board of directors that is all men. There are still some boards of directors that are all men, but I am happy to say that the largest companies in the United States are increasingly seeing more women representation.

In fact, the question of representation of women that we find is less industry-specific and more size of company. So the Fortune 500, 100, have more women, a higher percentage of women held board seats than the Fortune 101 to 200, 201 to 300, that type of idea.

Now why is that important? You brought up a little bit of it in some of the examples, but one of the most important is that women are role models to women and men alike. They're not role models just for women; they're role models also for men. Men and women both see women in leadership roles, and one of the most difficult perceptions to get past is that I speak a lot and I say to people, "Close your eyes and picture a business leader." Can you imagine how many picture a woman? Most of them picture a man.

Getting past that assumption or stereotypic perception is very important, so when you see women on boards of directors, you know that there is diversity, inclusion of women, as well as men there. It sets the example that this is a company at which all people can succeed.

One of the quotes that I like the most from one of our focus groups that we had was a woman saying about—and she worked in a high tech company—and she said, "When I look up and see that they're all men, I don't think I have a chance. When I see di-

versity, I know that people like me can succeed, that everyone can be successful." That's what tone at the top is really all about.

So I think that the more we focus on leadership, the more important it is. We did one study that shows that a company that has more women on their board of directors, five years later will have more women in their senior leadership, so that's again sort of showing it's not just that it happens organically. It shows that it happens because there are people in the boardroom who think that it's important to have diversity and leadership, and they stand for that and they pursue that in policy.

**Representative Cummings.** Thank you.

**Chair Maloney.** What is the impact of the recession on the gender gap? When we did this report, we specifically looked through 2007 in order to avoid the recession, so we would have a greater long-term trend to look at, but I'm interested in knowing what the gender gap is during times of prosperity versus times of recessions. Do women share the wealth during times of prosperity, or does the disparity grow? Have there been any studies on that impact on the pay gap? Yes, Doctor—Ms. Lang.

**Ms. Lang.** I've been a doctor three times already today. So our study about the pipeline, looking at the MBA alums, explored that as one of several issues that we looked at. What we found is looking at the period between December 2007 and June 2009, asking a group of over 1,000, about 1,500 or 1,600 of the women and men MBA alums, how did the recession treat you? What's happened to you over these last 18 months?

And what we found is that women and men, for the most part, did well. These are the MBA alums. They job-hopped much more than one would have thought. They were promoted. They took lateral moves. They took international assignments. However, the women and men, when we looked just at the women and men who were in the most senior levels, that group, women were three times more likely to lose their jobs.

So that was a—that's a very serious penalty when it looks at what's happened to women in leadership, and it has been quite pronounced, at least anecdotally. People would ask us are senior women losing their jobs more in this recession? This study that we did suggests that that was the case.

**Chair Maloney.** Also, could you talk about women's leadership, and how it creates opportunities for women lower down the corporate ladder? You did mention that female board members help improve the hiring of women. Would you like to elaborate more on the pipeline issue that you studied? Others may want to comment on the pipeline issue you were commenting on, too.

**Ms. Lang.** Well, what we have found in the research that we've done, looking at both senior levels and in the pipeline, is that women face barriers to advancement that men don't. We documented that women MBAs, all other things being equal, start at lower compensation rates, and they are slow—they move more slowly up the ladder over the years, at least in the ten years that we covered in our study.

We have shown for years that women's, their aspirations towards leadership are just as strong as those of men, but it's much harder

for them to be treated seriously and have the credibility and for their accomplishments to be recognized.

**Chair Maloney.** Thank you. Mr. Brady.

**Representative Brady.** No. I really have nothing more to add. One, I think it's very—it's a fascinating discussion on an important topic. Two, I'm grateful Stephen Colbert is not here to make any comments. Thank you, Madam Chairman.

I do think we're missing two of the fastest-growing areas for business, entrepreneurship and the digital economy. You know, all you need do is go to some of the technology companies in the Silicon Valley and look at the meritocracy there that they've created, regardless of gender, age or anything.

It is simply who produces the best results on time under budget. And I think we are missing some of that, and, at the end of the day, I still believe we need jobs for women and men. I do think this economy is off the track. I don't understand why Washington's pursuing the policies it's doing; that has produced a recovery three times weaker than 1981 and 1982; why so much of America is discouraged about the economy and the track that we're on, and, for the life of me, I don't understand why we're not voting this week to not raise taxes on women and men and small businesses and families, and capital gains and a number of other areas, I think, that could create this certainty to help get this economy on track.

So Madam Chairman, we have differences on some of the policies, but I think your holding this hearing is a very important action. Thank you.

**Chair Maloney.** Thank you, Mr. Brady.

**Representative Cummings.** I just want to go back to you, Ms. Lang. You were talking to the chairwoman just a moment ago about loss of employment. Is that right?

**Ms. Lang.** Yes.

**Representative Cummings.** And you said that women—what was your conclusion?

**Ms. Lang.** We looked at women and men MBA alums who had earned their degrees between 1996 and 2007, so it's basically that Gen-X group, and they range in age from, at the time that we did this most recent study, they were kind of late 20s to mid-40s. That's kind of the age group.

We asked them, "What's happened to you over this period of time during the recession, December 2007 to June 2009?" What we found was that the women and men—the only differences between the experiences of women and men during that period were that, in senior leadership positions, women were three times more likely than men to have lost their job involuntarily.

**Representative Cummings.** That's very interesting. As I listened to Mr. Brady, I could not help but think about, you know, I really wasn't going to go here. But a few weeks ago we had a vote on unemployment benefits, and I keep thinking about these women in my district, many of whom are head of household, single mothers, and we all know the stories. I can tell it, you know. I've seen it over and over again.

They're the ones who are at the bus stop, six o'clock in the morning. They don't have time to jog because they've got to get that kid to the babysitter. Many of these women were the ones who lost

their jobs. We had a vote, and there were many who, sadly, on unemployment benefits, that would have left these women with absolutely nothing, said no.

There's something awfully wrong with that picture, and I guess my question, Ms. Lang, is, you know, what would you say—I mean what can government or any of you all, what can government do to encourage employers to be more sensitive to this situation that we find ourselves in, where a woman becomes penalized because she has a child? I mean what kind of things can we do because, after all, that's what we do? We legislate.

And so I'm just wondering if you all have any suggestions. In other words, I want folks to be all that God meant for them to be, and I don't want them to be penalized because they decide to have a child. Ms. Lang, you talked about entrepreneurship and women, and I know Mr. Brady's very interested in this.

My wife is an entrepreneur, and you're right. It is a 24–7 job, 24–7. Even when you go to the movies, you've got to compete with the Blackberry, so what kind of things can we do as government, in government, if anything?

**Ms. Furchtgott-Roth.** Well, we can make sure existing laws against discrimination are enforced. If women work the same hours as men, they get paid the same. They only have a penalty for having children if they decide to cut back on their work hours after they have children. Otherwise, the data show that they're paid the same.

And right now, the biggest gender gap we have is in the unemployment rates. Women's unemployment rates are about two percentage points lower than men's. It was two percentage points. Now it's 1.8. It's men who have the higher unemployment rates right now, and that's a big problem we need to do something about by getting the economy going and cutting taxes.

**Representative Cummings.** I understand, and you know what, and you know what? I wish you would come to my district and tell those women that the ones who have been losing their jobs, because they were last hired, and therefore they are the ones that lose their jobs. But Ms. Budig, Dr. Budig, I see you shaking your head. I just want to hear what you're thinking.

**Dr. Budig.** I just want to respond to the statistical models that are estimated to capture the motherhood wage penalty, is based on an hourly wage measure. So it's not determined by the number of hours that you work. It is not determined by preferences, and, in fact, family friendly work places are not the places most women work.

Female-dominated occupations are not more family friendly. They have less authority, less benefits, less pay, and often have very fixed schedules that are inflexible to the needs of families. Those are some of the thoughts I was having.

**Representative Cummings.** Thank you very much.

**Chair Maloney.** Thank you. Thank you, Mr. Cummings, and I'm interested in pursuing your line of questioning that basically asks how can we unstick ourselves and make true progress towards equality, and what government policies, Dr. Budig, do you think would be helpful?

I do have one bill in, modeled after the bill that passed in England, where you can request a flexible work schedule. It's not mandatory, but it's shown just having the right to request flextime, which an employer can grant or not grant, has led to more family friendly situations. Senator Casey is now carrying the Senate version of it. I've authored this with former Senator Kennedy.

What about the ideas on paid family leave for the birth of a child? Most industrialized countries do provide that. Can you talk about some policies, Ms. Lang or anyone, or beginning with you, Dr. Budig, that could lead us to a more family friendly workplace and really try to attack the gender discrimination that is spelled out in so many reports?

**Dr. Budig.** Yes, I can. I've been, for the last five years, analyzing work family policies in 22 nations and looking at the relationship with women's employment outcomes, and the strongest policy is the publicly funded child care. High quality, publicly funded child care is associated with lower gender gaps in pay and a smaller motherhood wage penalty.

Paid leave available to both fathers and mothers after the birth or adoption of a child is also linked to smaller gender disparities and motherhood penalties. In terms of flextime, any policies that are targeted to women only tend to not address the gender disparities, and any policies that serve to disconnect women from the workforce also don't address gender disparities.

They may have other positive outcomes for families, but not economic ones.

**Chair Maloney.** Anyone else, Ms. Lang.

**Ms. Lang.** Yes. I'm a proponent of shining light into darkness. So I like transparency, and I think that we find that, in industries where some of the industries where there is total transparency about what the compensation is for individuals, there's much less of a pay gap.

So you might be aware that the SEC ruled early this year, I think the regulations took effect in February, about mandatory disclosure of certain kinds of factors, and, in particular, executive compensation was one that got a lot of attention. But another one is about diversity on boards, and it is—it's not any kind of requirement that there be diversity on boards, but there is disclosure about whether it's a factor taken into account, and if so, how is—how are policies implemented? This is something that is happening in Australia and also in the U.K., and I think that mandatory disclosure of compensation would make it possible that you wouldn't have to go ask whether your pay is the same as somebody else's. But in fact it would be publicly available, and it's amazing how people get into line when they think that the information might be on the front page of *The New York Times*.

**Chair Maloney.** I would like to ask all of you about women's roles as family breadwinners. The report showed that an increasing number of women are the primary breadwinner for their families. Dr. Budig, could you spell out for me the role that women play as breadwinners now for their families, and how important women's paychecks are for families' economic well-being, and how this has changed over the last several decades? I'll begin with you and then invite anyone else who would like to add their comments.

**Dr. Budig.** Women's paychecks are really important to families. Increasingly, because of the lack of gains in the minimum wages, working class families cannot rely on a husband's paycheck alone to support them, so women aren't working always because they want to but because the family has to have them in the labor market.

Women are increasingly contributing, are the primary breadwinners in some families, although oftentimes that's a transitory state for those families. I lost my train of thought there. But particularly in——

**Representative Brady.** The issue was just breadwinners while you were on it. You were doing it.

**Dr. Budig** [continuing]. The industries that men tend to predominate in have been the hardest-hit in the most recent recession, meaning that women who have been better able to keep jobs in health care services and education are increasingly more important to family economic well-being.

**Chair Maloney.** Well, any other comment on the importance of women as breadwinners for their families?

**Ms. Furchtgott-Roth.** It's become increasingly important because women's unemployment rates are lower right now, so a lot of men who've been laid off in the manufacturing and construction sector, whereas the service sector is continuing to grow. It's really important that we get the unemployment rate down so that men's unemployment rate falls also, as well as women's.

That means reducing government spending, keeping taxes low, reducing mandates on employers, so raising minimum wages means that low-skilled workers are, in fact, priced out of jobs. Having a $2,000 per worker mandate penalty if you don't have the right kind of health care insurance also reduces employers' hiring. It's important that we let employers be as flexible as possible in their hiring, so they can hire more workers rather than fewer.

**Chair Maloney.** We're going to close this shortly, but I'd just like to ask Dr. Sherrill and Ms. Lang if you'd like to comment on how the gender pay gap impacts families' financial bottom line.

**Dr. Sherrill.** I think the key is that our report showed that women managers earned over 50 percent of their family incomes, so obviously it's a very important part of their family income, and especially over time, if they're earning less income than they otherwise might be receiving, it has a cumulative effect.

**Chair Maloney.** Okay.

**Ms. Lang.** I think the gender pay gap basically puts less money in women's pockets, and that's less money that they have to spend, and that's the problem with getting the economy moving again. It's the women who control over 75 percent of all spending in this economy, and, if women don't have the money to spend for themselves and their families in particular, we're going to see a prolonged recession.

**Chair Maloney.** Well, I'd like to thank all of the panelists. This has been a very informative discussion about the persistence of the gender pay gap, and these new reports from the GAO and Catalyst provide fresh evidence of the stubborn pay gap facing women managers and women in executive roles. Now more than ever, women's incomes are critical to family economic well-being, and narrowing

and ultimately eliminating the pay gap is truly an economic issue for families, and for our country. Today's testimony will help us develop and enact effective policies that can move us in that direction. The meeting is adjourned. Thank you.

[Whereupon, at 11:43 a.m., Tuesday, September 28, 2010, the hearing was adjourned.]

# SUBMISSIONS FOR THE RECORD



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PREPARED STATEMENT OF CAROLYN MALONEY, CHAIR, JOINT ECONOMIC COMMITTEE

Good morning. Today's hearing on the gender gap among managers is part of the Joint Economic Committee's in-depth look at women in the workforce.

Women's work is crucial for family economic well-being, particularly in these rough economic times. Women comprise nearly half of the workforce.

And families are increasingly dependent on working wives' incomes, with working wives now contributing 36 percent of household income compared to 29 percent in 1983.

Because of this, gains in women's earning power—or the absence of progress on that front—is an economic security issue for families. Women earn just 77 cents on the dollar as compared to men—for doing the same work. That figure hasn't budged in nearly ten years.

The report released today by the GAO provides additional evidence of the persistence of the gender gap at the highest echelons of industry.

The GAO finds a striking pay gap between male and female managers.

In 2007, female managers were paid 81 cents for every dollar earned by their male manager peers, even after accounting for measurable differences like age, education, and industry. The pay gap for women in management shrank by just 2 cents from 2000 to 2007. In short, and in no uncertain terms: we've stalled out.

No matter how you slice the data, the pay gap between male and female managers persists. Even among childless managers, women earn just 83 cents for every dollar earned by their male peers.

Both the GAO and Catalyst also find that we have made very little progress in breaking the glass ceiling for women in management.

Women's representation in management professions in 2007 was essentially unchanged from 2000.

And motherhood continues to be a penalty for women. A previous GAO report showed that fathers enjoy a bonus, while mothers pay a penalty for their decisions to have children. I like to call this the "Mom Bomb."

Today's GAO report shows that Management Moms earn just 79 cents for every dollar earned by Management Dads—a figure that hasn't budged since 2000. In all but one industry, fathers are more likely than mothers to be managers.

When working women have kids they know it will change their lives, but they are stunned at how much it changes their paycheck. While women's earnings are a critical element to families' economic security, this is particularly true for families where the wife is a manager. Across all industries, married female managers are just like male managers in one key regard: they are their families' majority breadwinners.

But married male managers' paychecks represent about 75 percent of their families' total earnings, as compared to the 55 percent of total family earnings represented by married female manager's paychecks.

The impact of the wage gap is particularly painful in our current economic downturn as families struggle to make ends meet in the face of stagnant wages and job losses.

In order to further our understanding of the gender pay gap across the economic spectrum, I am pleased to announce today that I will be requesting a new report from GAO investigating gender pay and representation issues among lower-wage workers. The GAO research team provides a great service to our nation with their impartial, data-driven analysis of pressing economic problems, and I look forward to learning more from them when this report is issued next year.

Women are more productive and better educated than they've ever been, but their pay hasn't yet caught up.

Women continue to bump up against everything from subtle biases to egregious acts of discrimination relating to gender stereotypes about hiring, pay raises, promotions, pregnancy and care-giving responsibilities.

The first piece of legislation that President Obama signed into law—the Lilly Ledbetter Act—was an important start, but additional legislation is necessary to close the loopholes in the Equal Pay Act that allow discrimination to persist.

I am proud to be a co-sponsor of the Paycheck Fairness Act, which passed the House earlier this session, and I hope that the Senate will take action soon.

Better work-life balance policies would allow both mothers and fathers to continue to support their families and develop their careers.

By ensuring that women aren't forced to start all over again in new jobs, paid leave policies can help keep women on an upward trajectory in their careers, protecting their earnings.

The Working Families Flexibility Act, which I have sponsored, would do just that. I'm very pleased to announce that just last week Senator Casey introduced a version of that bill in the Senate.

I would like to thank today's panel of experts and I look forward to the testimony today.

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PREPARED STATEMENT OF REPRESENTATIVE KEVIN BRADY

I am pleased to join in welcoming Dr. Sherrill, Ms. Lang, Dr. Budig, and Ms. Furchtgott-Roth before the Committee this morning.

I support equal compensation for men and women and our nation's laws that are in place to ensure women are not discriminated against in the workplace. Where lax enforcement of our laws may exist, Congress should fulfill its duty in conducting proper oversight.

But respectfully since today's hearing is the last one before the November election, let us take a few moments to assess the economic record of President Obama and the Democratic Congress.

After taking office, President Obama proposed a stimulus bill now estimated to cost $814 billion by the Congressional Budget Office. The Democratic Congress passed this bill with little scrutiny, and President Obama signed it into law on February 17, 2009.

The President's two top economic advisers assured the American people that if Congress were to pass President Obama's stimulus plan, then

1) The unemployment rate would remain below 8.0 percent;

2) Payroll employment would increase to 137.6 million jobs by the fourth quarter of 2010; and

3) 90 percent of the jobs created would be in the private sector.

By the standards that the Obama administration set for itself, its stimulus plan has failed miserably.

1) The unemployment rate has never been below 8.0 percent and actually rose to 9.6 percent in August 2010;

2) The United States is 7.2 million payroll jobs short of the Democrats' promise; and

3) Since February 2009, the private sector lost 3.1 million payroll jobs. The only sector that has created payroll jobs is the federal government, which added a mere 116,000 payroll jobs.

Incredibly, since the Democrats took control of Congress in January 2007, payroll employment has fallen by 6.6 million jobs.

While failing to offer new job opportunities to unemployed workers, the Democrats' stimulus plan, their federal takeover of healthcare, and their other reckless spending schemes have accomplished two things: record federal budget deficits and a ballooning federal debt. For the first time since Alexander Hamilton was Secretary of the Treasury, financial market participants are actually questioning the long-term creditworthiness of the U.S. government.

Another way to judge the economic performance of President Obama and the Democratic Congress is to compare this recovery with a recovery after a recession similar in depth and length: the August 1981 to November 1982 recession.

In the first four quarters of recovery under President Reagan, average real GDP growth was a robust 7.8 percent. In the first four quarters of the recovery under President Obama, average real GDP growth was a mediocre 3.0 percent. Even more troubling, growth has slowed from 5.0 percent in the fourth quarter of 2009 to an anemic 1.6 percent in the second quarter of 2010. Indeed, this may be as good as it gets under Democratic economic policies.

During the first 14 months of the Reagan recovery, payroll employment grew by 3.9 million jobs. During the first 14 months of the Obama recovery beginning in July 2009, payroll employment fell by 329,000 jobs.

Moreover, the unemployment rate dropped by 2.8 percentage points to 8.0 percent during the first 14 months of the Reagan recovery, while the unemployment rate rose to 9.6 percent during the first 14 months of the Obama recovery.

The actual data, as opposed to the hypothetical "what if" studies of the Congressional Budget Office and Mark Zandi, are clear and convincing. The Democrats' stimulus has failed, and the Obama recovery is subpar.

President Obama and the Democratic Congress have irresponsibly pursued economic policies that have created uncertainty and needlessly undermined public con-

fidence. The most recent example of this is the failure of the House and Senate leadership to hold a vote on renewing the 2001 and 2003 tax reductions that expire at the end of this year.

Although economists of all political stripes are demanding that Congress renew all of these reductions, Speaker Pelosi and Majority Leader Reid prefer to let taxes increase on all Americans rather than see the defeat of their "divide and rule" strategy of class warfare on the floor of the House or the Senate. What entrepreneur would make job-creating investments now when he or she does not know what his or her income tax rate will be next year?

On November 2, 2010, the American people will sit in judgment on this Democratic Congress. We can and should have economic policies that instill confidence, promote growth, and create jobs. President Reagan has shown us the way forward—reducing federal tax rates, controlling federal spending, cutting regulatory red tape, and opening foreign markets to American products through trade liberalization. I trust that the American people will institute a mid-course correction.

I look forward to hearing the testimony of today's witnesses.

United States Government Accountability Office

GAO

Testimony
Before the Joint Economic Committee,
U.S. Congress

For Release on Delivery
Expected at 10:00 a.m. EDT
Tuesday, September 28, 2010

# WOMEN IN MANAGEMENT

## Female Managers' Representation, Characteristics, and Pay

Statement of Andrew Sherrill, Director
Education, Workforce, and Income Security

GAO
Accountability * Integrity * Reliability

GAO-10-1064T

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Chair Maloney and Members of the Committee:

I am pleased to be here today as you examine issues related to women in management. Although women's representation across the general workforce is growing, there remains a need for information about the challenges women face in advancing their careers. In 2001, using 1995 and 2000 data from the Current Population Survey, we found women were less represented in management than in the overall workforce in 4 of the 10 industries reviewed.[1] We also found differences in the characteristics and pay of male and female managers, which we explored using statistical modeling techniques. To respond to your request that we update this information to 2007, we addressed the following three questions: (1) What is the representation of women in management positions compared to their representation in nonmanagement positions by industry? (2) What are the key characteristics of women and men in management positions by industry? and (3) What is the difference in pay between women and men in full-time management positions by industry? My remarks today are based on our report, released at this hearing, *Women in Management: Analysis of Female Managers' Representation, Characteristics, and Pay.*[2]

To examine these questions, we analyzed data from the U.S. Census Bureau's American Community Survey (ACS) for the years 2000 through 2007.[3] We selected ACS rather than the Current Population Survey due to the greater number of observations in ACS. We analyzed managers across all of the broad industry categories used in ACS, representing the entire workforce, except for the agriculture and mining sectors, individuals living in group quarters, and those who were not living in a U.S. state or the

[1]GAO, *Women in Management: Analysis of Selected Data from the Current Population Survey*, GAO-02-156 (Washington, D.C.: Oct. 23, 2001).

[2]GAO, *Women in Management: Analysis of Female Managers' Representation, Characteristics, and Pay*, GAO-10-892R (Washington, D.C.: Sept. 20, 2010).

[3]We reported on the years 2000 through 2007 to avoid concerns about the role of the recession that began in December, 2007 and to avoid any complications to the analysis due to the change of survey questions in the data set we used that were made in 2008. The ACS became nationally representative in 2000, and thus was not available for the analysis we did in the 2001 report on women in management.



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District of Columbia.[4] We defined "managers" as all individuals classified under the "manager occupation" category in ACS, which includes a wide range of more than 1,000 job titles. In our multivariate analysis of the differences in pay between male and female managers working full time and year round by industry,[5] we used annual earnings as our dependent variable, adjusting for certain characteristics that were available in the dataset and are commonly used to estimate adjusted pay differences. These include age, hours worked beyond full time, race and ethnicity, state, veteran status, education level, citizenship, marital status, and presence of children in the household.[6] We assessed the reliability of the ACS generally and of critical data elements and determined that they were sufficiently reliable for our analyses. We conducted our work from February 2010 to September 2010 in accordance with all sections of GAO's Quality Assurance Framework that are relevant to our objectives. The framework requires that we plan and perform the engagement to obtain sufficient and appropriate evidence to meet our stated objectives and to discuss any limitations in our work. We believe that the information and data obtained, and the analysis conducted, provide a reasonable basis for any findings and conclusions in this product.

In summary, when looking across all industries combined from 2000 to 2007, female managers' representation and differences between female and male managers' characteristics remained largely similar. However, differences narrowed substantially in level of education and slightly in pay.

- In 2007, women comprised an estimated 40 percent of managers and 49 percent of nonmanagers on average for the 13 industry sectors we analyzed—industries that comprised almost all of the nation's workforce—compared to 39 percent of managers and 49 percent of

[4]We excluded agriculture because, according to the Bureau of Labor Statistics, farmers may have other sources of income, such as from federal subsidies, which may not be reported in ACS as income and would complicate our analysis on pay differentials. We excluded mining because we found a relatively limited number of observations in the mining industry. According to ACS, group quarters is a place where people live or stay, in a group living arrangement that is owned or managed by an entity or organization providing housing and/or services for the residents. Examples include college residence halls, nursing homes, group homes, military barracks, correctional facilities, and mental hospitals.

[5]Our definition of individuals working full time were those who, over the past 12 months, reported usually working greater than or equal to 35 hours per week and 50 weeks per year, and reported positive wages earned.

[6]When we looked at all industries together, we also adjusted for industry sector.



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nonmanagers in 2000. In all but three industry sectors women were less than proportionately represented in management positions than in nonmanagement positions in 2007. Women were more than proportionately represented in management positions in construction and public administration, and there was no statistically significant difference between women's representation in management and nonmanagement positions for the transportation and utilities sector (see figure 1). On average for the 13 industry sectors, an estimated 14 percent of managers in 2007 were mothers—with their own children under age 18 living in the household—compared to 17 percent of nonmanagers.



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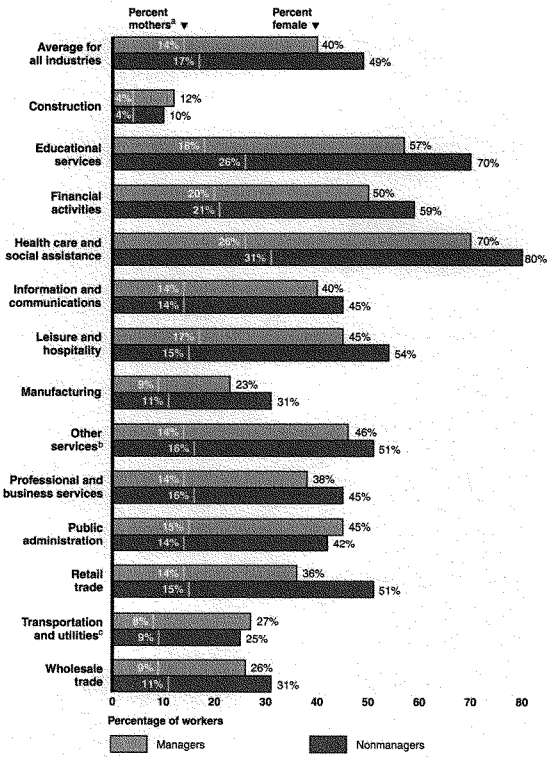
**Figure 1: Estimated Female Representation by Industry, 2007**




Source: GAO analysis of American Community Survey data.

[a]Mothers refers to women with their own children under age 18 living in the household.
[b]Positions included, for example, auto repair shop managers and parking lot managers.
[c]The difference in proportions of female managers and nonmanagers was not statistically significant.



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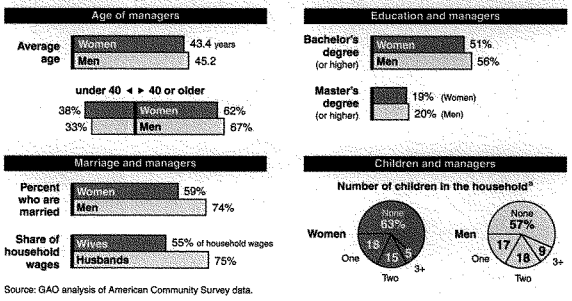
- According to our estimates, female managers in 2007 had less education, were younger on average, were more likely to work part-time,[7] and were less likely to be married or have children, than male managers (see figure 2). While the average female married manager earned the majority of her own household's wages, her share of household wages was smaller than the share contributed by the average male married manager to his household's wages. These findings were generally similar to findings for 2000. While both male and female managers experienced increases in attainment of bachelor's degrees or higher, women's gains surpassed men's. According to our estimates, male managers with a bachelor's degree or higher increased three percentage points from 53 percent in 2000 to 56 percent in 2007, while female managers with a bachelor's degree or higher increased 6 percentage points from 45 percent in 2000 to 51 percent in 2007. Similarly, while the share of male managers with a master's degree or higher went up less than 1 percentage point from 2000 to 2007, the share of female managers with a master's degree or higher rose nearly 4 percentage points.

**Figure 2: Estimates for Characteristics of Managers by Gender, 2007**




Source: GAO analysis of American Community Survey data.

[a]This refers to the number of children under age 18 living in a household with a manager.

[7]Our definition of individuals working part-time included those who were not working full time, but reported usually working some hours per week, weeks worked, and wages earned, all over the past 12 months.



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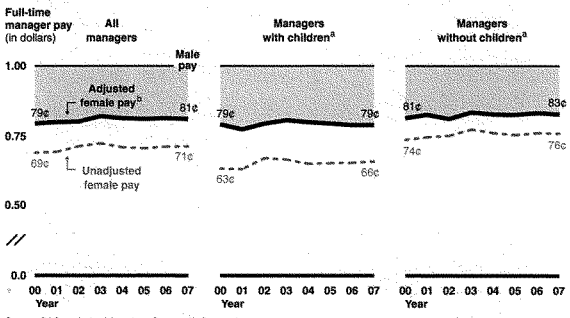
- The estimated difference in pay between female managers working full time and male managers working full time narrowed slightly between 2000 and 2007 after adjusting for selected factors that were available and are commonly used in examining salary levels, such as age, hours worked beyond full time, and education (see figure 3). When looking at all industry sectors together and adjusting for these factors, we estimated that female managers earned 81 cents for every dollar earned by male managers in 2007, compared to 79 cents in 2000. The estimated adjusted pay difference varied by industry sector, with female managers' earnings ranging from 78 cents to 87 cents for every dollar earned by male managers in 2007, depending on the industry sector.

**Figure 3: Estimated Pay Differences for Full-Time Managers, 2000-2007**




Source: GAO analysis of American Community Survey data.

Note: The narrowing of the gap between 2000 and 2007 for all managers and managers without children in the household was statistically significant at the 95 percent confidence level. For 2001-2007, the margins of error for pay gaps differed for any single year by no greater than plus or minus 2 cents.

[a]Children refer to children under age 18 living in a household with a manager.

[b]For this analysis, we adjusted for age, hours worked beyond full time, race and ethnicity, state, veteran status, education, industry sector, citizenship, marital status, and presence of children in the household. We adjusted for industry sector to control for the possibility that pay differences could occur because female managers tended to be employed in industries that had lower rates of pay. However, we acknowledge that the distribution of female managers by industry sector itself might reflect some level of discrimination associated with hiring, promotion, or other employer practices. For the subsequent industry-specific analyses, we adjusted for the same variables, except we excluded industry sector.



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Our analysis is descriptive in nature and neither confirms nor refutes the presence of discriminatory practices. Some of the unexplained differences in pay seen here could be explained by factors for which we lacked data or are difficult to measure, such as level of managerial responsibility, field of study, years of experience, or discriminatory practices, all of which are cited in the research literature as affecting earnings. More detailed information on the characteristics of women in management in specific industries could help policymakers to identify possible actions to help women advance to management positions. For example, starting in 2009, the ACS included a question on field of study, a variable recognized as important in examining differences in pay and advancement. Improvements to the type of data available, such as this one, could help researchers to better understand the determinants of salary and advancement.

The Departments of Commerce and Labor provided technical comments on a draft of our report, which we incorporated as appropriate.

Madam Chair, this concludes my prepared remarks. I would be happy to answer any questions that you or the other members of the committee may have.

For further information on this testimony, please contact Andrew Sherrill at (202) 512-7215 or sherrilla@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Individuals making key contributions to this testimony include Gretta Goodwin (Assistant Director), Kate Blumenreich, Lindsay Read, James Bennett, Susan Bernstein, Ben Bolitzer, Russ Burnett, Heather Hahn, Anna Maria Ortiz, and Shana Wallace. Also contributing to this work were Ron Fecso, James Rebbe, and Patrina Clark.

Andrew Sherrill

Andrew Sherrill, Director
Education, Workforce, and
Income Security Issues



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**United States Government Accountability Office**
**Washington, DC 20548**

September 20, 2010

The Honorable Carolyn B. Maloney
Chair
Joint Economic Committee
United States Congress

The Honorable John D. Dingell
House of Representatives

Subject: *Women in Management: Analysis of Female Managers' Representation, Characteristics, and Pay*

According to data from the Bureau of Labor Statistics, women made up nearly 47 percent of the total workforce in the United States in July 2010.[1] Women's participation in the labor force, particularly among women with children, is much higher today than several decades ago. For example, using data from the Current Population Survey, the Bureau of Labor Statistics reported that couples in which only the husband worked represented 18 percent of married couple families in 2007, compared with 36 percent in 1967.[2] In addition, an increasing proportion of women are attaining higher education. Among women aged 25 to 64 in the labor force, the proportion with a college degree roughly tripled from 1970 to 2008. Further, the Equal Employment Opportunity Commission found that the percentage of female officials and managers in the private sector increased from just over 29 percent in 1990 to 36.4 percent in 2002.[3]

Although women's representation across the general workforce is growing, there remains a need for information about the challenges women face in advancing their careers. In 2001, using 1995 and 2000 data from the Current Population Survey, we

[1]U.S. Department of Labor, Bureau of Labor Statistics, USDL-10-1076, *The Employment Situation–July 2010* (Washington, D.C., Aug. 6, 2010).

[2]U.S. Department of Labor, Bureau of Labor Statistics, *Women in the Labor Force: A Databook* (Washington, D.C., September 2009).

[3]U.S. Equal Employment Opportunity Commission, *Glass Ceilings: The Status of Women as Officials and Managers in the Private Sector* (Washington, D.C., March 2004). In addition, Bureau of Labor Statistics data show that the number of employed women working as chief executives and general and operations managers increased from 24 percent in 2004 to 27 percent in 2008.



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found women were less represented in management than in the overall workforce in 4 of the 10 industries reviewed.[4] We also found differences in the characteristics and pay of male and female managers, which we explored using statistical modeling techniques. To respond to your request that we update this information to 2007, this report addresses the following three questions: (1) What is the representation of women in management positions compared to their representation in nonmanagement positions by industry? (2) What are the key characteristics of women and men in management positions by industry? and (3) What is the difference in pay between women and men in full-time management positions by industry?[5]

Enclosed are fact sheets that provide detailed results of our analysis (see enclosure I). In summary, we found the following:

- Based on our own analysis of 13 industry sectors in both 2000 and 2007, we found that in 2007 women comprised an estimated 40 percent of managers and 49 percent of nonmanagers on average for the industry sectors we analyzed—industries that comprised almost all of the nation's workforce—compared to 39 percent of managers and 49 percent of nonmanagers in 2000. In all but three industry sectors women were less than proportionately represented in management positions than in nonmanagement positions. Women were more than proportionately represented in management positions in construction and public administration, and there was no statistically significant difference between women's representation in management and nonmanagement positions for the transportation and utilities sector.

- According to our estimates, female managers in 2007 had less education, were younger on average, were more likely to work part-time,[6] and were less likely to be married or have children, than male managers. While the average female married manager earned the majority of her own household's wages, her share of household wages was smaller than the share contributed by the average male married manager to his household's wages. These findings were generally similar to findings for 2000.

- The estimated difference in pay between female managers working full time and male managers working full time narrowed slightly between 2000 and 2007 after adjusting for selected factors that were available and are commonly used in examining salary levels, such as age, hours worked beyond full time, and education. When looking at all industry sectors together and adjusting for

[4]GAO, *Women in Management: Analysis of Selected Data from the Current Population Survey*, GAO-02-156 (Washington, D.C.: Oct. 23, 2001).

[5]We reported on the years 2000 through 2007 to avoid concerns about the role of the recession that began in December 2007 and to avoid any complications to the analysis due to the change of survey questions in the data set we used that were made in 2008.

[6]Our definition of individuals working part-time included those who were not working full time, but reported usually working some hours per week, weeks worked, and wages earned, all over the past 12 months.



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these factors, we estimated that female managers earned 81 cents for every dollar earned by male managers in 2007, compared to 79 cents in 2000. The estimated adjusted pay difference varied by industry sector, with female managers' earnings ranging from 78 cents to 87 cents for every dollar earned by male managers in 2007, depending on the industry sector.

Enclosure I also includes separate fact sheets on the findings for each industry sector in alphabetical order by industry. Enclosure II provides summary information on the characteristics we analyzed by industry.

Our findings were based on data we analyzed from the U.S. Census Bureau's American Community Survey (ACS) for the years 2000 through 2007. We selected ACS rather than the Current Population Survey due to the greater number of observations in ACS. We analyzed managers across all of the broad industry categories used in ACS, representing the entire workforce, except for the agriculture and mining sectors, individuals living in group quarters, and those who were not living in a U.S. state or the District of Columbia.[7] We defined "managers" as all individuals classified under the "manager occupation" category in ACS. In our multivariate analysis of the differences in pay between male and female managers working full time and year round by industry,[8] we used annual earnings as our dependent variable, adjusting for certain characteristics that were available in the dataset and commonly used to estimate adjusted pay differences. These include age, hours worked beyond full-time, race and ethnicity, state, veteran status, education level, citizenship, marital status, and presence of children in the household.[9] In addition to analyses of ACS data, we reviewed selected GAO and other reports and consulted with experts in conducting this analysis. We assessed the reliability of the ACS generally and of data elements that were critical to our analyses by reviewing documentation on the general design and methods of the ACS and on the specific elements of the data that were used in our analysis, interviewing U.S. Census Bureau officials knowledgeable about the ACS data, and completing our own electronic data testing to assess the accuracy and completeness of the data used in our analyses. Based on these efforts, we determined that they were sufficiently reliable for our analyses. See Enclosure III for a detailed description of our methodology.

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[7]We excluded agriculture because, according to the Bureau of Labor Statistics, farmers may have other sources of income, such as from federal subsidies, which may not be reported in ACS as income and would complicate our analysis on pay differentials. We excluded mining because we found a relatively limited number of observations in the mining industry. According to ACS, group quarters is a place where people live or stay in a group living arrangement that is owned or managed by an entity or organization providing housing and/or services for the residents. Examples include college residence halls, nursing homes, group homes, military barracks, correctional facilities, and mental hospitals.

[8]Our definition of individuals working full time were those who, over the past 12 months, reported usually working greater than or equal to 35 hours per week and 50 weeks per year, and reported positive wages earned.

[9]When we looked at all industries together, we also adjusted for industry sector.



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Our analysis is descriptive in nature. Our analysis neither confirms nor refutes the presence of discriminatory practices. Some of the unexplained differences in pay seen here could be explained by factors for which we lacked data or are difficult to measure, such as level of managerial responsibility, field of study, years of experience, or discriminatory practices, all of which can be found in the research literature as affecting earnings. More detailed information on the characteristics of women in management in specific industries could help policymakers to identify actions, if any, to help women advance to management positions. For example, starting in 2009, the ACS included a question on field of study, a variable recognized as important in examining differences in pay and advancement. Improvements to the type of data available, such as this one, could help researchers to better understand the determinants of salary and advancement.

We conducted our work from February 2010 to September 2010 in accordance with all sections of GAO's Quality Assurance Framework that are relevant to our objectives. The framework requires that we plan and perform the engagement to obtain sufficient and appropriate evidence to meet our stated objectives and to discuss any limitations in our work. We believe that the information and data obtained, and the analysis conducted, provide a reasonable basis for any findings and conclusions in this product.

**Agency Comments and Our Evaluation**

We provided a draft of this report to the Departments of Commerce and Labor for review and comment. Both agencies provided technical comments, which we incorporated where appropriate.

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As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies of this report to the Secretaries of Commerce and Labor, relevant congressional committees, and other interested parties. In addition, the report will be available at no charge on GAO's Web site at http://www.gao.gov.



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If you or your staff have any questions concerning this report, please contact me at (202) 512-7215 or sherrilla@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in enclosure IV.

Andrew Sherrill

Andrew Sherrill, Director
Education, Workforce, and
Income Security Issues

Enclosures–4



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**Enclosure I**

Analysis of Female Managers' Representation, Characteristics, and Pay

# WOMEN'S AND MOTHERS' WORKFORCE REPRESENTATION

## Analysis of All Industry Sectors, Combined and Separate

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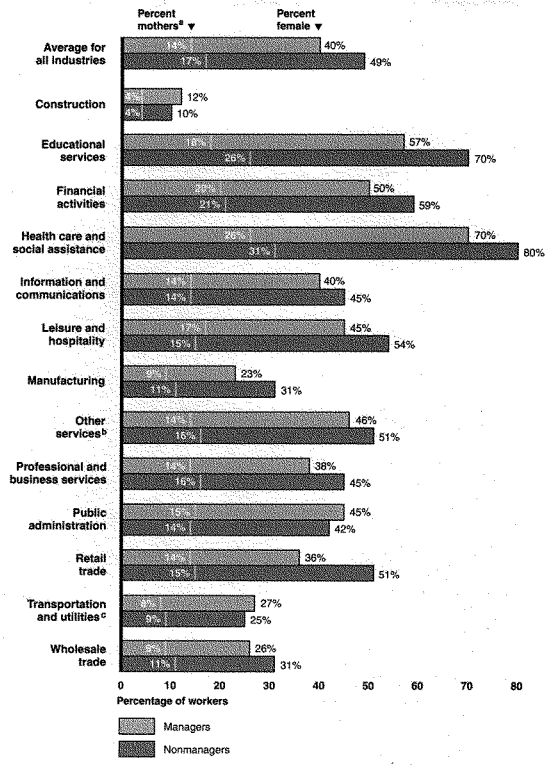
### Women in the Workforce

**Women and mothers**
On average, we estimated that women comprised 40 percent of managers and 49 percent of nonmanagers in 2007, compared to 39 percent of managers and 49 percent of nonmanagers in 2000. Women were less than proportionately represented in management positions than in nonmanagement positions in all but three industry sectors in 2007. Women were more than proportionately represented in management positions in construction and public administration; there was no statistically significant difference between women's representation in management and nonmanagement positions for the transportation and utilities sector.

Similarly, mothers with children under 18 were less than proportionately represented in management than in the rest of the workforce in most industry sectors in 2007. On average, we estimated that mothers comprised 17 percent of nonmanagers and 14 percent of managers. Results were similar in 2000.

**Top earners and board members**
While neither the ACS nor any other federal database tracks women's participation on corporate boards, according to data from a nonprofit organization that specializes in women in business, women comprised 6.3 percent of top earner positions in Fortune 500 companies in 2009 and held 15.2 percent of board directors' seats at Fortune 500 companies, up from 11.7 percent of seats in 2000.[1]

### Estimated Female Representation by Industry, 2007




Source: GAO analysis of American Community Survey data.

[a]Mothers refers to women with their own children under age 18 living in the household.
[b]Positions included, for example, auto repair shop managers and parking lot managers.
[c]The difference in proportions of female managers and nonmanagers was not statistically significant.

[1]Data reported by Catalyst, New York, NY. See Women in U.S. Management Quick Takes, March 16, 2010 and 2009 Catalyst Census: Fortune 500 Women Executive Officers and Top Earners. Top earners were defined as current executive officers who were among the five most highly compensated employees in each company.



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Enclosure I

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## Industry Characteristics

The 13 broad industry sectors we selected represent all industries in the U.S. workforce, except agriculture and mining, and individuals living in group quarters, and those who were not living in a U.S. state or the District of Columbia.

**Total workers**[a]
**2000:** 141.1 million
**2007:** 147.7 million

**Total management positions**
**2000:** 11.7 million
**2007:** 12.9 million

**Estimated female representation**
**2000**
Managers: 39 percent
Nonmanagers: 49 percent
**2007**
Managers: 40 percent
Nonmanagers: 49 percent

**Median salaries for full-time managers** (2007 dollars)
**2000**
Female managers: $48,000
Male managers: $70,000
**2007**
Female managers: $52,000
Male managers: $75,000

**Percent working part-time**
**2000**
Female managers: 27 percent
Male managers: 17 percent
**2007**
Female managers: 25 percent
Male managers: 17 percent

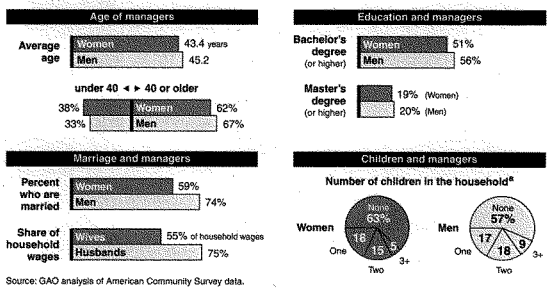
Source: GAO analysis of American Community Survey data.

# KEY CHARACTERISTICS OF WOMEN IN MANAGEMENT

## Analysis of All Industry Sectors Combined

## Estimates for Characteristics of Managers by Gender, 2007

According to our estimates, for most industries in 2007, female managers were younger, had less education, were more likely to work part-time, and were less likely to be married or have children in the household than male managers. While the average female married manager earned the majority of her own household's wages, her share of household wages was smaller than the share contributed by the average male married manager to his household's wages.




Source: GAO analysis of American Community Survey data.

[a]This refers to the number of children under age 18 living in a household with a manager.

## Further Analysis of Characteristics of Managers by Gender

- These results were largely similar for 2000.
- While both male and female managers experienced increases in attainment of bachelor's degrees or higher, women's gains surpassed men's. According to our estimates, male managers with a bachelor's degree or higher increased from 53 percent in 2000 to 56 percent in 2007, while female managers with a bachelor's degree or higher increased 6 percentage points from 45 percent in 2000 to 51 percent in 2007. Similarly, while the share of male managers with a master's degree or higher went up less than 1 percentage point from 2000 to 2007, the share of female managers with a master's degree or higher rose nearly 4 percentage points.
- When looking at all industries together, we estimated a statistically significant difference in racial composition between male and female managers in both 2007 and 2000. However, we did not find differences in every industry. In all of the industries with differences in 2007, female managers were more likely than male managers to be African American.

[a]Our counts of total workers and management positions may differ from those of the Census Bureau due to differences in definitions of workers and other factors.



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## Examining Pay Differences

Researchers have not agreed on the reasons for differences in pay between women and men. Some maintain these pay differences are due to differences in personal characteristics of working women and men, such as educational attainment. Others attribute pay differences to the types of jobs in which women and men typically work, with women more often working in lower paying occupations and jobs than men.

Our analysis adjusted for a select number of variables that were available and are commonly used when examining pay differences. However, we acknowledge that there are many variables and methods of analysis, other than those we included, that could be used that would yield different numbers for an adjusted pay difference than our analysis yielded.

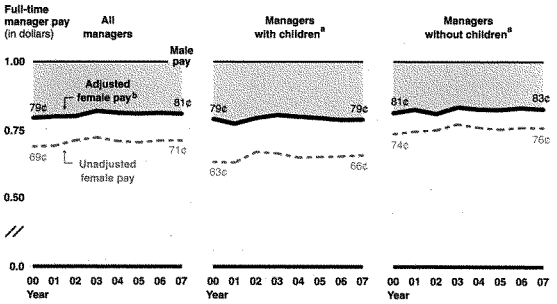
Some of the unexplained differences in pay seen here could be explained by factors for which we lacked data or are difficult to measure, such as level of managerial responsibility, field of study, years of experience, or discriminatory practices, all of which may affect earnings. Our analysis neither confirms nor refutes the presence of discriminatory practices.

# DIFFERENCES IN PAY

## Analysis of All Industry Sectors Combined

### Estimated Pay Differences for Full-Time Managers, 2000-2007

When looking at all industry sectors together, the estimated difference in pay between female and male managers working full time narrowed slightly between 2000 and 2007 when adjusting for selected factors that are important and available when examining salary levels.




Source: GAO analysis of American Community Survey data.

Note: The narrowing of the gap between 2000 and 2007 for all managers and managers without children in the household was statistically significant at the 95 percent confidence level. For 2001-2007, the margins of error for pay gaps differed for any single year by no greater than plus or minus 2 cents. See enclosure III for a table of margins of error for each year.

[a]Children refer to children under age 18 living in a household with a manager.

[b]For this analysis, we adjusted for age, hours worked beyond full time, race and ethnicity, state, veteran status, education, industry sector, citizenship, marital status, and presence of children in the household. We adjusted for industry sector to control for the possibility that pay differences could occur because female managers tended to be employed in industries that had lower rates of pay. However, we acknowledge that the distribution of female managers by industry sector itself might reflect some level of discrimination associated with hiring, promotion, or other employer practices. For the subsequent industry-specific analyses, we adjusted for the same variables, except we excluded industry sector.

### Further Analysis of Pay Differences by Gender

- The adjusted difference in pay between male and female managers with children in the household was larger than the difference in pay for those without children in the household. Specifically, we found that across all the years, female managers with children in the household earned on average 79 cents for each dollar earned by male managers with children in the household. Female managers without children in the household earned an average of 82 cents for each dollar earned by male managers without children in the household. We did not adjust for factors that may influence pay for managers with children, such as time off of work.
- The adjusted pay difference varied by industry; female managers' earnings ranged from 78 to 87 cents for every dollar earned by male managers in 2007, depending on the industry.



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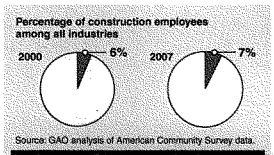
# CONSTRUCTION

## Industry Snapshot




Source: GAO analysis of American Community Survey data.

### Industry Characteristics

Management positions in the construction sector included, for example, construction managers, electrical contractors, and building construction contractors. There was a smaller proportion of female managers in construction than within any other industry.

**Total workers**
- **2000:** 8.9 million
- **2007:** 10.7 million

**Total management positions**
- **2000:** 900,000
- **2007:** 1.1 million

**Estimated female representation**
- **2000**
  - Managers: 12 percent
  - Nonmanagers: 10 percent
- **2007**
  - Managers: 12 percent
  - Nonmanagers: 10 percent

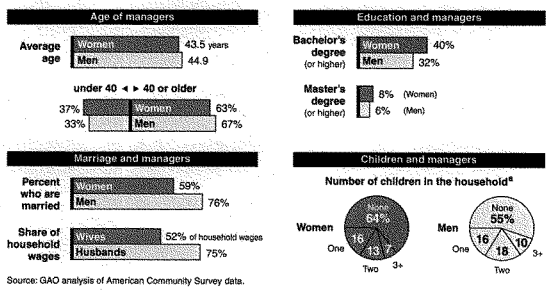
**Median salaries for full-time managers** (2007 dollars)
- **2000**
  - Female managers: $51,000
  - Male managers: $63,000
- **2007**
  - Female managers: $52,000
  - Male managers: $70,000

**Percent working part-time**
- **2000**
  - Female managers: 28 percent
  - Male managers: 21 percent
- **2007**
  - Female managers: 28 percent
  - Male managers: 17 percent

Source: GAO analysis of American Community Survey data.

### Estimates for Characteristics of Managers by Gender, 2007

In construction, female managers were younger on average, less likely to be married or have children in the household, and more likely to work part time than male managers. In this industry, female managers had more education than male managers. Among married managers, women contributed a smaller share than men of their respective household wages.[3]

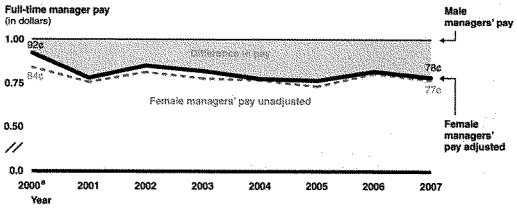



Source: GAO analysis of American Community Survey data.

[a]This refers to the number of children under age 18 living in a household with a manager.

### Estimated Pay Differences for Full-Time Managers, 2000-2007

The adjusted pay difference fluctuated between 2000 and 2007. In 2000, the adjusted pay difference between female and male managers was not statistically significant.




Source: GAO analysis of American Community Survey data.

[a]There was no statistically significant difference between female and male managers' pay in 2000.

[3]In 2000, the differences in average age and in the percentages of managers who were aged 40 and older, worked part-time, and had bachelor's and master's degrees were not statistically significant. Other results were similar to results in 2007.



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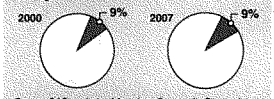
Enclosure I

# EDUCATIONAL SERVICES

## Industry Snapshot

Percentage of educational services employees among all industries




Source: GAO analysis of American Community Survey data.

### Industry Characteristics

Management positions in the educational services sector included, for example, school principals, directors of admissions, and directors of research.

**Total workers**
**2000:** 12.2 million
**2007:** 13.6 million

**Total management positions**
**2000:** 800,000
**2007:** 1.0 million

**Estimated female representation**
**2000**
Managers: 53 percent
Nonmanagers: 71 percent
**2007**
Managers: 57 percent
Nonmanagers: 70 percent

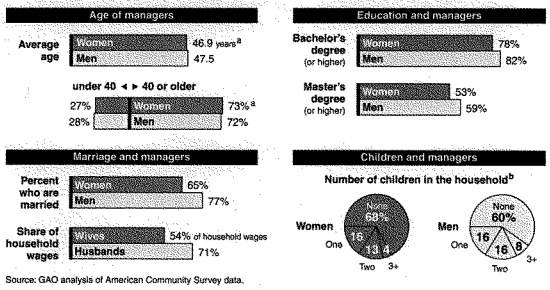
**Median salaries for full-time managers** (2007 dollars)
**2000**
Female managers: $54,000
Male managers: $66,000
**2007**
Female managers: $59,000
Male managers: $70,000

**Percent working part-time**
**2000**
Female managers: 38 percent
Male managers: 29 percent
**2007**
Female managers: 33 percent
Male managers: 25 percent

Source: GAO analysis of American Community Survey data.

### Estimates for Characteristics of Managers by Gender, 2007

Female managers in educational services had less education on average, were less likely to be married or have children in the household, and were more likely to work part-time than male managers. The differences in average age and in the percentage of managers aged 40 and older were not statistically significant. Among married managers, women contributed a smaller share than men of their respective household wages.[4]



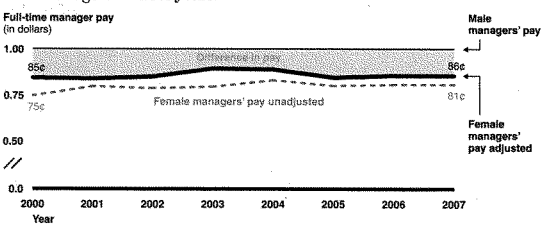

Source: GAO analysis of American Community Survey data.

[a]There was no statistically significant difference between female and male managers.

[b]This refers to the number of children under age 18 living in a household with a manager.

### Estimated Pay Differences for Full-Time Managers, 2000-2007

The adjusted pay difference varied slightly between 2000 and 2007, with female managers earning around 85 or 86 cents for every dollar earned by male managers in most years.




Source: GAO analysis of American Community Survey data.

[4]Results were generally similar in 2000. However, the difference in the percentage of male and female managers who had children in the household was not statistically significant in 2000.



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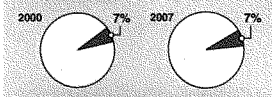
# FINANCIAL ACTIVITIES

## Industry Snapshot

Percentage of financial activities employees among all industries




Source: GAO analysis of American Community Survey data.

### Industry Characteristics

Management positions in the financial activities sector included, for example, loan and credit managers, bank cashiers, actuarial managers, real estate office managers, and apartment managers.

**Total workers**
**2000:** 9.3 million
**2007:** 10.3 million

**Total management positions**
**2000:** 1.5 million
**2007:** 1.8 million

**Estimated female representation**
**2000**
Managers: 53 percent
Nonmanagers: 61 percent
**2007**
Managers: 50 percent
Nonmanagers: 59 percent

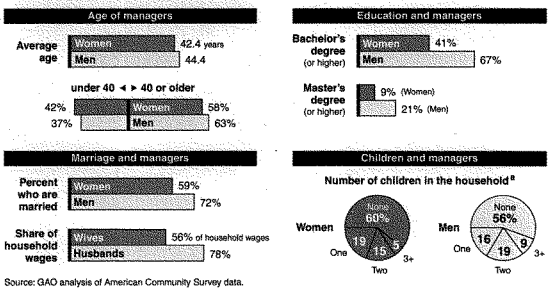
**Median salaries for full-time managers** (2007 dollars)
**2000**
Female managers: $46,000
Male managers: $72,000
**2007**
Female managers: $50,000
Male managers: $85,000

**Percent working part-time**
**2000**
Female managers: 24 percent
Male managers: 20 percent
**2007**
Female managers: 22 percent
Male managers: 18 percent

Source: GAO analysis of American Community Survey data.

### Estimates for Characteristics of Managers by Gender, 2007

Female managers in financial activities were younger and had less education on average, were less likely to be married or have children in the household, and were more likely to work part-time than male managers. Among married managers, women contributed a smaller share than men of their respective household wages.[5]

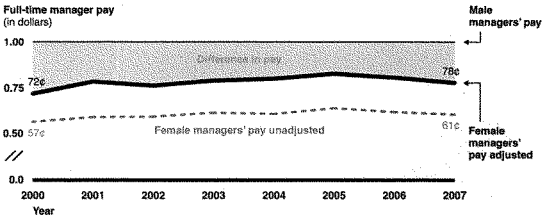



Source: GAO analysis of American Community Survey data.

[a]This refers to the number of children under age 18 living in a household with a manager.

### Estimated Pay Differences for Full-Time Managers, 2000-2007

The adjusted pay difference varied between 2000 and 2007. Female managers earned between 78 and 81 cents for every dollar earned by male managers in most years, with a low of 72 cents and a high of 83 cents.




Source: GAO analysis of American Community Survey data.

[5]Results were generally similar in 2000. However, the differences in the percentages of male and female managers who worked part-time and had children in the household were not statistically significant in 2000.



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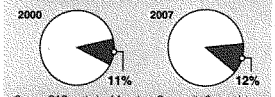
# HEALTH CARE AND SOCIAL ASSISTANCE

## Industry Snapshot

**Percentage of health care and social assistance employees among all industries**




Source: GAO analysis of American Community Survey data.

### Industry Characteristics

Management positions in the health care and social assistance sector included, for example, hospital administrators, clinical directors, nursing superintendents, and community center directors. There was a larger proportion of female managers in health care and social assistance than within any other industry.

**Total workers**
**2000:** 15.6 million
**2007:** 18.4 million

**Total management positions**
**2000:** 1.0 million
**2007:** 1.1 million

**Estimated female representation**
**2000**
Managers: 66 percent
Nonmanagers: 81 percent
**2007**
Managers: 70 percent
Nonmanagers: 80 percent

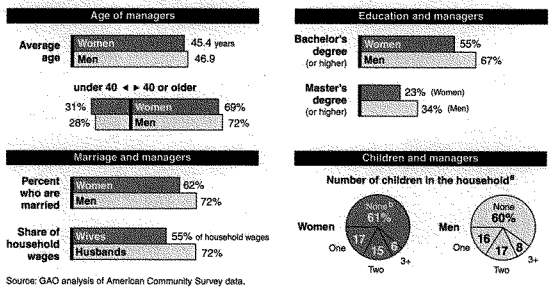
**Median salaries for full-time managers** (2007 dollars)
**2000**
Female managers: $48,000
Male managers: $66,000
**2007**
Female managers: $52,000
Male managers: $70,000

**Percent working part-time**
**2000**
Female managers: 26 percent
Male managers: 17 percent
**2007**
Female managers: 22 percent
Male managers: 15 percent

Source: GAO analysis of American Community Survey data.

### Estimates for Characteristics of Managers by Gender, 2007

Female managers were younger and had less education on average, were less likely to be married, and were more likely to work part-time than male managers. The difference in the percentage of managers who had children in the household was not statistically significant. Among married managers, women contributed a smaller share than men of their respective household wages.[6]



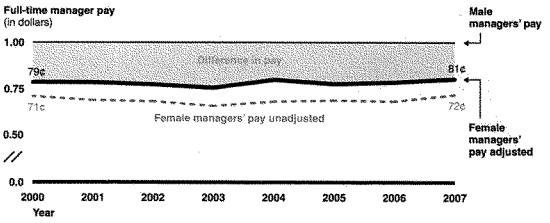

Source: GAO analysis of American Community Survey data.

[a]This refers to the number of children under age 18 living in a household with a manager.

[b]There was no statistically significant difference between female and male managers.

### Estimated Pay Differences for Full-Time Managers, 2000-2007

The adjusted pay difference stayed about the same between 2000 and 2007. Female managers earned between 76 and 81 cents for every dollar earned by male managers.




Source: GAO analysis of American Community Survey data.

[6]In 2000, the differences in average age and in the percentage of managers aged 40 and older were not statistically significant. Other results were similar to 2007.



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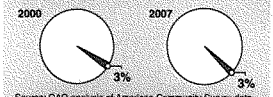
Enclosure I

# INFORMATION AND COMMUNICATIONS

## Industry Snapshot

**Percentage of information and communications employees among all industries**




Source: GAO analysis of American Community Survey data.

### Industry Characteristics

Management positions in the information and communications sector included, for example, radio station managers and data processing managers.

**Total workers**
**2000:** 4.4 million
**2007:** 3.7 million

**Total management positions**
**2000:** 600,000
**2007:** 600,000

**Estimated female representation**
**2000**
Managers: 40 percent
Nonmanagers: 48 percent
**2007**
Managers: 40 percent
Nonmanagers: 45 percent

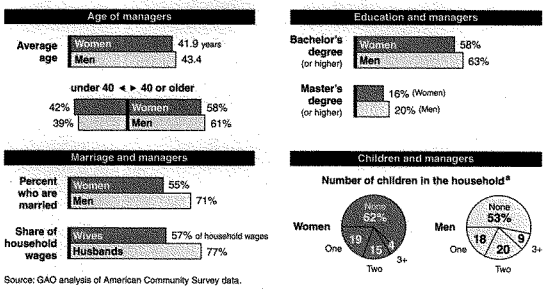
**Median salaries for full-time managers** (2007 dollars)
**2000**
Female managers: $60,000
Male managers: $84,000
**2007**
Female managers: $62,000
Male managers: $84,000

**Percent working part-time**
**2000**
Female managers: 25 percent
Male managers: 16 percent
**2007**
Female managers: 23 percent
Male managers: 15 percent

Source: GAO analysis of American Community Survey data.

### Estimates for Characteristics of Managers by Gender, 2007

Female managers in information and communications were younger and had less education on average, were less likely to be married or have children in the household, and were more likely to work part-time than male managers. Among married managers, women contributed a smaller share than men of their respective household wages.[7]

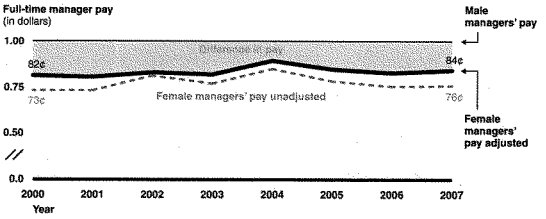



Source: GAO analysis of American Community Survey data.

[a]This refers to the number of children under age 18 living in a household with a manager.

### Estimated Pay Differences for Full-Time Managers, 2000-2007

The adjusted pay difference fluctuated between 2000 and 2007; female managers earned between 81 and 85 cents for every dollar earned by male managers in most years, but this rate jumped to 90 cents in 2004.




Source: GAO analysis of American Community Survey data.

[7]In 2000, the differences between male and female managers in average age and in the percentages of managers who were aged 40 and older, had bachelor's and master's degrees, and had children in the household were not statistically significant. Other results were similar to 2007.



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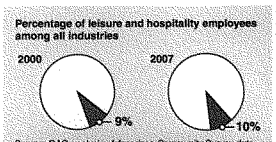
# LEISURE AND HOSPITALITY

## Industry Snapshot




Source: GAO analysis of American Community Survey data.

### Industry Characteristics

Management positions in the leisure and hospitality sector included, for example, entertainment directors, recreation facility managers, food production managers, and hotel managers.

**Total workers**
**2000:** 12.6 million
**2007:** 14.5 million

**Total management positions**
**2000:** 1.1 million
**2007:** 1.3 million

**Estimated female representation**
**2000**
Managers: 43 percent
Nonmanagers: 54 percent
**2007**
Managers: 45 percent
Nonmanagers: 54 percent

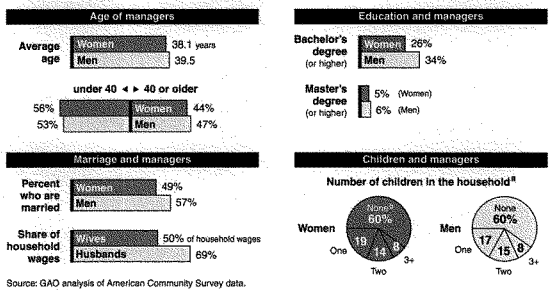
**Median salaries for full-time managers** (2007 dollars)
**2000**
Female managers: $35,000
Male managers: $45,000
**2007**
Female managers: $35,000
Male managers: $45,000

**Percent working part-time**
**2000**
Female managers: 31 percent
Male managers: 19 percent
**2007**
Female managers: 32 percent
Male managers: 21 percent

Source: GAO analysis of American Community Survey data.

### Estimates for Characteristics of Managers by Gender, 2007

Female managers were younger and had less education on average, were less likely to be married, and were more likely to work part-time than male managers. However, the difference in the percentage of managers who had children in the household was not statistically significant. Among married managers, women contributed a smaller share than men of their respective household wages.[a]



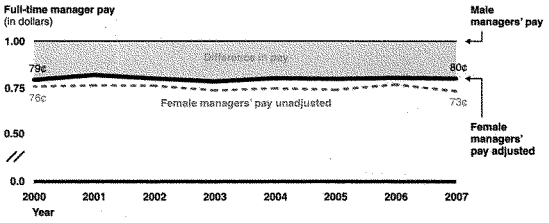

Source: GAO analysis of American Community Survey data.

[a]This refers to the number of children under age 18 living in a household with a manager.

[b]There was no statistically significant difference between female and male managers.

### Estimated Pay Differences for Full-Time Managers, 2000-2007

The adjusted pay difference between male and female managers stayed about the same from 2000 and 2007. In most years, female managers earned 79 to 80 cents for every dollar earned by male managers.




Source: GAO analysis of American Community Survey data.

[a]In 2000, the differences between male and female managers in average age and in the percentages of managers who were aged 40 and older and had master's degrees were not statistically significant. Other results were similar to 2007.



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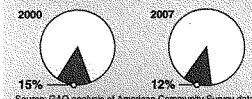
Enclosure I

# MANUFACTURING

## Industry Snapshot

**Percentage of manufacturing employees among all industries**




Source: GAO analysis of American Community Survey data.

### Industry Characteristics

Management positions in the manufacturing sector included, for example, production superintendents, manufacturing directors, and factory superintendents involved in the manufacturing of beverages, textiles, machinery, and a wide variety of other goods.

**Total workers**
**2000:** 20.5 million
**2007:** 17.4 million

**Total management positions**
**2000:** 1.8 million
**2007:** 1.8 million

**Estimated female representation**
**2000**
Managers: 22 percent
Nonmanagers: 34 percent
**2007**
Managers: 23 percent
Nonmanagers: 31 percent

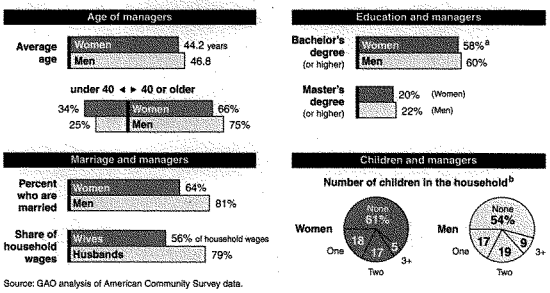
**Median salaries for full-time managers** (2007 dollars)
**2000**
Female managers: $61,000
Male managers: $84,000
**2007**
Female managers: $67,000
Male managers: $86,000

**Percent working part-time**
**2000**
Female managers: 24 percent
Male managers: 13 percent
**2007**
Female managers: 19 percent
Male managers: 13 percent

Source: GAO analysis of American Community Survey data.

### Estimates for Characteristics of Managers by Gender, 2007

Female managers in manufacturing were younger on average, less likely to be married or have children in the household, and more likely to work part-time than male managers. The difference in the percentage of managers with a bachelor's degree was not statistically significant. Among married managers, women contributed a smaller share than men of their respective household wages.[9]



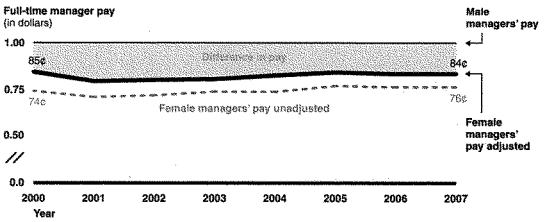

Source: GAO analysis of American Community Survey data.

[a]There was no statistically significant difference between female and male managers.

[b]This refers to the number of children under age 18 living in a household with a manager.

### Estimated Pay Differences for Full-Time Managers, 2000-2007

The adjusted pay difference between male and female managers fluctuated between 2000 and 2007, with female managers earning between 80 and 85 cents for every dollar earned by male managers.




Source: GAO analysis of American Community Survey data.

[9]Results were generally similar in 2000. However, the difference in the percentage of male and female managers with a master's degree was not statistically significant.



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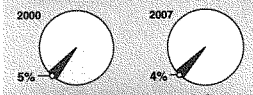
Enclosure I

# OTHER SERVICES

## Industry Snapshot

Percentage of other services employees among all industries




Source: GAO analysis of American Community Survey data.

### Industry Characteristics

The other services sector included industries not specifically provided for elsewhere in the classification system. Management positions included, for example, auto repair shop managers, funeral directors, and parking lot managers.

**Total workers**
**2000:** 6.4 million
**2007:** 6.3 million

**Total management positions**
**2000:** 500,000
**2007:** 500,000

**Estimated female representation**
**2000**
Managers: 45 percent
Nonmanagers: 53 percent
**2007**
Managers: 46 percent
Nonmanagers: 51 percent

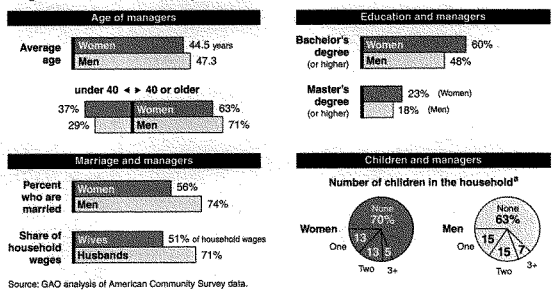
**Median salaries for full-time managers** (2007 dollars)
**2000**
Female managers: $44,000
Male managers: $48,000
**2007**
Female managers: $49,000
Male managers: $55,000

**Percent working part-time**
**2000**
Female managers: 31 percent
Male managers: 19 percent
**2007**
Female managers: 32 percent
Male managers: 21 percent

Source: GAO analysis of American Community Survey data.

### Estimates for Characteristics of Managers by Gender, 2007

Female managers were younger on average, less likely to be married or have children in the household, and more likely to work part-time than male managers. In contrast to most other industries, female managers in other services had more education than male managers. Among married managers, women contributed a smaller share than men of their respective household wages.[10]

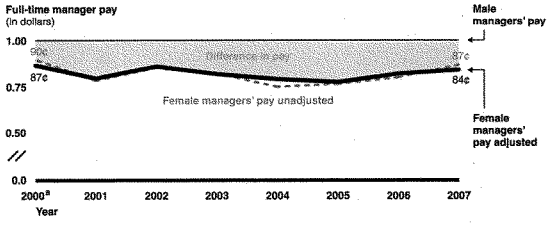



Source: GAO analysis of American Community Survey data.

[a]This refers to the number of children under age 18 living in a household with a manager.

### Estimated Pay Differences for Full-Time Managers, 2000-2007

The adjusted pay difference fluctuated between 2000 and 2007. In 2000, the adjusted difference in pay between female and male managers was not statistically significant.




Source: GAO analysis of American Community Survey data.

[a]There was no statistically significant difference between female and male managers' pay in 2000.

[10]In 2000, the differences in the percentages of managers who were aged 40 and older, had master's degrees, and had children in the household were not statistically significant. Other results were similar to 2007.



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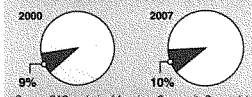
# PROFESSIONAL AND BUSINESS SERVICES

## Industry Snapshot

**Percentage of professional and business services employees among all industries**




Source: GAO analysis of American Community Survey data.

### Industry Characteristics

Management positions in the professional and business services sector included, for example, account executives and administrative services managers.

**Total workers**
**2000:** 12.6 million
**2007:** 14.7 million

**Total management positions**
**2000:** 1.2 million
**2007:** 1.6 million

**Estimated female representation**
**2000**
Managers: 40 percent
Nonmanagers: 46 percent
**2007**
Managers: 38 percent
Nonmanagers: 45 percent

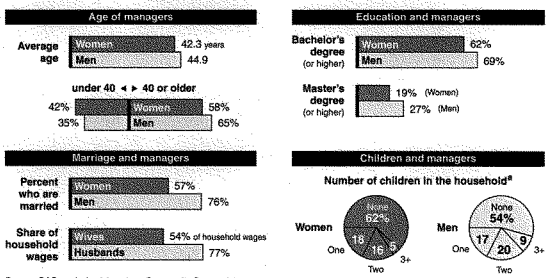
**Median salaries for full-time managers** (2007 dollars)
**2000**
Female managers: $52,000
Male managers: $84,000
**2007**
Female managers: $63,000
Male managers: $90,000

**Percent working part-time**
**2000**
Female managers: 24 percent
Male managers: 16 percent
**2007**
Female managers: 26 percent
Male managers: 16 percent

Source: GAO analysis of American Community Survey data.

### Estimates for Characteristics of Managers by Gender, 2007

Female managers in professional and business services were younger and had less education on average, were less likely to be married or have children in the household, and were more likely to work part-time than male managers. Among married managers, women contributed a smaller share than men of their respective household wages.[11]

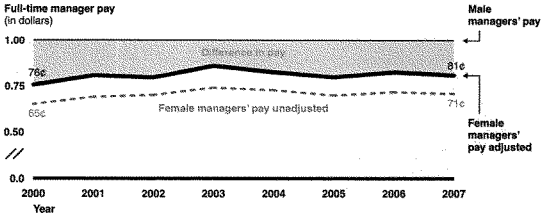



Source: GAO analysis of American Community Survey data.

[a]This refers to the number of children under age 18 living in a household with a manager.

### Estimated Pay Differences for Full-Time Managers, 2000-2007

The adjusted pay difference fluctuated between 2000 and 2007. Female managers earned between 80 and 83 cents for every dollar earned by male managers in most years, with a low of 76 cents and a high of 86 cents.




Source: GAO analysis of American Community Survey data.

[11]Results were generally similar in 2000. However, the difference in the percentage of male and female managers who had children in the household was not statistically significant in 2000.



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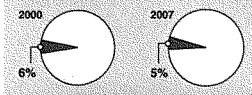
# PUBLIC ADMINISTRATION

## Industry Snapshot

**Percentage of public administration employees among all industries**




Source: GAO analysis of American Community Survey data.

### Industry Characteristics

Management positions in the public administration sector included, for example, city and tribal council members, county supervisors, and tax commissioners.

**Total workers**
**2000:** 7.9 million
**2007:** 7.8 million

**Total management positions**
**2000:** 700,000
**2007:** 700,000

**Estimated female representation**
**2000**
Managers: 41 percent
Nonmanagers: 42 percent
**2007**
Managers: 45 percent
Nonmanagers: 42 percent

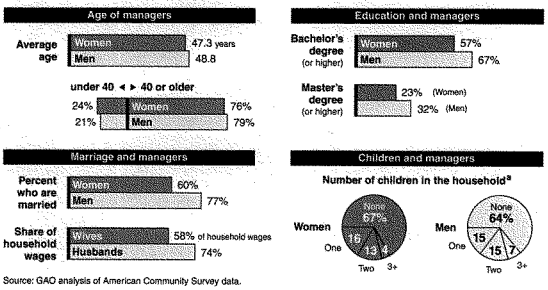
**Median salaries for full-time managers** (2007 dollars)
**2000**
Female managers: $51,000
Male managers: $64,000
**2007**
Female managers: $60,000
Male managers: $74,000

**Percent working part-time**
**2000**
Female managers: 24 percent
Male managers: 17 percent
**2007**
Female managers: 20 percent
Male managers: 16 percent

Source: GAO analysis of American Community Survey data.

### Estimates for Characteristics of Managers by Gender, 2007

Female managers in public administration were younger and had less education on average, were less likely to be married, and were more likely to work part-time than male managers. Among married managers, women contributed a smaller share than men of their respective household wages.[12]

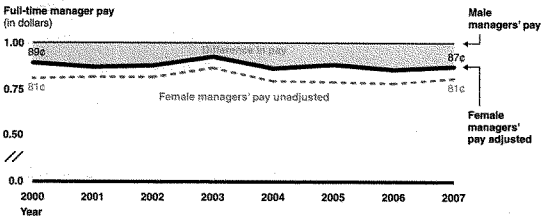



Source: GAO analysis of American Community Survey data.

[a]This refers to the number of children under age 18 living in a household with a manager.

### Estimated Pay Differences for Full-Time Managers, 2000-2007

The adjusted pay difference fluctuated between 2000 and 2007. Female managers earned 86 to 89 cents for every dollar earned by male managers in most years, but earned a high of 93 cents in 2003.




Source: GAO analysis of American Community Survey data.

[12]In 2000, the differences in the percentages of male and female managers who were aged 40 and older, worked part-time, and had children in the household were not statistically significant. Other results were similar to results in 2007.



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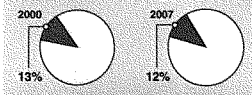
Percentage of retail trade employees among all industries




Source: GAO analysis of American Community Survey data.

## Industry Characteristics

Management positions in the retail trade sector included, for example, department store managers, merchandise managers, and motor vehicle dealership managers.

**Total workers**
**2000:** 17.7 million
**2007:** 18.0 million

**Total management positions**
**2000:** 700,000
**2007:** 500,000

**Estimated female representation**
**2000**
Managers: 38 percent
Nonmanagers: 51 percent
**2007**
Managers: 36 percent
Nonmanagers: 51 percent

**Median salaries for full-time managers** (2007 dollars)
**2000**
Female managers: $39,000
Male managers: $63,000
**2007**
Female managers: $48,000
Male managers: $67,000

**Percent working part-time**
**2000**
Female managers: 24 percent
Male managers: 15 percent
**2007**
Female managers: 22 percent
Male managers: 14 percent

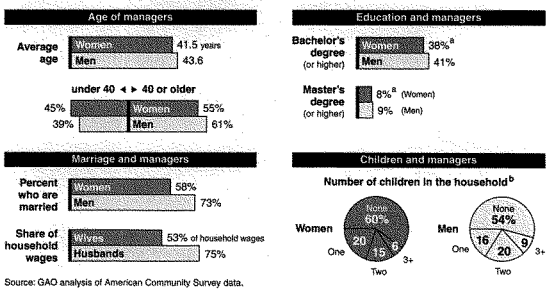
Source: GAO analysis of American Community Survey data.

# RETAIL TRADE

## Industry Snapshot

### Estimates for Characteristics of Managers by Gender, 2007

Female managers in retail trade were younger on average, less likely to be married or have children in the household, and more likely to work part-time than male managers. The differences in the percentages of managers with bachelor's and masters' degrees were not statistically significant. Among married managers, women contributed a smaller share than men of their respective household wages.[13]



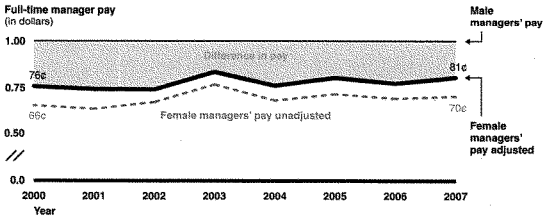

Source: GAO analysis of American Community Survey data.

[a]There was no statistically significant difference between female and male managers.

[b]This refers to the number of children under age 18 living in a household with a manager.

### Estimated Pay Differences for Full-Time Managers, 2000-2007

The adjusted pay difference narrowed between 2000 and 2007 despite fluctuation.




Source: GAO analysis of American Community Survey data.

[13]In 2000, the differences in the percentages of managers who were aged 40 and older and had children in the household were not statistically significant. In addition, the difference in the percentage of managers with bachelor's degrees was statistically significant, with female managers less likely to have a bachelor's degree than male managers. Other results in 2000 were similar to results in 2007.



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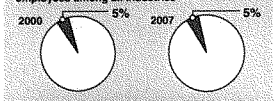
Enclosure I

# TRANSPORTATION AND UTILITIES

## Industry Snapshot

Percentage of transportation and utilities employees among all industries




Source: GAO analysis of American Community Survey data.

### Industry Characteristics

Management positions within the transportation and utilities sector included, for example, transportation supervisors, electrical superintendents, and warehouse managers.

**Total workers**
**2000:** 7.4 million
**2007:** 7.6 million

**Total management positions**
**2000:** 500,000
**2007:** 600,000

**Estimated female representation**
**2000**
Managers: 26 percent
Nonmanagers: 26 percent
**2007**
Managers: 26 percent
Nonmanagers: 25 percent

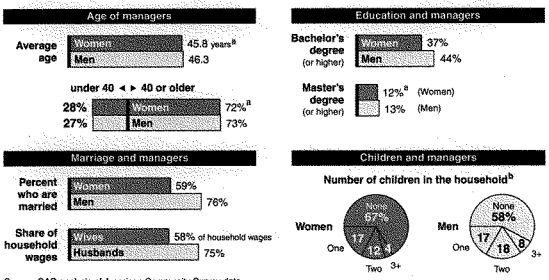
**Median salaries for full-time managers** (2007 dollars)
**2000**
Female managers: $48,000
Male managers: $66,000
**2007**
Female managers: $52,000
Male managers: $70,000

**Percent working part-time**
**2000**
Female managers: 25 percent
Male managers: 11 percent
**2007**
Female managers: 22 percent
Male managers: 15 percent

Source: GAO analysis of American Community Survey data.

### Estimates for Characteristics of Managers by Gender, 2007

Female managers had less education on average, were less likely to be married or have children in the household, and were more likely to work part-time than male managers. The differences in average age and in the percentages of managers aged 40 and older and with master's degrees were not statistically significant. Among married managers, women contributed a smaller share than men of their respective household wages.[14]



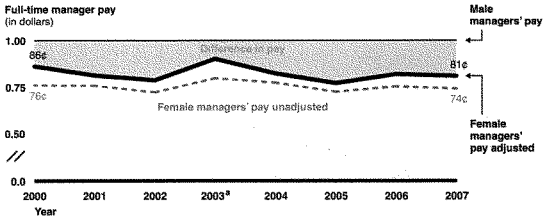

Source: GAO analysis of American Community Survey data.

[a]There was no statistically significant difference between female and male managers.

[b]This refers to the number of children under age 18 living in a household with a manager.

### Estimated Pay Differences for Full-Time Managers, 2000-2007

The adjusted difference in pay fluctuated between 2000 and 2007, but was not statistically significant in 2003.




Source: GAO analysis of American Community Survey data.

[a]There was no statistically significant difference between female and male managers in 2003.

[14]In 2000, the differences in age and in the percentage of managers aged 40 and older were statistically significant; on average, female managers were younger and less likely to be 40 and older than male managers. In addition, the differences in the percentages of managers with bachelor's degrees and with children were not statistically significant. Other results were similar to results in 2007.



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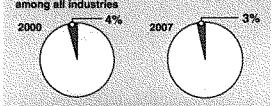
# WHOLESALE TRADE

## Industry Snapshot




Source: GAO analysis of American Community Survey data.

### Industry Characteristics

Management positions in the wholesale trade sector included, for example, purchasing managers and general operations managers.

**Total workers**
**2000:** 5.5 million
**2007:** 4.7 million

**Total management positions**
**2000:** 400,000
**2007:** 400,000

**Estimated female representation**
**2000**
Managers: 24 percent
Nonmanagers: 31 percent
**2007**
Managers: 26 percent
Nonmanagers: 31 percent

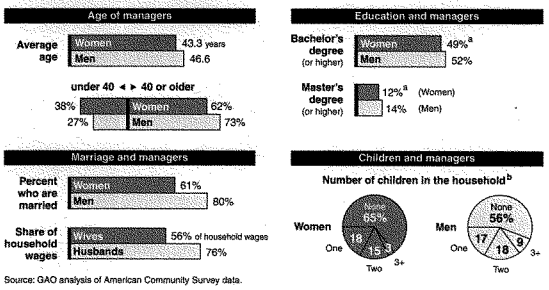
**Median salaries for full-time managers** (2007 dollars)
**2000**
Female managers: $47,000
Male managers: $72,000
**2007**
Female managers: $55,000
Male managers: $76,000

**Percent working part-time**
**2000**
Female managers: 17 percent
Male managers: 15 percent
**2007**
Female managers: 23 percent
Male managers: 15 percent

Source: GAO analysis of American Community Survey data.

### Estimates for Characteristics of Managers by Gender, 2007

Female managers were younger on average, less likely to be married or have children in the household, and were more likely to work part-time than male managers. The differences in the percentages of managers with bachelor's and master's degrees were not statistically significant. Among married managers, women contributed a smaller share than men of their respective household wages.[15]



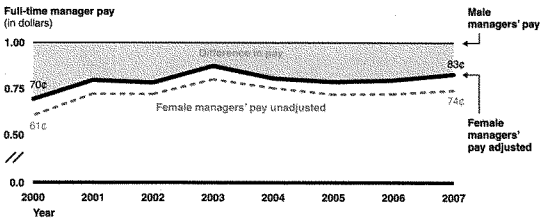

Source: GAO analysis of American Community Survey data.

[a]There was no statistically significant difference between female and male managers.

[b]This refers to the number of children under age 18 living in a household with a manager.

### Estimated Pay Differences for Full-Time Managers, 2000-2007

The adjusted pay difference fluctuated between 2000 and 2007. In most years, female managers earned 79 to 83 cents for every dollar earned by male managers.




Source: GAO analysis of American Community Survey data.

[15]In 2000, the difference in the percentage of managers with bachelor's degrees was statistically significant with female managers being less likely to have a bachelor's degree than male managers. The differences in the percentages of managers who were aged 40 and older, worked part-time, and had children in the household were not statistically significant. Other results were similar to 2007.



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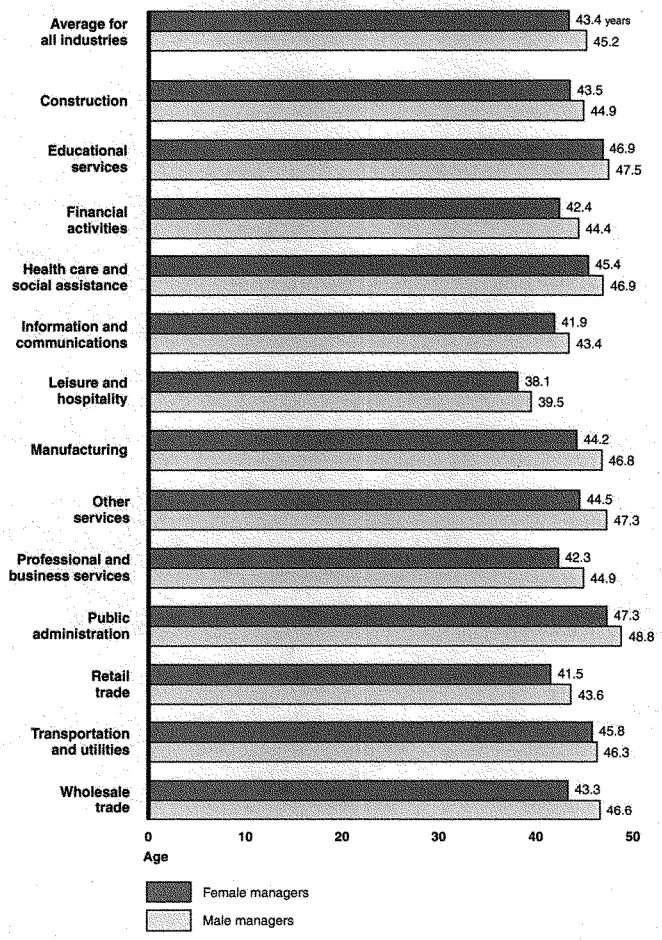
## Enclosure II

### Key Characteristics of Managers by Industry

**Figure 1: Estimated Average Age of Managers, 2007**




Source: GAO analysis of American Community Survey data.



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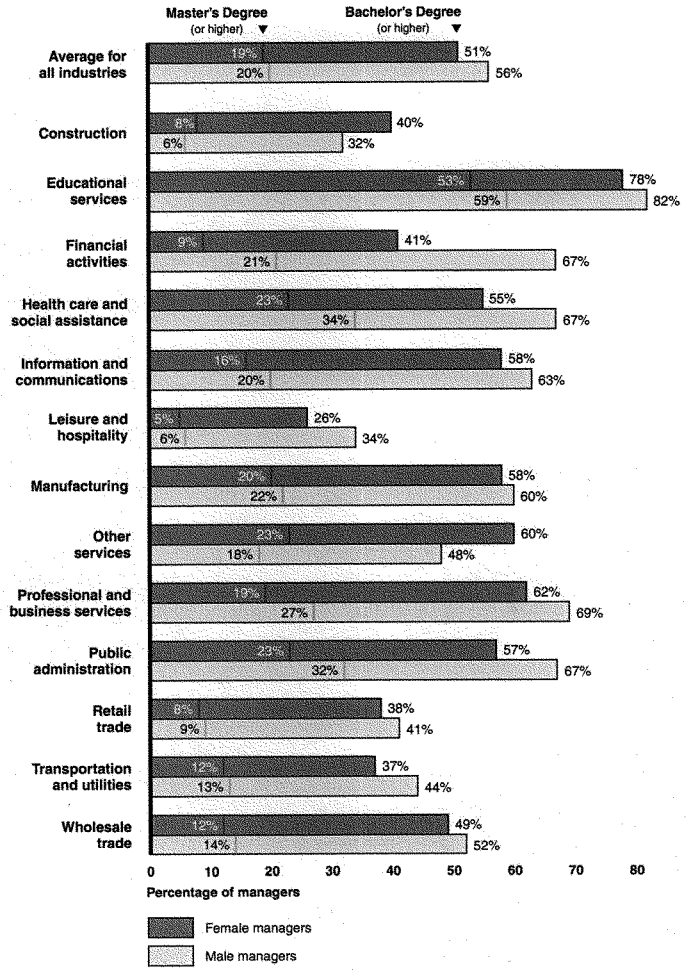
## Enclosure II

**Figure 2: Estimated Educational Attainment of Managers, 2007**




Source: GAO analysis of American Community Survey data.



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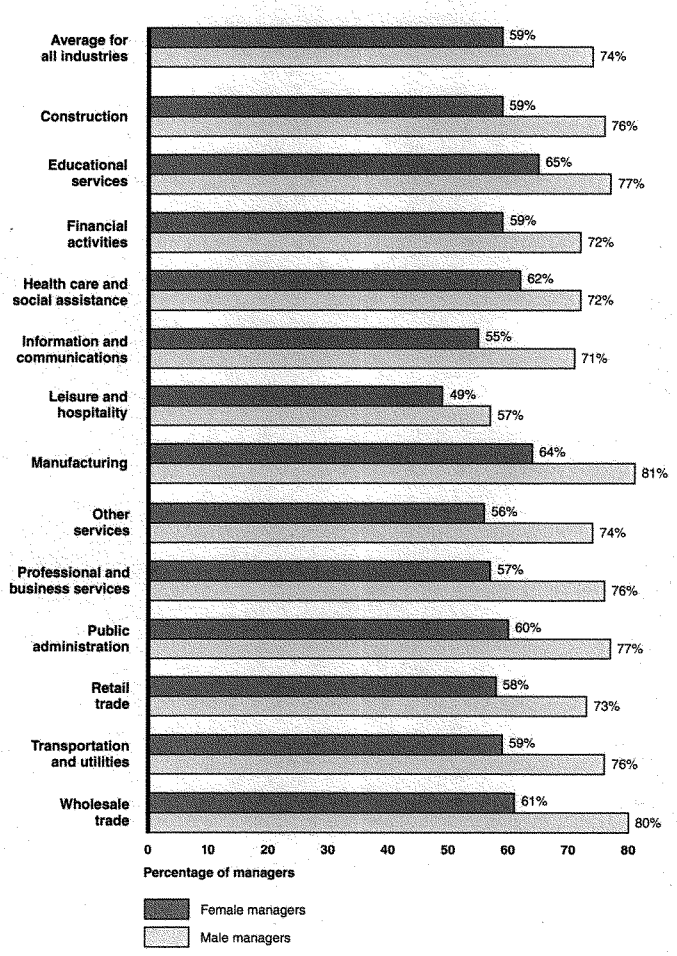
**Enclosure II**

**Figure 3: Estimated Percentage of Managers Who Were Married, 2007**




Source: GAO analysis of American Community Survey data.



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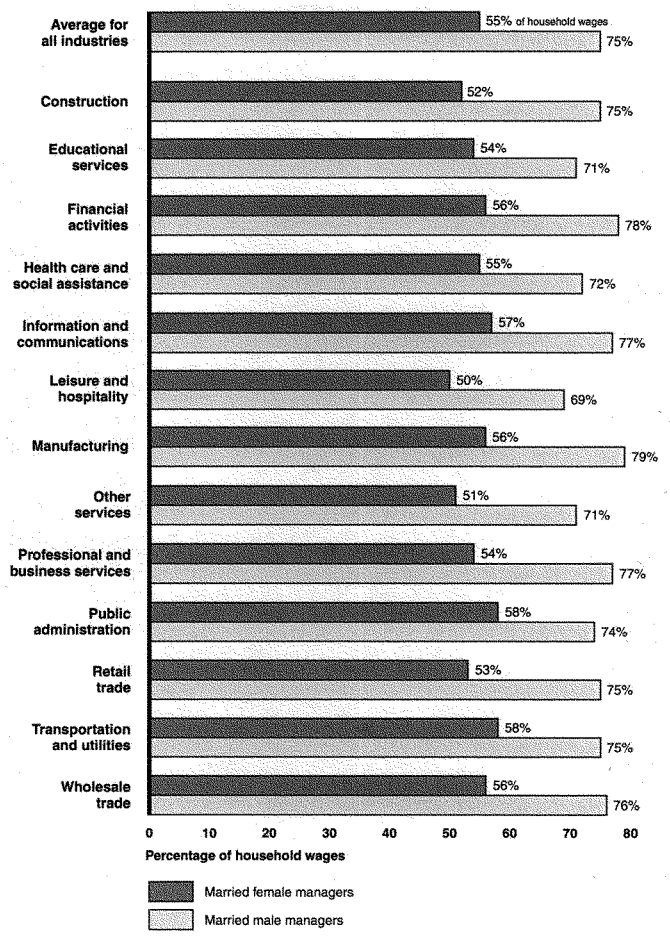
**Enclosure II**

**Figure 4: Estimated Percentage Contribution Married Managers Made to the Total Wages of Their Households, 2007**




Source: GAO analysis of American Community Survey data.



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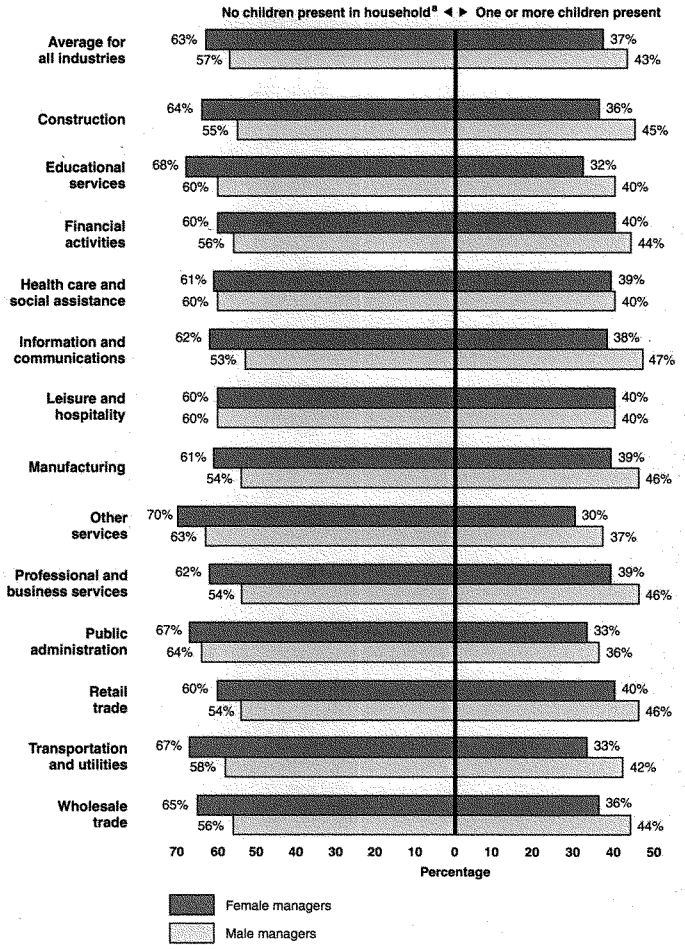
## Enclosure II

**Figure 5: Estimated Percentage of Managers With and Without Children in the Household, 2007**




Source: GAO analysis of American Community Survey data.

[a] This refers to the number of children under age 18 living in a household with a manager.



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**Enclosure III**

## Objectives, Scope, and Methodology

Our review focused on (1) the representation of women in management positions compared to their representation in nonmanagement positions by industry, (2) the key characteristics of women and men in management positions by industry, and (3) the difference in pay between women and men in full-time management positions by industry. To answer these questions, we analyzed data from the Public Use Microdata Sample of the American Community Survey (ACS) for the years 2000 through 2007.

### Data

For all three research questions, we used data from the U.S. Census Bureau's (Census Bureau) ACS database. We selected ACS rather than the Current Population Survey, which was used in GAO's 2001 report on this issue, due to the greater number of observations in ACS, which allowed us to have greater precision when looking at specific industries. ACS is an ongoing national survey conducted by the Census Bureau that collects information from a sample of households. ACS replaced the decennial census long-form questionnaire as a source for social, economic, demographic, and housing information.

### Industry Selection

We organized approximately 250 discrete industries represented in ACS into 13 industry sectors that generally follow the ACS broad industry sectors with some minor modifications. For example, we renamed some sectors, and separated educational services from health care and social assistance. The industry sectors we included represent the entire workforce, except for the agriculture and mining sectors.

We excluded agriculture because, according to the Bureau of Labor Statistics, farmers may have other sources of income, such as from federal subsidies, which may not be reported in ACS as income and would complicate our analysis on pay differentials. We excluded mining because we found a relatively limited number of observations in the mining industry. We also excluded from the analysis those individuals living in group quarters and those who were not living in a U.S. state or the District of Columbia.[1] These restrictions resulted in a loss of about 3 percent of the managers and 4 percent of nonmanagers represented in 2007.

[1]According to ACS, a group quarters is a place where people live or stay in a group living arrangement. Examples include college residence halls, nursing homes, group homes, military barracks, correctional facilities, and mental hospitals.



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**Enclosure III**

**Definitions**

- Our definition of working full time included those who, over the past 12 months, reported usually working 35 hours or more per week and 50 weeks or more per year, and those with wages greater than zero.

- Our definition of individuals working part-time included those who were not working full time, but reported usually working some hours per week, weeks worked, and wages earned, all over the past 12 months.

- Workers were individuals who reported working one or more weeks during the past 12 months and reported receiving wage and salary income. Our sample did not include self-employed workers unless they also received wage and salary income. We relied on the individual's reported industry of employment; however, it may be that some individuals are employed in multiple industries, which our analysis did not capture.

- We defined managers as all individuals classified under the manager occupation category in ACS, which includes a wide range of more than 1,000 job titles.[2] Job titles under the manager code include positions such as school principals, radio station managers, zoo directors, parking garage managers, nurse administrators, and chief executives. The ACS manager occupation does not include first-line supervisors who have largely the same duties and same levels of education as those they supervise.

- Due to the structure of ACS data, our definition of having children varied depending on whether we were looking at only women or comparing women and men. The ACS records information on the presence of children in two ways: (1) at the household level and (2) with respect to individuals' own children within the household. We used the household-level variable to compare women and men, and the individual-level variable to calculate estimates for women only. The two variables are generally consistent with one another. For example, in 2007, about 36 percent of female managers had one or more of their own children living with them (according to the individual-level variable), and about 37 percent lived in a household where there were one or more of the householder's own children (according to the household-level variable). In both cases, a person's "own child" includes children by birth, marriage (step), or adoption.

[2]According to Census Bureau officials, occupations refer to categories of job titles. Some job titles directly match to a specific occupation, such as Chief Executive Officer to chief executive; others may cross into more than one occupation. Occupations may also be restricted by industry.



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**Enclosure III**

**Data Reliability**

We assessed the reliability of the ACS generally and of data elements that were critical to our analyses and determined that, despite the limitations outlined below, they were sufficiently reliable for our analyses. Specifically, we:

- reviewed documentation on the general design and methods of the ACS and on the specific elements of the ACS data that were used in our analysis,
- interviewed Census Bureau officials knowledgeable about the ACS data and consulted these officials periodically throughout the course of our study, and
- completed our own electronic data testing to assess the accuracy and completeness of the data used in our analyses.

As a result of these efforts, we identified the following limitations with the data:

- **Inconsistency of data sample.** The data sample was not consistent in size over 2000 to 2007. Since 2000, the ACS expanded its survey across the United States. However, currently available Public Use Microdata Sample files for the earliest years of ACS include sufficient data from a supplemental survey effort to generate reliable national-level estimates. Based on discussions with Census Bureau staff responsible for the ACS sampling, we determined the overall sample sizes are large enough to produce statistically reliable results for each industry sector during each year. However, in cases where a difference was not statistically significant in one year but was in another, we could not rule out the possibility that an analysis of a larger sample would have found statistically significant differences in both years.
- **Manager definition.** The manager category in the ACS was a slightly imperfect measure of the true population of managers in the workforce. The manager category in ACS included positions which may have disparate levels of responsibility. ACS did not include variables describing the level of responsibility of a manager, nor years of experience. Therefore, we were not able to analyze these separately in our analysis of pay differentials. In addition, the "manager" category does not include persons with de facto management responsibilities not reflected in their titles. For example, a partner in a law firm may not be listed as a manager even though he or she may have work responsibilities similar to those of a manager.



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- **Self-guided survey.** The structure of data collection for ACS may introduce errors. Since information was collected through a self-guided survey without interviews, there was no opportunity during data collection to clarify responses.[3]

- **Underreporting of part-time hours.** The survey questionnaire had an open-ended question regarding number of hours usually worked each week. Some researchers studying this ACS question found that part-time workers tended to under-report their weekly hours worked.[4] Because part-time workers are more likely to be women, their hourly earnings may be more likely to be over-estimated in the data. We restricted the sample for the analysis of pay differentials to full-time workers to address this data limitation.

- **Coding of open-ended responses.** There are inherent limitations in coding open-ended responses. We interviewed Census Bureau officials and reviewed documentation regarding their protocol for coding occupation and industry for ACS data entry and internal controls on coding open-ended survey responses, and have judged them to be sufficiently reliable for our purposes.

The studies by Catalyst, Inc., on the representation of women among boards of directors and top earners at Fortune 500 companies were reviewed by multiple analysts, including a social scientist with expertise in estimation from survey data. In addition, we interviewed and consulted with staff members from Catalyst, Inc., who were knowledgeable about the organization's methods of collecting, analyzing, and reporting data in these studies. We determined, based both on these interviews and on our review of the studies, that the data and methods were sufficiently reliable for generating the estimates we present in this report.

## Methods

### Descriptive Statistics

To analyze our first question on the representation of women in management positions, we used ACS to estimate the percentage of management positions within each industry held by women compared to the percentage of nonmanagement positions held by women in the same industry to take account of industries having different gender compositions. We performed the same analysis to compare the percentage of managers and nonmanagers who were mothers with children under 18 in the household.

[3]According to Census Bureau officials, Computer Assisted Telephone Interviewing and Computer Assisted Personal Interviewing are available for respondents who do not complete the paper questionnaire.

[4]Nathaniel Baum-Snow and Derek Neal, "Mismeasurement of Usual Hours Worked in the Census and ACS," Economics Letters, Vol. 102, Issue 1 (2009).



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**Enclosure III**

For the second question, we used ACS to generate descriptive statistics on male and female managers' education levels, age, part-time status, marital status, and the presence and number of children in the household. For married managers, we computed their share of household wages for the years 2000 and 2007. For full-time managers, we computed the median salary. Where we presented data on median salaries, we adjusted the salaries to 2007 dollars, and rounded the salaries to the nearest one thousand.

To take account of the sample design used in the ACS, we used the person weight present in the ACS data file.[5] For each measure, we tested whether the difference between men and women was statistically significant at a 95 percent confidence level in 2007 or in 2000. In addition, we tested whether the change for each gender between 2000 and 2007 was statistically significant. For the differences in percentages, we calculated sampling errors using the design-factor method described in Census Bureau documentation on the proper use of ACS data. For 2007, we also estimated confidence intervals using replicate weights provided with the ACS; these weights were not available for 2000 ACS data. When the statistical significance of differences calculated using the two methods differed, we present the results from the replicate method of variance estimation.

We chose to report on the years 2000 through 2007 to avoid concerns about the role of the recession that began in December, 2007 and to avoid any complications to the analysis due to the change of survey questions ACS made in 2008. However, for each measure, we tested whether the difference between men and women was statistically significant at a 95 percent confidence level in 2008 as well to see any changes since 2007. In addition, we tested whether the change between 2007 and 2008 was statistically significant for each gender. Except for the percentage of workers that were part-time, which was affected by a change in a survey question in 2008, we found there were very few statistically significant differences between 2007 and 2008 for any of the descriptive statistics.

Multivariate Regression Analysis Approach

For the third question, we used multivariate regression analysis to examine the differences in pay between male and female managers. We limited the analysis to those working full-time, because of limitations with calculating wages and hours for part-time workers. For each industry, and for all industries combined, we conducted a regression analysis of full-time managers within the ACS data set, which includes men and women. In this analysis, we used an indicator variable for gender to measure the average difference between men and women's salaries. By including additional variables in the regression, we adjusted for other characteristics of men and women, and determined the extent to which the difference was (or was not) explained by the addition of those variables. Specifically:

[5]In the ACS data, each person represents different numbers of people in the population because of the ACS sampling design. To account for this, the Census Bureau recommends using a "person weight" to adjust the sample to represent the full population.



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**Enclosure III**

- In order to determine the extent to which gender differences persist when other characteristics of managers are taken into account, we performed multivariate regression analysis to predict the logarithm of annual salary.

  (Without controlling for factors) Ln(annual salary) $= \alpha + \beta*(\text{female}) + \varepsilon$

  (With controlling for factors) Ln(annual salary) $= \alpha + \beta*(\text{female})$

  $+ \delta*(\text{set of characteristics of the individual}) + \varepsilon$

- Because we used the logarithm of the annual salary, the standard interpretation of $\beta$, the coefficient on female, is that it represents the average log point difference between men and women, after adjusting for the other variables in the model. Following practice in the economic literature, that coefficient was modified, to more closely approximate a percent difference (by exp(coefficient on female)).[6]

- We performed this analysis for 8 years of ACS data (2000-2007), for each industry separately, and for all industries combined. To take account of the sample design used in the ACS, we used the person weight present in the ACS data file.

- Our regression model included age, age squared, hours worked beyond full time, dummy variables for race,[7] Hispanic status, state, veteran status, education level, citizenship, marital status, and presence of children in the household. In addition, our regression that combined all industries included a dummy variable for each industry.

We acknowledge there are many variables and methods of analysis that could be used that would yield different numbers for the adjusted differences in pay. Some variables we would have included but were not available included managerial responsibility, field of study, and years of experience.

The estimated 95 percent confidence intervals around the estimated adjusted differences in pay for 2000 through 2007 are presented in table 1.

---

[6]Francine Blau and Lawrence Kahn, "Gender Differences in Pay," *The Journal of Economic Perspectives*, Vol. 14, No. 4 (2000). This is an issue that is especially important if the pay gaps are large. See Robert Halvorsen and Raymond Palmquist, "The Interpretation of Dummy Variables in Semi-Logarithmic Equations," *American Economic Review*, Vol. 70, No. 3 (1980).

[7]While we included nine different racial categories in the regression, more than 95 percent of the individuals were White, African American, or Asian.



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## Enclosure III

**Table 1: Estimates and Confidence Intervals for the Estimated Adjusted Differences in Pay, 2000-2007**

| Industry | Year | Lower bound | Estimated female managers' earnings for every dollar earned by a male manager | Upper bound |
|---|---|---|---|---|
| All industries combined | | | | |
| | 2000 | $0.77 | $0.79 | $0.81 |
| | 2001 | $0.79 | $0.80 | $0.81 |
| | 2002 | $0.79 | $0.80 | $0.81 |
| | 2003 | $0.81 | $0.82 | $0.83 |
| | 2004 | $0.80 | $0.81 | $0.82 |
| | 2005 | $0.80 | $0.81 | $0.82 |
| | 2006 | $0.81 | $0.81 | $0.82 |
| | 2007 | $0.80 | $0.81 | $0.82 |
| Construction | | | | |
| | 2000 | $0.78 | $0.92 | $1.09 |
| | 2001 | $0.72 | $0.78 | $0.84 |
| | 2002 | $0.77 | $0.85 | $0.94 |
| | 2003 | $0.74 | $0.82 | $0.91 |
| | 2004 | $0.71 | $0.78 | $0.85 |
| | 2005 | $0.73 | $0.77 | $0.81 |
| | 2006 | $0.78 | $0.82 | $0.86 |
| | 2007 | $0.75 | $0.78 | $0.82 |
| Educational services | | | | |
| | 2000 | $0.79 | $0.85 | $0.91 |
| | 2001 | $0.81 | $0.84 | $0.88 |
| | 2002 | $0.82 | $0.85 | $0.89 |
| | 2003 | $0.85 | $0.90 | $0.95 |
| | 2004 | $0.85 | $0.89 | $0.93 |
| | 2005 | $0.82 | $0.85 | $0.87 |
| | 2006 | $0.84 | $0.86 | $0.88 |
| | 2007 | $0.84 | $0.86 | $0.88 |
| Financial activities | | | | |
| | 2000 | $0.66 | $0.72 | $0.79 |
| | 2001 | $0.75 | $0.78 | $0.82 |
| | 2002 | $0.73 | $0.76 | $0.80 |
| | 2003 | $0.76 | $0.79 | $0.83 |
| | 2004 | $0.76 | $0.80 | $0.84 |
| | 2005 | $0.80 | $0.83 | $0.85 |
| | 2006 | $0.79 | $0.81 | $0.83 |
| | 2007 | $0.76 | $0.78 | $0.80 |



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## Enclosure III

| Industry | Year | Lower bound | Estimated female managers' earnings for every dollar earned by a male manager | Upper bound |
|---|---|---|---|---|
| Health care and social assistance | | | | |
| | 2000 | $0.73 | $0.79 | $0.85 |
| | 2001 | $0.75 | $0.79 | $0.83 |
| | 2002 | $0.74 | $0.78 | $0.81 |
| | 2003 | $0.72 | $0.76 | $0.80 |
| | 2004 | $0.76 | $0.80 | $0.84 |
| | 2005 | $0.75 | $0.78 | $0.80 |
| | 2006 | $0.77 | $0.79 | $0.81 |
| | 2007 | $0.78 | $0.81 | $0.83 |
| Information and communications | | | | |
| | 2000 | $0.74 | $0.82 | $0.90 |
| | 2001 | $0.76 | $0.81 | $0.86 |
| | 2002 | $0.77 | $0.83 | $0.90 |
| | 2003 | $0.76 | $0.82 | $0.88 |
| | 2004 | $0.82 | $0.90 | $0.97 |
| | 2005 | $0.81 | $0.85 | $0.89 |
| | 2006 | $0.79 | $0.83 | $0.87 |
| | 2007 | $0.81 | $0.84 | $0.88 |
| Leisure and hospitality | | | | |
| | 2000 | $0.72 | $0.79 | $0.87 |
| | 2001 | $0.78 | $0.82 | $0.86 |
| | 2002 | $0.76 | $0.80 | $0.85 |
| | 2003 | $0.73 | $0.79 | $0.84 |
| | 2004 | $0.76 | $0.80 | $0.85 |
| | 2005 | $0.77 | $0.80 | $0.83 |
| | 2006 | $0.78 | $0.81 | $0.83 |
| | 2007 | $0.78 | $0.80 | $0.83 |
| Manufacturing | | | | |
| | 2000 | $0.79 | $0.85 | $0.90 |
| | 2001 | $0.77 | $0.80 | $0.83 |
| | 2002 | $0.77 | $0.80 | $0.83 |
| | 2003 | $0.78 | $0.81 | $0.84 |
| | 2004 | $0.79 | $0.83 | $0.86 |
| | 2005 | $0.82 | $0.84 | $0.87 |
| | 2006 | $0.81 | $0.83 | $0.86 |
| | 2007 | $0.82 | $0.84 | $0.86 |



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## Enclosure III

| Industry | Year | Lower bound | Estimated female managers' earnings for every dollar earned by a male manager | Upper bound |
|---|---|---|---|---|
| Other services | | | | |
| | 2000 | $0.70 | $0.87 | $1.07 |
| | 2001 | $0.74 | $0.80 | $0.86 |
| | 2002 | $0.80 | $0.86 | $0.93 |
| | 2003 | $0.76 | $0.82 | $0.88 |
| | 2004 | $0.73 | $0.79 | $0.85 |
| | 2005 | $0.74 | $0.78 | $0.82 |
| | 2006 | $0.78 | $0.82 | $0.86 |
| | 2007 | $0.80 | $0.84 | $0.88 |
| Professional business services | | | | |
| | 2000 | $0.70 | $0.76 | $0.82 |
| | 2001 | $0.78 | $0.81 | $0.85 |
| | 2002 | $0.76 | $0.80 | $0.84 |
| | 2003 | $0.82 | $0.86 | $0.90 |
| | 2004 | $0.79 | $0.83 | $0.87 |
| | 2005 | $0.78 | $0.80 | $0.83 |
| | 2006 | $0.81 | $0.83 | $0.85 |
| | 2007 | $0.79 | $0.81 | $0.84 |
| Public administration | | | | |
| | 2000 | $0.82 | $0.89 | $0.97 |
| | 2001 | $0.83 | $0.87 | $0.91 |
| | 2002 | $0.84 | $0.88 | $0.92 |
| | 2003 | $0.88 | $0.93 | $0.98 |
| | 2004 | $0.83 | $0.87 | $0.90 |
| | 2005 | $0.86 | $0.88 | $0.91 |
| | 2006 | $0.83 | $0.86 | $0.89 |
| | 2007 | $0.85 | $0.87 | $0.90 |
| Retail trade | | | | |
| | 2000 | $0.68 | $0.76 | $0.85 |
| | 2001 | $0.70 | $0.74 | $0.79 |
| | 2002 | $0.69 | $0.74 | $0.80 |
| | 2003 | $0.78 | $0.84 | $0.90 |
| | 2004 | $0.71 | $0.76 | $0.82 |
| | 2005 | $0.77 | $0.81 | $0.85 |
| | 2006 | $0.74 | $0.77 | $0.81 |
| | 2007 | $0.77 | $0.81 | $0.85 |
| Transportation and utilities | | | | |
| | 2000 | $0.77 | $0.86 | $0.97 |



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## Enclosure III

| Industry | Year | Lower bound | Estimated female managers' earnings for every dollar earned by a male manager | Upper bound |
|---|---|---|---|---|
| | 2001 | $0.76 | $0.82 | $0.88 |
| | 2002 | $0.72 | $0.79 | $0.86 |
| | 2003 | $0.77 | $0.90 | $1.06 |
| | 2004 | $0.75 | $0.82 | $0.90 |
| | 2005 | $0.74 | $0.77 | $0.81 |
| | 2006 | $0.78 | $0.82 | $0.86 |
| | 2007 | $0.78 | $0.81 | $0.85 |
| Wholesale trade | | | | |
| | 2000 | $0.60 | $0.70 | $0.81 |
| | 2001 | $0.74 | $0.80 | $0.87 |
| | 2002 | $0.72 | $0.79 | $0.86 |
| | 2003 | $0.81 | $0.88 | $0.95 |
| | 2004 | $0.74 | $0.81 | $0.89 |
| | 2005 | $0.74 | $0.79 | $0.84 |
| | 2006 | $0.75 | $0.80 | $0.85 |
| | 2007 | $0.79 | $0.83 | $0.88 |

Source: GAO calculations based on American Community Survey data.

Note: We calculated the margin of error by using a 95 percent confidence interval of the regression coefficient estimate.

## Alternative Models

To determine whether the results of our analysis for all industries combined were sensitive to the precise variables included, we estimated alternative versions of our reported model. Specifically, we estimated models that (1) did not include dummy variables for each industry, (2) did not adjust for marital status or presence of children, and (3) included an interaction effect between type of education and age. We found that not including a dummy variable for industry produced a larger gap, but the results of the other two models were similar. The ranges of estimates are shown in table 2.

**Table 2: Ranges of Estimates of Women's Pay Relative to Men's Under Alternative Models**

| Model | Minimum estimate | Maximum estimate |
|---|---|---|
| Without industry controls | $0.77 (+/-0.02) | $0.79 (+/-0.01) |
| Without marital status or presence of children | $0.78 (+/-0.02) | $0.81 (+/-0.01) |
| Reported model | $0.79 (+/-0.02) | $0.82 (+/-0.01) |
| Including interaction effect between education and age | $0.80 (+/-0.02) | $0.82 (+/-0.01) |

Source: GAO analysis of American Community Survey data. The 95 percent margin of error is placed in parenthesis. For all models, the minimum was estimated in 2000 and the maximum was estimated in 2003.



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**Enclosure III**

Including Children in the Salary Gap Analysis

In addition to the analysis described above, we also estimated a segregated model designed to examine the impact of having children in the household on the differences in pay between men and women for our analysis of all industries combined. To do this, we estimated the regression equation two additional times: first for managers with children in the household, and second for managers without children in the household.

The segregated model allowed us to say whether the differences in pay varied for individuals with and without children in the household. Additionally, the segregated model did not assume the importance of factors that influence income (such as education) are the same for those with and without children in the household. Segregated analysis also allowed us to report two results for the differences in pay: one for managers with children in the household—comparing the salary of women with children in the household to that of men with children in the household—and one for managers without children in the household—comparing the salary of women without children in the household to the salary of men without children in the household—in addition to any baseline differences in pay we report for all individuals.

**Document Reviews and Interviews**

We reviewed selected GAO and other articles and reports on this topic and consulted with experts and Census Bureau officials to review our methods and provide the appropriate context for the report.

**Limitations of the Analysis**

This report did not attempt to provide an extensive explanation for the difference in earnings between male and female managers, such as by comparing the relative importance of any of the variables in explaining the differences. In addition, our analysis was not designed to determine the presence or absence of discrimination. As shown in table 2 above, models with different variables can result in differences in the estimates.

Because of concerns about disclosing identities of respondents, the Census Bureau limits reported salaries in the publicly available ACS data. The level of limit, or "top-code" varies by state and year. When the pay is top-coded, our calculations use an underestimate of the true salary. If male managers were more likely than female managers to earn the highest wages (and be top-coded), this may have led us to report a smaller average difference in pay than actually exists. For all of the managers in our data across all of the years, we found that approximately 5 percent had wages that were top-coded. However, we did not know the extent to which the true salary is above the top-code.



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**Enclosure IV**

## GAO Contact and Staff Acknowledgments

### GAO Contact

Andrew Sherrill, (202) 512-7215 or sherrilla@gao.gov

### Staff Acknowledgments

In addition to the contact named above, Heather Hahn (Assistant Director) and Kate Blumenreich (Analyst-in-Charge) managed this report, and James Bennett, Susan Bernstein, Ben Bolitzer, Russ Burnett, Anna Maria Ortiz, Lindsay Read, and Shana Wallace made significant contributions. Also contributing to this work were Patrina Clark, Ron Fecso, and James Rebbe.



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**Related GAO Products**

*Financial Services Industry: Overall Trends in Management-Level Diversity and Diversity Initiatives, 1993-2008.* GAO-10-736T. Washington, D.C.: May 12, 2010.

*Women's Pay: Converging Characteristics of Men and Women in the Federal Workforce Help Explain the Narrowing Pay Gap.* GAO-09-621T. Washington, D.C.: April 28, 2009.

*Women's Pay: Gender Pay Gap in the Federal Workforce Narrows as Differences in Occupation, Education, and Experience Diminish.* GAO-09-279. Washington, D.C.: March 17, 2009.

*Women's Earnings: Federal Agencies Should Better Monitor Their Performance in Enforcing Anti-Discrimination Laws.* GAO-08-799. Washington, D.C.: August 11, 2008

*Financial Services Industry: Overall Trends in Management-Level Diversity and Diversity Initiatives, 1993-2006.* GAO-08-445T. Washington, D.C.: February 7, 2008.

*Women and Low-Skilled Workers: Efforts in Other Countries to Help These Workers Enter and Remain in the Workforce.* GAO-07-989T. Washington, D.C.: June 14, 2007.

*Women and Low-Skilled Workers: Other Countries' Policies and Practices That May Help These Workers Enter and Remain in the Labor Force.* GAO-07-817. Washington, D.C.: June 14, 2007.

*Financial Services Industry: Overall Trends in Management-Level Diversity and Diversity Initiatives, 1993-2004.* GAO-06-617. Washington, D.C.: June 1, 2006.

*Gender Issues: Women's Participation in the Sciences Has Increased, but Agencies Need to Do More to Ensure Compliance with Title IX.* GAO-04-639. Washington, D.C.: July 22, 2004.

*Women's Earnings: Work Patterns Partially Explain Difference between Men's and Women's Earnings.* GAO-04-35. Washington, D.C.: October 31, 2003.

*Women in Management: Analysis of Current Population Survey Data.* GAO-02-648T. Washington, D.C.: April 22, 2002.

*Women in Management: Analysis of Selected Data from the Current Population Survey.* GAO-02-156. Washington, D.C.: October 23, 2001.

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catalyst®

# Targeting Inequity: The Gender Gap in U.S. Corporate Leadership

**September 28, 2010**

**New Evidence on Gender Pay Gap for Women and Mothers in Management**

**Testimony to U.S. Joint Economic Committee**

**Ilene H. Lang, President & Chief Executive Officer, Catalyst**



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## INTRODUCTION

*He has monopolized nearly all the profitable employments, and from those she is permitted to follow, she receives but a scanty remuneration.* – The Declaration of Sentiments, Seneca Falls, NY, July 20, 1848

Generations have passed since this nation's first women's summit issued the Declaration of Sentiments, yet stark gender gaps in business leadership and pay persist. The latest data reveals leadership gaps across all *Fortune* 500 industries and a glacial rate of progress for women in business. Women constitute nearly half the total work force,[1] earn 57 percent of Bachelor's degrees, 60 percent of Master's degrees,[2] and control or influence 73 percent of the consumer decisions[3] in America. Yet among *Fortune* 500 companies, women make up less than three percent of CEOs[4] and hold roughly 15 percent of board seats.[5] And in 2009, women made up only 6.3 percent of Executive Officer top earning positions within the *Fortune* 500.[6] These inequities don't just hurt women. They harm families, employers, and the U.S. economy.

Catalyst believes that until women achieve parity in pay and business leadership, they will be marginalized in every other arena.

Founded in 1962, Catalyst is the leading nonprofit organization working globally to advance women and business. With offices in New York, Silicon Valley, Toronto, and Zug, Switzerland, we count as members more than 400 companies, firms, business schools, and associations from around the world. Our Advisory Services assesses global and regional challenges to support our members and policy makers as they build, sustain and leverage female talent in the markets in which they operate. And our research—widely considered the "gold standard" on women in corporate leadership—identifies major barriers to women's advancement and predicts the most effective strategies for creating sustainable change.

When looking at inequity in the United States, Catalyst focuses on the *Fortune* 500 because these corporations are a barometer of American corporate culture. If inequities persist in America's most powerful and influential companies, they are present in smaller businesses too. Because our Census includes the entire population of *Fortune* 500 companies, we know this is a precise count of women leaders in our nations' top 500 businesses. Our findings, cited in media around the world, reveal the challenges and opportunities for working women and their employers.

In this report, we document that the number of women in *Fortune* 500 leadership positions decreases the further up the corporate ladder one goes and how women's representation in leadership has remained flat over time, regardless of industry. We show how the *Fortune* 500 leadership gap persists even though women comprise nearly half of the U.S. labor force[7] and earn more advanced degrees than men.[8] We discuss how the low representation of women top earners underscores that women continue to be underrepresented in the highest paying positions in corporate America and how the pay gap for women begins with their very first job. Finally, we present the correlation between women's representation in corporate leadership and corporate financial performance, the vital role women play in the United States economy, and the necessary steps to end gender inequity.



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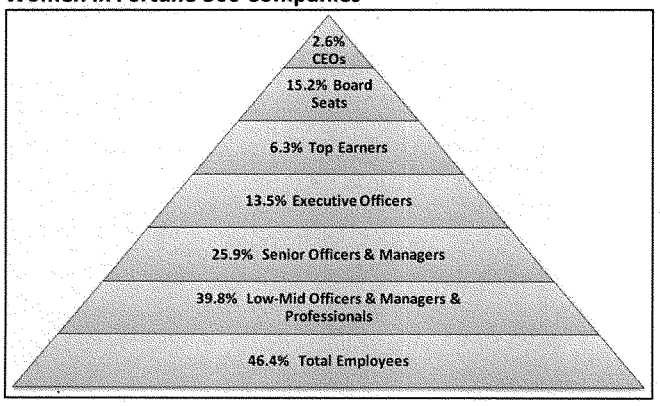
***Women lag men in leadership positions despite being nearly 50 percent of the labor force.***

Women are a critical part of the U.S. labor force, but according to our data, they are stuck in lower levels of management with little, if any, movement upward. If corporate America were a true meritocracy, there would be equal representation of women and men in every job level. Instead, it looks like a pyramid where women are clustered in the lower ranks and lower paying positions, and where few ascend to senior management, CEO or board positions.

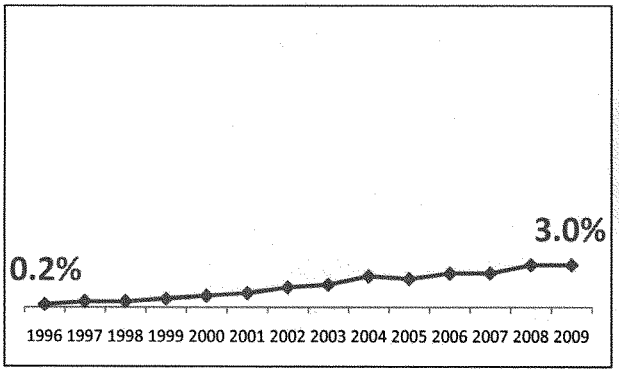
**Women in *Fortune* 500 Companies[9]**




***Women's representation in* Fortune *500 leadership is stagnant over time.***

Progress for women in leadership has moved at a glacial pace. The percentage of women CEOs in the *Fortune* 500 increased by less than two-and-half percentage points over the past 14 years:

***Fortune* 500 Women CEOs[10]**




**2.6%**

*Fortune* 500 Women CEOs as of September 23, 2010



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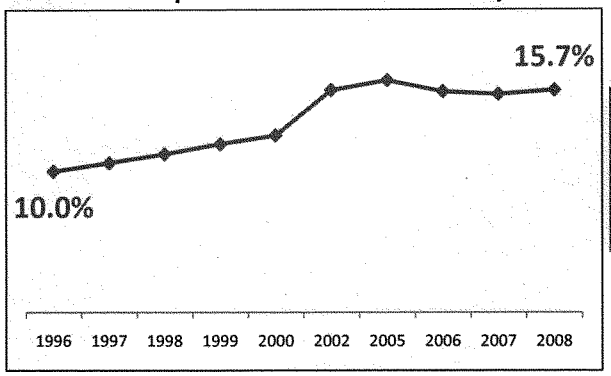
Over the past 13 years, the share of women Corporate Officers increased by less than six percentage points and has remained flat for the past four years:

***Fortune* 500 Corporate Officer Positions Held by Women**[11]

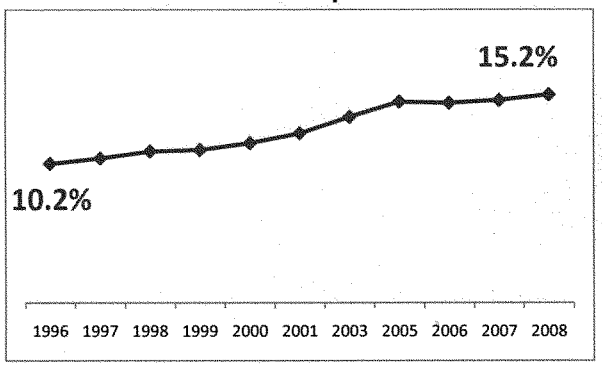



**13.5%**

*Fortune* 500 Executive Officer Positions (2009)

The trend line for corporate board positions has remained stagnant over the past six years, increasing only five percentage points over the past decade:

***Fortune* 500 Board Seats Held by Women**[12]




**15.2%**

*Fortune* 500 Board Seats Held by Women (2009)



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***Women's leadership representation has failed to grow appreciably—regardless of industry.***

Women are severely underrepresented in leadership positions across industry sectors. The percentage of women Executive Officers and board directors in *Fortune* 500 companies is stuck in the teens and single digits, while only about 26% of Senior Officers and Managers are women.

## *Fortune* 500 Catalyst Data and EEOC Data by NAICS Industry

| | Companies[32] | Employees[34] | Women | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | CEOs[35] | Directors[36] | Executive Officers[37] | Senior Officers & Managers[38] | Low-Mid Officers & Managers[39] | Professionals[40] | Total Employees[41] |
| **Retail Trade** | 11.9% | 38.6% | 6.8% | 18.2% | 17.9% | 29.7% | 42.7% | 53.0% | 55.6% |
| **Finance & Insurance** | 16.1% | 11.8% | 2.5% | 16.8% | 18.1% | 33.3% | 47.4% | 50.7% | 58.2% |
| **Manufacturing - Durable Goods** | 19.6% | 11.6% | 1.0% | 12.7% | 9.4% | 16.8% | 21.0% | 26.5% | 26.2% |
| **Manufacturing - Nondurable Goods** | 16.3% | 8.9% | 8.6% | 16.6% | 13.7% | 23.5% | 31.0% | 42.8% | 33.9% |
| **Information** | 5.4% | 6.6% | 3.7% | 14.5% | 12.4% | 31.9% | 36.8% | 36.0% | 40.1% |
| **Transportation & Warehousing** | 5.4% | 6.0% | 0.0% | 10.8% | 12.6% | 18.8% | 27.3% | 18.4% | 24.2% |
| **Accommodations & Food Services** | 2.0% | 5.3% | 0.0% | 18.1% | 15.5% | 32.4% | 46.8% | 50.6% | 54.0% |
| **Professional & Business Services** | 3.4% | 2.4% | 0.0% | 17.6% | 13.0% | 28.9% | 33.3% | 39.6% | 38.8% |
| **Utilities** | 6.5% | 2.2% | 0.0% | 16.9% | 11.7% | 18.5% | 17.3% | 30.5% | 23.4% |
| **Wholesale Trade** | 5.0% | 1.7% | 0.0% | 15.7% | 11.1% | 22.4% | 34.4% | 49.1% | 42.6% |
| **Mining, Quarrying, and Oil & Gas Extraction** | 3.2% | 0.6% | 0.0% | 9.0% | 10.7% | 12.3% | 15.3% | 26.7% | 20.9% |
| | **Overall** | | **3.0%** | **15.2%** | **13.5%** | **25.9%** | **37.0%** | **41.8%** | **46.4%** |



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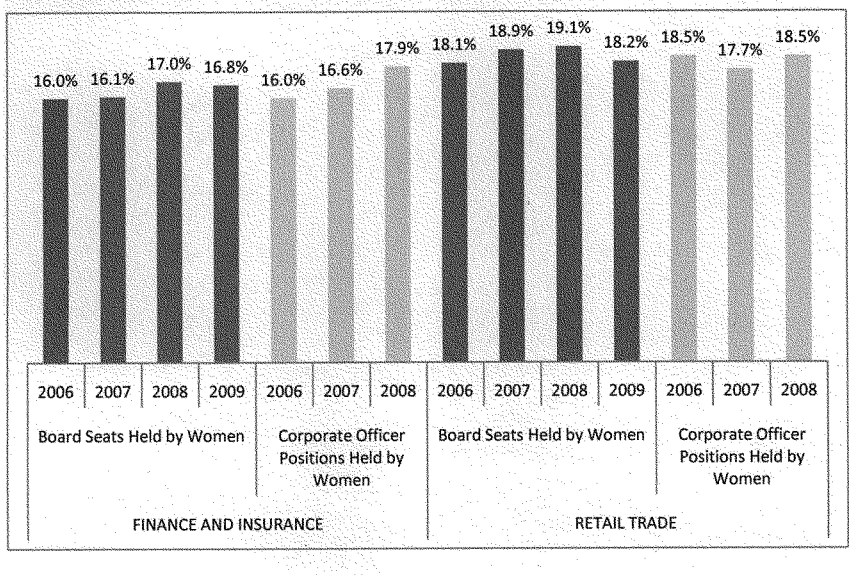
***Women lag men in* Fortune *500 leadership—including in female-prevalent industries.***

One might expect female-prevalent industries would have high representations of women in leadership, but they do not. In fact, in the industries displayed below, the percentage of women-held board seats and corporate officer positions is not substantially different from those of other industries, except in Utilities, Mining, Quarrying, and Oil & Gas Extraction, where women's representation is much lower.

## *Fortune* 500 Women Leaders in Female-Prevalent Industries[22]



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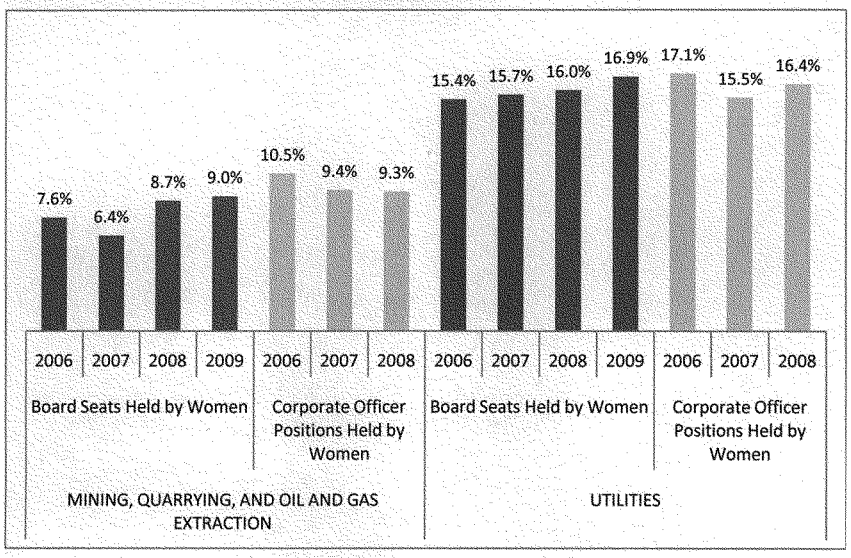
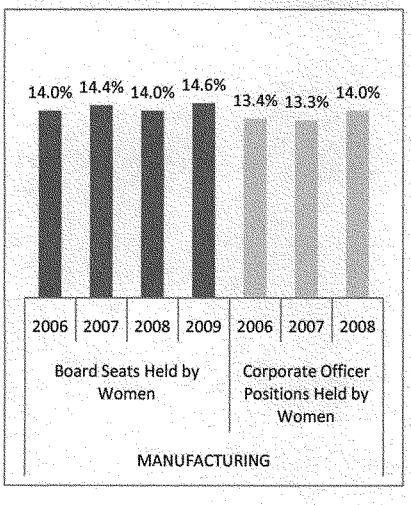
***Fortune* 500 Women Leaders in Male-Dominated Industries**[23]




***Fortune* 500 Women Leaders in the Largest Industry**[24]



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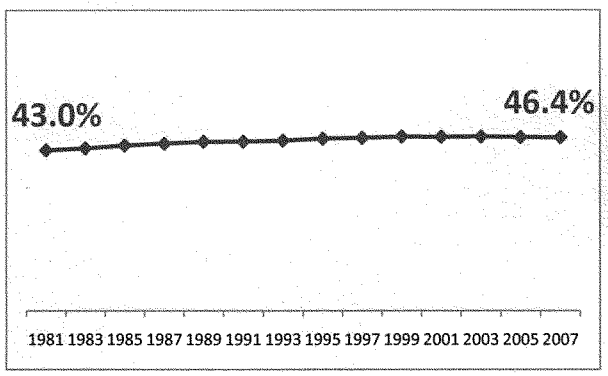
***The* Fortune *500 leadership gap persists despite high female workforce representation and women outpace men in advanced degrees.***

"Give it more time" is often suggested as a solution to the lack of women in business leadership. But women have been near 50% of the workforce for many years and have not advanced to leadership positions.

**Women in Labor Force[25]**

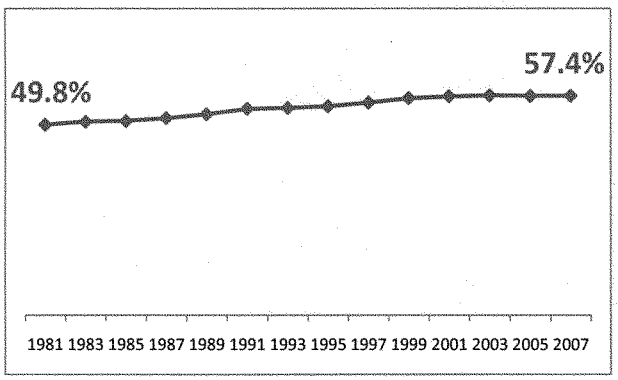



**46.7%**

Women in Labor Force (2009)

Women are not ascending into business leadership despite the fact that women have been outpacing men in earning advanced and professional degrees for many years. Women earned more B.A.s than men starting in 1981-1982:

**Bachelor's Degrees Earned by Women[26]**



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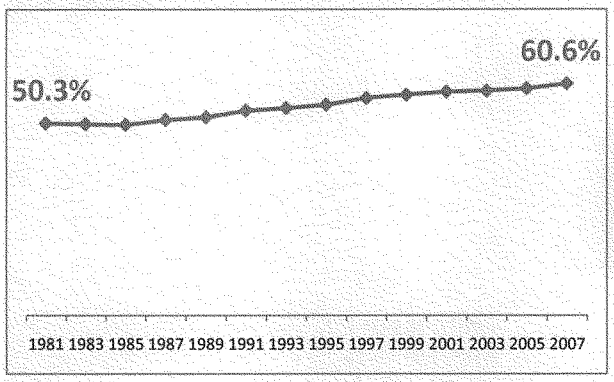
For Master's degrees, women first became the majority in 1980-1981, the figure dropped below 50 percent soon after, then passed 50 percent again in 1985-1986. It has very slowly risen since then:

**Master's Degrees Earned by Women**[27]

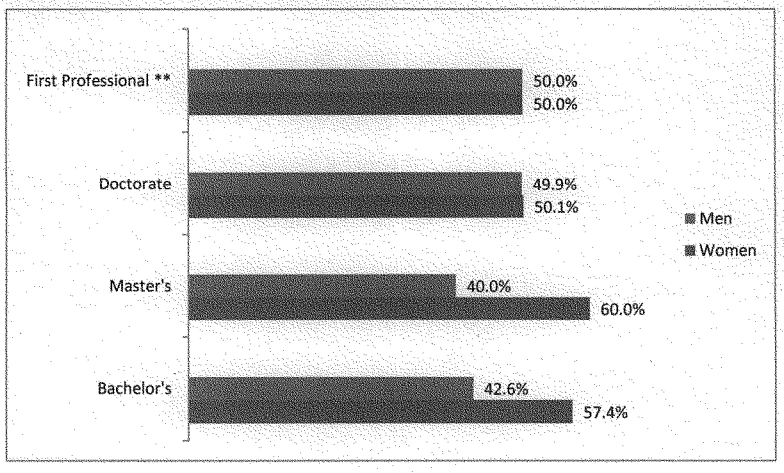



**60.4%**

Master's Degrees Earned by Women (2009)

The chart below shows a snap-shot of the percent of advanced degrees earned by women. Women earn as many or more degrees than men in all categories:

**Degrees Earned by Women, 2006-2007**[28]



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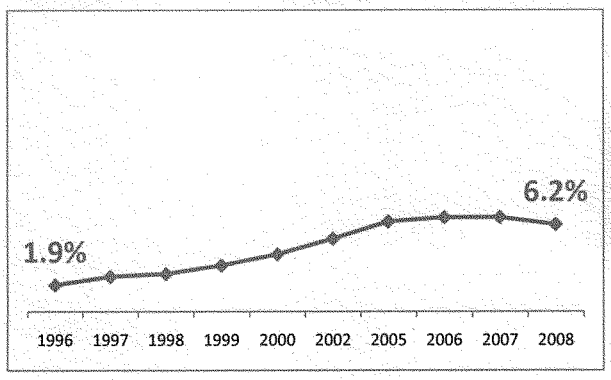
***The pay gap for women at the top reflects a system that continues to perpetuate pay inequity for women in the workplace.***

The low representation of women top earners underscores how women continue to be underrepresented in the highest paying positions in corporate America. Women constitute only 6.3 percent of *Fortune* 500 top earners:

### *Fortune* 500 Top Earner Positions Held by Women[29]




**6.3%**

*Fortune* 500 Top Earner Positions (2009)

***The pay gap for women begins with their very first job—and increases over time.***

Women start behind, and stay behind, equally qualified men. Catalyst's report, *Pipeline's Broken Promise,* surveyed more than 4,100 women and men who earned their MBA degrees between 1996 and 2007 at 26 leading business schools, including 12 in the United States. The results accounted for, among other factors, time elapsed since earning the MBA, years of experience, industry, and region. These factors being equal, the survey found that after business school:[30]

- Women averaged $4,600 less in their initial jobs, after controlling for their job level.
- Women started at lower levels than men, even after controlling for career aspirations and parenthood status.
- Women were outpaced by men in salary growth. In fact, the gap in pay intensified as time went on, and can't be explained by career aspirations or parenthood status.
- Even if they both started at entry level, men progressed more quickly than women up the corporate ladder.
- Although women and men step off the corporate track at equal rates, women paid a greater penalty than men in position and compensation when they return.
- Men reported greater career satisfaction than women—37 percent of men said they were "very satisfied" with their overall advancement versus 30 percent of women.



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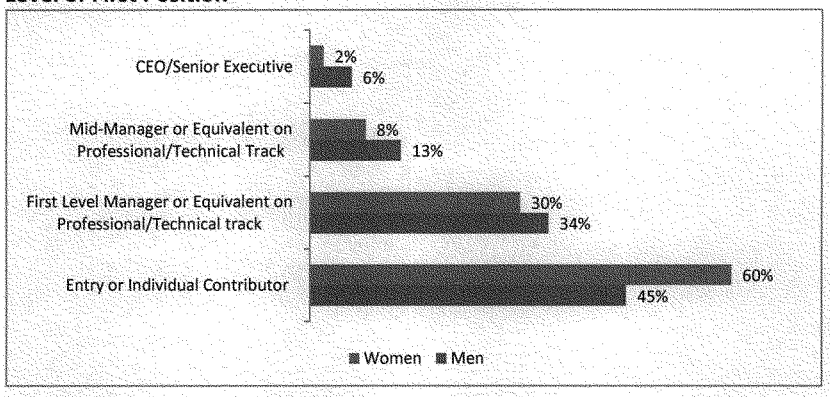
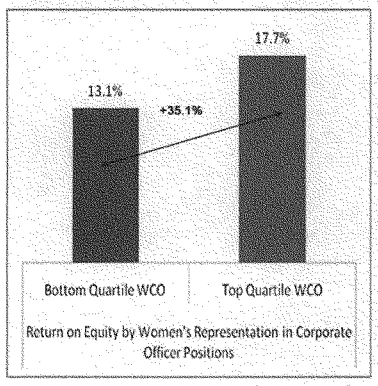
**Level of First Position**[31]

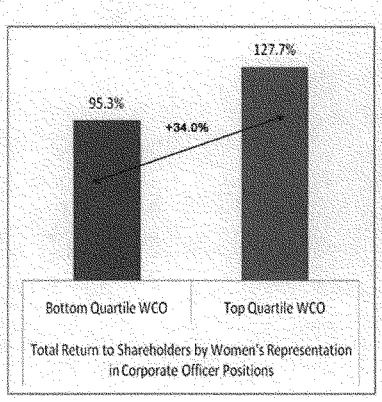



***Women in business leadership are essential to a healthy economy and to business performance.***

Our *Bottom Line* studies discovered that women are a critical factor in company profitability. *The Bottom Line: Connecting Corporate Performance and Gender Diversity* (2004) found that companies with the highest representation of women on their top management teams, on average, experienced better financial performance than companies with the lowest women's representation. This finding holds for both financial measures analyzed: Return on Equity (ROE), which was 35 percent higher, and Total Return to Shareholders (TRS), which was 34 percent higher.[32]

**Corporate Performance and Women's Representation in Corporate Officer Positions**[33]



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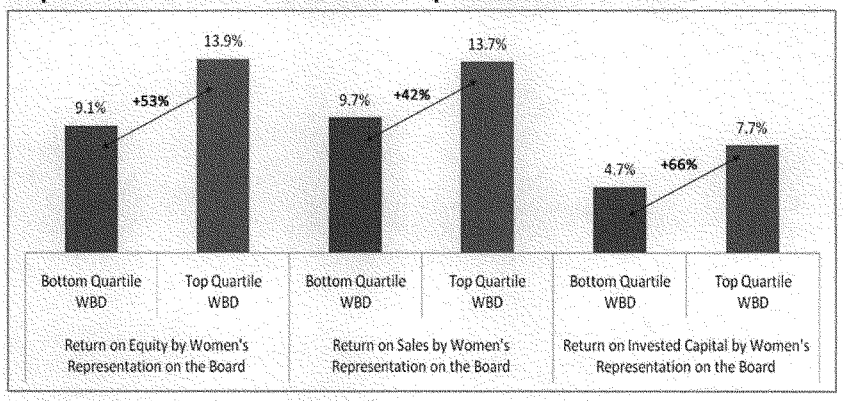
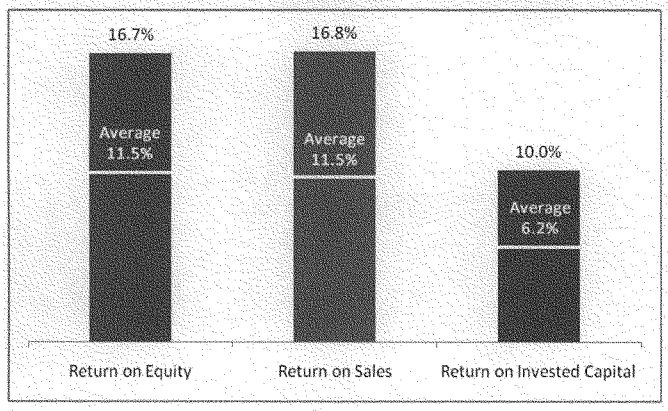
*The Bottom Line: Corporate Performance and Women's Representation on Boards* further linked profitability to women in leadership. We found that companies with more women board members, on average, significantly outperform those with fewer women, by 53 percent on Return on Equity, 42 percent on Return on Sales, and a whopping 66 percent of Return on Invested Capital:[34]

**Corporate Performance and Women's Representation on Boards[35]**




**Financial Performance at Companies with Three or More Women Directors[36]**



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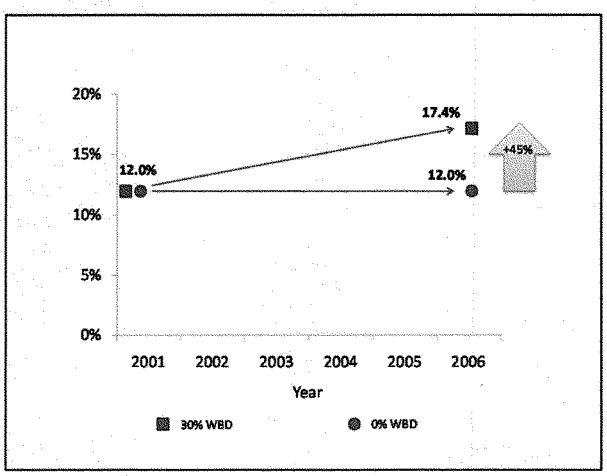
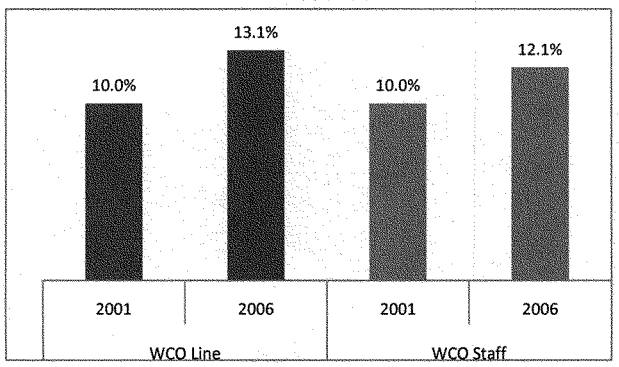
***The percent of women board directors is a predictor of more women Corporate Officers.***

Our report, *Advancing Women Leaders*, revealed that the percent of women in the boardroom predicts the percent of women in senior positions. This report showed that the percent of women in the boardroom impacts women in line roles more than women in staff roles.[37] As Catalyst's *Bottom Line* research has shown, high numbers of women board directors and corporate officers are correlated with increased financial performance. So increasing women's representation in the boardroom and subsequently in corporate leadership holds great promise for companies' financial results.

## Percent of Women Directors Predicts Future Percent of Women Corporate Officers[38]




## Women Directors Predict More Women Officers in Line Positions[39]




13



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## CONCLUSION

**The gender leadership and pay gaps are alive and well.**

Women lag men in *Fortune* 500 leadership positions[40]—and the rate of change per year remains flat across industries, including female-dominated sectors.[41] Women are underrepresented in the highest earning positions in *Fortune* 500 companies.[42] And the glass ceiling starts at the very first job for our most talented young women.[43]

"Giving it more time" is not the answer. These inequities persist despite the fact that for many years women have both earned more advanced degrees than men[44] and have comprised nearly 50 percent of the U.S. labor force.[45] Aggressive efforts are required to ensure that the talent pipeline fueling our nation's most powerful companies—and in effect, our economy—remains full of diverse talent. Companies that exclude women from leadership lose out on half of the talent pool. This is like playing cards with half a deck.

**The solutions are clear.**

When top leadership understands the clear financial case for advancing women to leadership, it sets the tone throughout the organization. Yet the very systems that are put in place to develop the best talent are often fraught with unintended biases that promote only those whose leadership skills match the mostly male leadership currently in place.[46] This problem reinforces assumptions about what a successful leader looks and acts like and produces "more of the same."

Meritocracy and representation should go hand-in-hand. When an organization values women and men equally, the gender balance should be the same at the bottom, in the middle, and the top. The fact that it isn't indicates systemic barriers that interfere with progress for half of the talent pool. This is a waste of human capital. Companies must make sure that top and middle management is held accountable for results in attaining an inclusive workplace. Companies must seek to advance women to leadership and pay equity throughout the system.

Research indicates that inclusive workplaces enhance results because independent thought leads to more innovation.[47] A business where women and men are equally represented at all levels better reflects stakeholders and the marketplace it serves. Only through our focused efforts can we address the challenges first spelled out in The Declaration of Sentiments more than 160 years ago. The pay and leadership gaps don't just harm women. Men, families, businesses, and the U.S. economy all pay a steep price. It is a price that we cannot afford.

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[1] Bureau of Labor Statistics, Annual averages tables from the 2009 Current Population Survey (2010).
[2] *Digest of Education* Statistics (National Center for Education Statistics, 2009).
[3] Michael J. Silverstein and Kate Sayre, with John Butman, *Women Want More: How to Capture Your Share of the World's Largest, Fastest-Growing Market* (New York: HarperCollins, 2009).
[4] Catalyst, *Women CEOs of the Fortune 1000* (2010).
[5] Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census: Fortune 500 Women Board Directors* (Catalyst, 2009).



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[6] Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census: Fortune 500 Women Executive Officers and Top Earners* (Catalyst, 2009).
[7] Bureau of Labor Statistics, Annual averages tables from the 2009 Current Population Survey (2010).
[8] *Digest of Education* Statistics (National Center for Education Statistics, 2009) and Nathan E. Bell, *Graduate Enrollment and Degrees: 1999 to 2009* (Council of Graduate Schools, 2010).
[9] Pyramid statistics do not sum to 100.0% because categories are not mutually exclusive. *Fortune* 500 Total Employees, Low-Mid Officers & Managers and Professionals, and Senior Officers & Managers: Unpublished aggregate EEOC data for 2009 *Fortune* 500 companies based on 2009 EEO-1 survey; *Fortune* 500 Executive Officer and Top Earner positions: Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census:* Fortune *500 Women Executive Officers and Top* Earners (Catalyst, 2009); *Fortune* 500 board seats: Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census:* Fortune *500 Women Board Directors* (Catalyst, 2009); *Fortune* 500 CEOs: Catalyst, *Women CEOs of the* Fortune *1000* (2010).
[10] The chart displays the percent of women CEOs at the time *Fortune* magazine publishes their annual *Fortune* 500 list. Catalyst, *Women CEOs in the* Fortune *Lists: 1972-2010* (2010); the most recent data displays the percent of women CEOs. Catalyst, *Women CEOs of the* Fortune *1000* (2010).
[11] Catalyst, *2005 Catalyst Census of Women Corporate Officers and Top Earners of the* Fortune *500* (2006); Catalyst, *2006 Catalyst Census of Women Corporate Officers and Top Earners of the* Fortune *500* (2007); Catalyst, *2007 Census of Women Corporate Officers and Top Earners of the* Fortune *500* (2007); Catalyst, *2008 Catalyst Census of Women Corporate Officers and Top Earners of the* Fortune *500* (2008); Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census:* Fortune *500 Women Executive Officers and Top Earners* (Catalyst, 2009).
[12] Catalyst, *2005 Catalyst Census of Women Board Directors of the* Fortune *500* (2006); Catalyst, *2006 Catalyst Census of Women Board Directors of the* Fortune *500* (2007); Catalyst, *2007 Catalyst Census of Women Board Directors of the* Fortune *500* (2007); Catalyst, *2008 Catalyst Census of Women Board Directors of the* Fortune *500* (2009); Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census:* Fortune *500 Women Board Directors*.
[13] Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census* (Catalyst, 2009).
[14] Unpublished aggregate EEOC data for 2009 *Fortune* 500 companies based on 2009 EEO-1 survey.
[15] Catalyst, *Women CEOs of the* Fortune *1000* (2010).
[16] Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census:* Fortune *500 Women Board Directors* (Catalyst, 2009).
[17] Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census:* Fortune *500 Women Executive Officers and Top* Earners (Catalyst, 2009).
[18] Unpublished aggregate EEOC data for 2009 *Fortune* 500 companies based on 2009 EEO-1 survey.
[19] Unpublished aggregate EEOC data for 2009 *Fortune* 500 companies based on 2009 EEO-1 survey.
[20] Unpublished aggregate EEOC data for 2009 *Fortune* 500 companies based on 2009 EEO-1 survey.
[21] Unpublished aggregate EEOC data for 2009 *Fortune* 500 companies based on 2009 EEO-1 survey.
[22] Catalyst, *2006 Catalyst Census of Women Board Directors of the* Fortune *500* (2007); Catalyst, *2007 Catalyst Census of Women Board Directors of the* Fortune *500* (2007); Catalyst, *2008 Catalyst Census of Women Board Directors of the* Fortune *500* (2009); Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census:* Fortune *500 Women Board Directors*; Catalyst, *2006 Catalyst Census of Women Corporate Officers and Top Earners of the* Fortune *500* (2007); Catalyst, *2007 Census of Women Corporate Officers and Top Earners of the* Fortune *500* (2007); Catalyst, *2008 Catalyst Census of Women Corporate Officers and Top Earners of the* Fortune *500* (2008).
[23] Catalyst, *2006 Catalyst Census of Women Board Directors of the* Fortune *500* (2007); Catalyst, *2007 Catalyst Census of Women Board Directors of the* Fortune *500* (2007); Catalyst, *2008 Catalyst Census of Women Board Directors of the* Fortune *500* (2009); Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census:* Fortune *500 Women Board Directors*; Catalyst, *2006 Catalyst Census of Women Corporate Officers and Top Earners of the* Fortune *500* (2007); Catalyst, *2007 Census of Women Corporate Officers and Top Earners of the* Fortune *500* (2007); Catalyst, *2008 Catalyst Census of Women Corporate Officers and Top Earners of the* Fortune *500* (2008).
[24] Catalyst, *2006 Catalyst Census of Women Board Directors of the* Fortune *500* (2007); Catalyst, *2007 Catalyst Census of Women Board Directors of the* Fortune *500* (2007); Catalyst, *2008 Catalyst Census of Women Board Directors of the* Fortune *500* (2009); Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census:*



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Fortune *500 Women Board Directors*; Catalyst, *2006 Catalyst Census of Women Corporate Officers and Top Earners of the* Fortune *500* (2007); Catalyst, *2007 Census of Women Corporate Officers and Top Earners of the* Fortune *500* (2007); Catalyst, *2008 Catalyst Census of Women Corporate Officers and Top Earners of the* Fortune *500* (2008).

[25] Current Population Survey, Bureau of Labor Statistics, "Table 2: Employment status of the civilian noninstitutional population 16 years and over by sex, 1973 to date," *Annual Averages 2009* (2010). http://www.bls.gov/cps/cpsaat2.pdf

[26] *Digest of Education* Statistics (National Center for Education Statistics, 2009) and Nathan E. Bell, *Graduate Enrollment and Degrees: 1999 to 2009* (Council of Graduate Schools, 2010).

[27] *Digest of Education* Statistics (National Center for Education Statistics, 2009) and Nathan E. Bell, *Graduate Enrollment and Degrees: 1999 to 2009* (Council of Graduate Schools, 2010).

[28] ** Category includes the following degrees: Chiropractic, Dentistry, Law, Medicine, Optometry, Osteopathic Medicine (D.O.), Pharmacy (Pharm.D.), Podiatry (D.P.M., D.P., or Pod.D.), Theology (M.Div., M.H.L., B.D., or Ordination), Veterinary Medicine (D.V.M.). National Center for Education Statistics, Digest of Education Statistics, "Table 268: Degrees conferred by degree-granting institutions, by level of degree and sex of student: Selected years, 1869-70 through 2017-18" (2008).

[29] Catalyst, *2005 Catalyst Census of Women Corporate Officers and Top Earners of the* Fortune *500* (2006); Catalyst, *2006 Catalyst Census of Women Corporate Officers and Top Earners of the* Fortune *500* (2007); Catalyst, *2007 Census of Women Corporate Officers and Top Earners of the* Fortune *500* (2007); Catalyst, *2008 Catalyst Census of Women Corporate Officers and Top Earners of the* Fortune *500* (2008); Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census:* Fortune *500 Women Executive Officers and Top Earners* (Catalyst, 2009).

[30] Nancy M. Carter and Christine Silva, *Pipeline's Broken Promise* (Catalyst, 2010).

[31] Nancy M. Carter and Christine Silva, *Pipeline's Broken Promise* (Catalyst, 2010).

[32] Catalyst, *The Bottom Line: Connecting Corporate Performance and Gender Diversity* (2004).

[33] Catalyst, *The Bottom Line: Connecting Corporate Performance and Gender Diversity* (2004).

[34] Lois Joy, Nancy M. Carter, Harvey M. Wagner, and Sriram Narayanan, *The Bottom Line: Corporate Performance and Women's Representation on Boards* (Catalyst, 2007).

[35] Lois Joy, Nancy M. Carter, Harvey M. Wagner, and Sriram Narayanan, *The Bottom Line: Corporate Performance and Women's Representation on Boards* (Catalyst, 2007).

[36] Lois Joy, Nancy M. Carter, Harvey M. Wagner, and Sriram Narayanan, *The Bottom Line: Corporate Performance and Women's Representation on Boards* (Catalyst, 2007).

[37] Lois Joy, *Advancing Women Leaders: The Connection Between Women Board Directors and Women Corporate Officers* (Catalyst, 2008).

[38] Lois Joy, *Advancing Women Leaders: The Connection Between Women Board Directors and Women Corporate Officers* (Catalyst, 2008).

[39] Lois Joy, *Advancing Women Leaders: The Connection Between Women Board Directors and Women Corporate Officers* (Catalyst, 2008).

[40] Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census:* Fortune *500 Women Executive Officers and Top Earners* (Catalyst, 2009); Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census:* Fortune *500 Women Board Directors*; Unpublished aggregate EEOC data for 2009 *Fortune* 500 companies based on 2009 EEO-1 survey.

[41] Catalyst, *2006 Catalyst Census of Women Board Directors of the* Fortune *500* (2007); Catalyst, *2007 Catalyst Census of Women Board Directors of the* Fortune *500* (2007); Catalyst, *2008 Catalyst Census of Women Board Directors of the* Fortune *500* (2009); Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census:* Fortune *500 Women Board Directors*; Catalyst, *2006 Catalyst Census of Women Corporate Officers and Top Earners of the* Fortune *500* (2007); Catalyst, *2007 Census of Women Corporate Officers and Top Earners of the* Fortune *500* (2007); Catalyst, *2008 Catalyst Census of Women Corporate Officers and Top Earners of the* Fortune *500* (2008).

[42] Rachel Soares, Nancy M. Carter, and Jan Combopiano, *2009 Catalyst Census:* Fortune *500 Women Executive Officers and Top Earners* (Catalyst, 2009).

[43] Nancy M. Carter and Christine Silva, *Pipeline's Broken Promise* (Catalyst, 2010).

[44] *Digest of Education* Statistics (National Center for Education Statistics, 2009) and Nathan E. Bell, *Graduate Enrollment and Degrees: 1999 to 2009* (Council of Graduate Schools, 2010).



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[45] Bureau of Labor Statistics, Annual averages tables from the 2009 Current Population Survey (2010).
[46] Anika K. Warren, *Cascading Gender Biases, Compounding Effects: An Assessment of Talent Management Systems* (Catalyst, 2009).
[47] Scott Page, *The Difference: How the Power of Diversity Creates Better Groups, Firms, Schools, and societies* (Princeton University Press, 2007); Fidan Ana Kurtus, "The Effect of Heterogeneity on the Performance of Employees and Organizational Divisions of the Firm," (paper presented at the annual conference of the Society for Labor Economics, New York, NY, May 9-10, 2008); Corinne Post and Emilio De Lia, et al "Capitalizing On Thought Diversity For Innovation," *Research Technology Management* ,vol. 2, no. 6 (Nov/Dec 2009): p. 14-25.



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## Appendix

### Testimony Data

For the purposes of this testimony, Catalyst utilized data from the following sources. To examine trends about women board directors, Catalyst analyzed data from the years 1996 – 1999; 2003; and 2005-2009. To examine trends about women Corporate Officers, Catalyst analyzed data from the years 1996-2000; 2002; and 2005-2008. To examine the current representation of women Executive Officers, Catalyst analyzed data from 2009. To investigate the current status of women in the pipeline to senior leadership positions, Catalyst obtained from the Equal Opportunity Employment Commission (EEOC) unpublished aggregate data from the 2009 EEO-1 survey for the 496 companies included in the 2009 Catalyst Census reports.[1] For each company, the EEOC data comprises all full-time and part-time employees[2] at the time the company submitted the consolidated EEO-1 form.[3]

To examine trends in women's representation by industry, Catalyst explored the historical status of women in male-dominated and female-prevalent industries, as well as the largest industry on the *Fortune* 500 list. Male-dominated industries are those in which women account for 25% or less of all individuals employed in the field.[4] Because there are very few female-dominated industries,[5] Catalyst examined female-prevalent industries, or those in which women account for more than 40% of all those employed in the field. The manufacturing industry, which accounts for about one-third of *Fortune* 500 companies, has been the largest industry for many years.

To examine the current pipeline of women leaders by industry sector, Catalyst excluded any industry sector with fewer than 10 companies represented in the 2009 *Fortune* 500 list: Agriculture, Forestry, Fishing and Hunting (3 companies); Arts, Entertainment, and Recreation (0); Construction (9); Educational Services (0); Health Care and Social Assistance (6); Real Estate and Rental and Leasing (7); Other Services Except Public Administration (0); and Public Administration (0).

### Catalyst Census Objectives and Methodology

Catalyst designed the annual Census report series to establish an accurate gauge of women's representation at the highest levels of corporate America, both in the boardroom and in senior leadership positions. The purpose of this research is to provide points of comparison across time with the goal of promoting women's advancement in business and garnering attention for this issue.

Catalyst's research methodology is a true census that counts all elements of the population. This research design differentiates our research from studies that utilize survey methodologies because it removes the need for a sample, thereby producing a more precise picture of women's status and progress. Catalyst studies *Fortune* 500 companies as the population for the Census report series because not only are these the largest companies by revenue in the United States each year, but they are also widely recognized as the most powerful and influential businesses.

### *Historical Methodology of Catalyst Census:* Fortune *500*[6]

General Report

From 1996–2005, the Catalyst *Fortune* 500 Census used a consistent two-part methodology to study women in corporate leadership, both on boards and in management positions. First, Catalyst gathered



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data from publicly available sources, including annual reports, proxy statements, and company websites. Catalyst then authenticated the public source data through a verification process. Catalyst sent a letter to contacts at each of the *Fortune* 500 companies to verify or correct the public source data by letter, fax, or telephone. In any instance where a company failed to respond to multiple requests for verification, Catalyst utilized publicly available information for analysis. While Catalyst outlined guidelines for companies to identify Corporate Officers through the verification process, companies ultimately self-defined their Corporate Officers.

In 2005, Catalyst compared the data gathered from public sources to the verified data and found no statistical difference. From 2006-2008, Catalyst gathered data from publicly available annual reports, proxy statements, and company websites. Because companies choose the individuals listed in public sources, companies were still involved in the process of defining their Corporate Officers.

In 2009, Catalyst implemented a change in methodology to facilitate a focus on top leadership and provide a more reliable comparison across companies and industries. Catalyst gathered data from publicly available Securities and Exchange Commission (SEC) annual filings submitted by June 30, 2009. For insurance companies that do not file with the SEC, Catalyst obtained data from the National Association of Insurance Commissioners' (NAIC) regulatory database of key annual statements submitted by June 30, 2009. Data collected by the SEC and NAIC comply with federal or state requirements governing the content and timing of the filings, resulting in more equivalent comparisons across companies. Although companies ultimately determine which individuals qualify to be listed in the filings, the decision is based on common definitions and regulations.

As a result of the change in data collection method, the population counted in the *2009 Catalyst Census:* Fortune *500 Women Board Directors* report is composed of those listed in SEC filings as serving on the board up to the annual meeting of shareholders and those listed in NAIC filings as Directors. The population of directors was not significantly altered by the methodology change, permitting comparisons to data from previous Catalyst Censuses of Board Directors.

The population counted in the *2009 Catalyst Census:* Fortune *500 Women Executive Officers and Top Earners* report is composed of those listed as Executive Officers[7] in SEC filings and those listed as Officers in NAIC filings. Executive Officers are generally a subset of the Corporate Officer population as defined in previous Catalyst Census reports. The population change makes comparisons to data from previous Catalyst Censuses of Corporate Officers inappropriate. In practice, the typical differences between Executive and Corporate Officers are:

| Executive Officers | Corporate Officers |
|---|---|
| Appointed or elected by the board of directors | Selected by CEO |
| Includes CEO and up to two reporting levels below | Includes CEO and up to four reporting levels below |
| Defined by SEC | Defined by company |



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### Industry Data Collection and Analysis

From 1996–2005, industry classifications were based on the fifty or more industry groups from each year's *Fortune* list. The exact number and name of the industry groups varied with each list.

From 2006–2008, industry classifications were coded by Catalyst into the 20 two-digit sector codes of the North American Industrial Classification System (NAICS). Not all 20 sector codes are represented on the *Fortune* list every year.

In 2009, industry classifications were coded by Catalyst into the 20 two-digit NAICS sectors with two modifications adopted from the NAICS Supersectors for the Current Employment Statistics Program. Manufacturing (Sectors 31–33) was reclassified into two sectors: Durable Goods and Nondurable Goods. Three sectors, Professional, Scientific, and Technical Services (Sector 54); Management of Companies and Enterprises (Sector 55); and Administrative and Support and Waste Management and Remediation Services (Sector 56) were aggregated into one sector, Professional and Business Services. As a result of these changes, there were 19 industries.

### Race/Ethnicity Data Collection and Analysis

From 2001–2009, Catalyst utilized many sources to gather data about the race/ethnicity of women board directors, including previous Catalyst Census data, people of color associations' publications, and biographies. Catalyst also emailed and telephoned contacts at *Fortune* 500 companies to request the verification of the collected race/ethnicity data. Additionally, Catalyst wrote to women board directors for self-verification through email and mail. Each year, data analysis is based on a sample of companies that either a) have complete race/ethnicity data for each woman board director or b) have no women board directors.[8]

## Catalyst Bottom Line Objectives and Methodology

Catalyst designed the Bottom Line report series to investigate the hypothetical link between gender diversity in corporate leadership, both in senior management and in the boardroom, and financial performance. These are correlational studies that do not prove or imply causation.

For each report, Catalyst compiled a list of all companies that appeared in the *Fortune* 500 for a specific time period, after accounting for name changes and merger and acquisitions activity. Financial data for the companies examined were obtained from the Standard & Poor's Compustat database. Gender diversity data for senior leadership teams and boards of directors were compiled from Catalyst's *Fortune* 500 Census report series.

To analyze the data, Catalyst divided companies into quartiles based on the average percentage of women leaders across the specific time period. The top quartile included the companies with the highest average percentage of women leaders, while the bottom quartile included the companies with the lowest average percentage of women leaders.



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***The Bottom Line: Connecting Corporate Performance and Gender Diversity***

Data and Analysis

Catalyst compiled a list of all companies appearing in the *Fortune* 500 from 1996 to 2000. The sample was narrowed by excluding companies with fewer than four years of data on financial performance and gender diversity of the top management team, resulting in a sample of 353 companies. The top quartile contained 88 companies, while the bottom quartile contained 89 companies.

The Return on Equity (ROE) measure for each company is the average of annual ROEs from 1996 to 2000. An average of the annual ROEs for the period shows the returns for the long-term, reducing the impact of any unusual year-to-year fluctuations. The Total Return to Shareholders (TRS) measure is the cumulative total shareholder return over the period 1996 to 2000 for which data are available. This measure adjusts for both stock splits and stock dividends. Gender diversity of top management teams was determined by averaging the annual percentages of women Corporate Officers over the period between 1996 and 2000.

***The Bottom Line: Corporate Performance and Women's Representation on Boards***

Data and Analysis

Catalyst compiled a list of all companies that appeared in the *Fortune* 500 in 2001 and 2003, resulting in a sample of 520 companies. The top quartile contained 132 companies, while the bottom quartile contained 129 companies.

The ROE, the Return on Sales (ROS), and the Return on Invested Capital (ROIC) measures for each company are the average of each from 2001 to 2004. Gender diversity of the board of directors was determined by averaging the annual percentages of women board directors in 2001 and 2003.

**Catalyst Advancing Women Leaders Methodology**

Catalyst designed the Advancing Women Leaders report to investigate the hypothetical link between the representation of women on boards in the past and the future representation of women in Corporate Officer ranks. Catalyst also sought to expand research in this area by investigating the potential connection between women on boards and women in line positions. This is a correlational study that does not prove or imply causation.

Data and Analysis

Catalyst compiled a list of all companies that appeared in the *Fortune* 500 in 2000, 2001, and 2006, resulting in a matched sample of 359 companies. For these companies, Catalyst utilized women Corporate Officer data from the 2000 and 2006 Catalyst Census reports, as well as women board director data from the 2001 Catalyst Census report.

Using regression analysis, Catalyst examined the relationship between the percentage of women board directors that a Fortune 500 company had in 2001 and the percentage of women Corporate Officers the same company had in 2006. The analysis controlled for the effects of industry, revenue, and the percentage of corporate officer positions held by women in 2000.



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## Definitions

**Corporate Officers.** Corporate Officers are recognized as the leaders of a company. They have day-to-day responsibilities for operations, policymaking responsibility, and the power to legally bind their corporations. In practice, Corporate Officers typically are within four reporting levels of the CEO and are defined by the company. Nomenclature used by companies includes groups such as: company officers, corporate management, executive management, senior officers, senior management, and senior leadership team. Common titles of corporate officers include: "Chief" titles, Executive Vice President, Senior Vice President, and Vice President. Catalyst ceased studying the *Fortune* 500 Corporate Officer population in 2008.

**Executive Officers.** Executive Officers are a specific group of individuals, legally defined by the Securities and Exchange Commission (SEC) in the United States as: "a company's president, any vice-president of the registrant in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs similar policy making functions for company. Executive officers of subsidiaries may be deemed executive officers of the registrant if they perform such policy making functions for the registrant."[9] In practice, Executive Officers represent the highest level of senior leadership, typically within two reporting levels of the CEO and generally appointed by the board of directors. Executive Officers represent a segment of the Corporate Officer population as defined in previous Catalyst Census reports. Catalyst has been studying the Executive Officer population since 2009.

***Fortune* 500.** *Fortune* magazine's ranking of the top 500 U.S. incorporated companies filing financial statements with the government is based on each company's gross annual revenue. Included in the list are public companies, private companies, and cooperatives that file a 10-K with the Securities and Exchange Commission (SEC), and mutual insurance companies that file with state regulators.[10]

**Line Officers.** Line officers are responsible for a company's profits and losses. Examples include positions within functions such as supply chain, marketing, or sales.

**Low-Mid Level Officials & Managers and Professionals**. Catalyst combined two categories to create the Low-Mid Level Officials & Managers and Professionals level of the "Women in *Fortune* 500 Companies" chart. Please refer to EEOC definitions for more information.[11]

**Quartile analysis.** Catalyst divided the sample of companies into four sections based on women's representation. The top quartile included the companies with the highest average percentage of women leaders, while the bottom quartile included the companies with the lowest average percentage of women leaders.

**Race/Ethnicity.** The race/ethnicity category definitions used by Catalyst were established by the U.S. Census Bureau. Catalyst uses 6 categories to report information about race/ethnicity.[12]

**Return on Equity (ROE).** The ratio of after-tax net profit to stockholders' equity.

**Return on Invested Capital (ROIC).** The ratio of after-tax net operating profit to invested capital.

**Return on Sales (ROS).** The pre-tax net profit divided by revenue.

**Senior Level Officials & Managers**. Please refer to EEOC definitions for more information.[13]

**Staff Officers.** Staff officers are responsible for the auxiliary functioning of the business. Examples include positions within functions such as human resources, corporate affairs, legal, and finance.

**Top Earner.** As per Item 402 of Regulation S-K (§ 229.402), paragraph (a)(3), federal securities laws require the disclosure of the total compensation of at least five individuals: the principal executive officer (CEO), the principal financial officer (CFO), and the company's three most highly compensated executive officers (excluding the CEO/CFO) as of the company's fiscal year end. Furthermore, companies



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must disclose the total compensation of up to two additional individuals who would have been top earners except for the fact that these individuals were not employed as Named Executive Officers as of the company's fiscal year end.[14]

Catalyst reports on top earners for *Fortune* 500 companies that file annual 10-K reports and Proxy statements with the Securities and Exchange Commission (SEC). In 2009, Catalyst defined top earners as those current Executive Officers whose total compensation is among the top five amounts disclosed; prior to 2009 Catalyst defined top earners as those current Corporate Officers whose total compensation is among the top five amounts disclosed. A company can thus have five or fewer top earners. Because Catalyst views the representation of women top earners as a proxy for status in the organization rather than a method to measure pay inequity, Catalyst does not track the compensation amounts of top earners.

**Total Return to Shareholders (TRS).** The sum of stock price appreciation plus reinvestment of dividends declared over a calendar year

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[1] 2009 analysis is based on 496 companies. Catalyst excluded four companies due to specific events: two declared bankruptcy, one was acquired, and one delisted with the SEC.

[2] Employees are defined as "any individual on the payroll of an employer who is an employee for purposes of the employers withholding of Social Security taxes except insurance sales agents who are considered to be employees for such purposes solely because of the provisions of 26 USC 3121 (d) (3) (B) (the Internal Revenue Code)."

[3] Equal Employment Opportunity, Standard Form 100, Employer Information Report EEO-1 Instruction Booklet (2006) http://www.eeoc.gov/employers/eeo1survey/2007instructions.cfm.

[4] Current Population Survey, Bureau of Labor Statistics, "Table 18: Employed persons by detailed industry, sex, race, and Hispanic or Latino ethnicity," 2009 Annual Averages (2010).

[5] By definition, female-dominated industries would be those in which men account for 25% or less of all those employed in the field. In 2009, only one 2-digit NAICS code industry qualified as female-dominated: Health Care and Social Assistance. However, this industry has fewer than 10 companies in the 2009 *Fortune* 500 list, making comparisons inappropriate.

[6] Please refer to each publication's methodology section or appendix for more detailed information about the methodology (e.g., verification rates for each year).

[7] Please refer to the definitions section of the appendix for the definition of Executive Officer.

[8] Please refer to each publication for more detailed information about the number of companies included in the race/ethnicity data analysis.

[9] § 240.3b-7 Definition of "executive officer." [47 FR 11464, Mar. 16, 1982, as amended at 56 FR 7265, Feb. 21, 1991] (http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&sid=47b43cbb88844faad586861 c05c81595&rgn=div5&view=text&node=17:3.0.1.1.1&idno=17#17:3.0.1.1.1.1.54.45).

[10] *Fortune* Magazine, *Fortune* 500 http://money.cnn.com/magazines/fortune/fortune500/2009/faq/.

[11] Equal Employment Opportunity Commission, Employer Information Report EEO-1 Instruction Booklet (2006). http://www.eeoc.gov/employers/eeo1survey/upload/instructions_form.pdf.

[12] U.S. Census Bureau, Office of Management and Budget, Revisions to the Standards for the Classification of Federal Data on Race and Ethnicity. http://www.census.gov/population/www/socdemo/race/Ombdir15.html.

[13] Equal Employment Opportunity Commission, Employer Information Report EEO-1 Instruction Booklet (2006). http://www.eeoc.gov/employers/eeo1survey/upload/instructions_form.pdf.

[14] Code of Federal Regulations, Amendment from September 08, 2006, § 229.402 (Item 402) Executive compensation.



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Testimony before the U.S. Congressional Joint Economic Committee Hearing:

**"NEW EVIDENCE ON THE GENDER PAY GAP FOR WOMEN AND MOTHERS IN MANAGEMENT"**
September 28, 2010
Dirksen Senate Office Bldg, Room 106

by Michelle J. Budig

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INTRODUCTION

Chairwoman Maloney and members of the committee, I thank you for the opportunity to speak. My name is Michelle Budig, and I am an Associate Professor of Sociology and Faculty Associate at the Center for Public Policy Administration at the University of Massachusetts. My expertise is in gender, work, and family issues, and most relevant to today, the wage penalty for motherhood and work-family policy.

Today I will testify that a significant portion of the persistent gender gap in earnings, among workers with equivalent qualifications and in similar jobs, is attributable to parenthood. Specifically, to the systematically lower earnings of mothers and higher earnings of fathers, among comparable workers. Thus, **public policies that target the difficulties families face in balancing work and family responsibilities, as well as discrimination by employers by workers' parental status, may be the most effective at reducing the gender pay gap.**

My testimony today will address 4 points. *First,* I will discuss the relative absence of wives and mothers among managers and leaders of organizations. *Second,* I will compare gender pay gaps among young childless workers and among parents. *Third,* I will summarize statistical evidence of unaccountably lower wages for mothers and higher wages for fathers. *Finally,* I will present research on work-family policies and their impact on the wage penalty for motherhood, with an eye to drawing policy implications for the United States.

The report presented by the GAO demonstrated that, relative to men, women in management are younger and less educated. This begs the question, where are the older, more educated and experienced, female mangers? And why are they under-represented? A generation ago we might have hypothesized this relative absence of more senior women was simply due to the lack of qualified and experienced women in potential pool of women managers. However, since the 1980s, these qualifications and experience differences between women and men have eroded, so much so that women now earn college degrees at higher rates than men.[1] If a lack of qualified candidates cannot explain the absence of experienced female managers, what can?

My research and others demonstrates that **a significant portion of gender-based differences in employment, earnings, and experiences of discrimination are increasingly related to parenthood, and the greater struggles of mothers to balance careers and family demands.**

POINT ONE: PARENTHOOD, GENDER, AND EMPLOYMENT

Let us first step back from the pay gap to look at gender differences in the family structures of managers in the GAO report.

[1] U.S. Bureau of Labor Statistics, *Employment and Earnings: January 2010*, Table 7, (accessed 9-22-2010 at http://www.bls.gov/cps/cpsa2009.pdf).



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**Wives and mothers are relatively more absent among managers, compared with the representation of husbands and fathers.**

If we subtract the rates of marriage among men from those among women, we might compute a Managerial Gender Marriage Gap: Women managers are far less likely to be married overall, compared with male managers. This gap in marital rates ranges from 8 to 19 percentage points across industries, with an average gap of 15 percentage points.

Second, if we subtract the rates of parenthood among men from those among women, we would compute a Managerial Gender Parenthood Gap: Women managers are less likely to be mothers, and have smaller family sizes, relative to male managers. The parenthood gap ranges from 0 to 9 percentage points across industries, with an average gap of 6 percentage points.

The absence of mothers and the rise in childlessness among highly skilled women is also found in national data. Table 1 in your handout shows that, controlling for differences in age, marital status, education, and other household income, the gender employment gap among the childless is minimal whereas the gender employment gap among parents is quite large.

Table 1. Likelihood of Being Employed by Parenthood and Gender

| Childless Men | Childless Women | Fathers | Mothers |
|---|---|---|---|
| 88.5% | 82.2% | 93.0% | 73.4% |

Note: Currrent Population Survey data, from statistical models controlling for age, marital status, education, and other household income), Non-institutionalized Civilians, Aged 25-49[1]

Childlessness has risen among American women since the 1970s, and particularly among highly educated women. In 2004, among college educated white women in their 40s, fully 27% were childless.[2] Researchers estimate about 44% of this childlessness is voluntary, while 56% is due to age-related infertility.[3] **A major reason why women delay or forego motherhood is due to the perceived and experienced incompatibility between careers and motherhood.[4]**

Thus, **high-achieving women are forgoing families at rates not observed among high-achieving men.**

Before we move on to considering the link between the persistent gender pay gap and parenthood among the employed, we need to recognize that we are missing the mothers from these statistics. Thus, the mothers who persist are a qualitatively select group, or potentially the cream of the crop, if you will. This implies that our current estimates of the gender pay gap may be much smaller than they would be if mothers were not disproportionately absent from the work force.

POINT TWO: GENDER PAY GAPS AMONG THE CHILDLESS AND AMONG PARENTS



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**In the GAO report, among the mothers who persist in management, their gender pay gap relative to fathers is far larger (ranging from 21% to 34%) than the gender pay gap among childless managers (17% to 24%).**

The shrinking gender gap among young childless workers has captured national attention this month with the highly publicized study by James Chung of Reach Advisors, on the lack of a gender gap among childless workers. Chung, who analyzes data from the American Community Survey, shows that among 20-something unmarried, childless workers in urban areas, there is no gender pay gap.[2] Moreover, in multiple instances in this unencumbered group, women out-earn men. Chung notes that these women are also largely unmarried.

Estimates from my research of the gender pay gaps among full-time workers are presented in table 2 in your handout. **Whereas childless women earn 94 cents of a childless man's dollar, mothers earn only 60 cents of a father's dollar.**

Table 2. Unadjusted Gender Pay Gap for Full-time Employed Civilians, Aged 25 to 49[5]

| Women's Pay per $1 Male Dollar | Mother's Pay per $1 Father Dollar | Childless Woman's Pay per $1 Childless Man's Dollar |
|---|---|---|
| 79¢ | 60¢ | 94¢ |

Note: Author's calculations from Current Population Survey data.

While causality is complex, there is a strong empirical association between the gender gap (pay differences between women and men) and the family gap (pay differences between households with and without children) .[6], [7], [8] Economist Jane Waldfogel's research (1998a) shows that **40% to 50% of the gender gap can be explained by the impact of parental and marital status on men's and women's earnings.** Moreover, Waldfogel (1998b) shows that while the gender pay gap has been decreasing, the pay gap related to parenthood is increasing.

This greater gender inequality found among parents brings me to my next point, the wage penalty for motherhood.

POINT THREE, PART A: THE WAGE PENALTY FOR MOTHERHOOD

The finding that having children reduces women's earnings, even among workers with comparable qualifications, experience, work hours, and jobs, is now well established in the social science literature.[9], [10], [11], [12], [13], [14], [15] In your handout, Table 3 shows the effect of children on earnings from my published research. **All women experience reduced earnings for each additional child they have.** This

[2] http://www.time.com/time/business/article/0,8599,2015274,00.html



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penalty ranges in size from -15% per child among low-wage workers to about 4% per child among high-wage workers.

That mothers work less and may accept lower earnings for more family-friendly jobs explains part of the penalty experienced by low wage workers, and that mothers have less experience, due to interruptions for childbearing, explains a part of the penalty for high-wage workers.

**But a significant motherhood penalty persists even in estimates that account for these differences, such that the size of the wage penalty after all factors are controlled is roughly 3% per child. This means we would expect the typical full-time female worker in 2009[16] to earn roughly $1,100 less per child in annual wages, all else equal.**

Table 3. Effect Each Additional Child on Women's Hourly Wage[17]

| | Low-Wage Women (5th Percentile) | Average Earner (50th Percentile) | High-Wage Women (95th Percentile) |
|---|---|---|---|
| Baseline Model [a] | –15.1% | –5.7% | –3.9% |
| + Controls for Work Hours [b] | –10.6% | –4.0% | –5.0% |
| + Controls for Education, experience, seniority [c] | –11.1% | –2.4% | –2.3% |
| + Controls for Job Characteristics [d] | –4.4% | –1.4% | –2.5% |
| Controlling for all differences, averaging across all women | | -3.0% = $1,100 | |

*Notes:* [a] Model controls for number of children, age of respondent, region of country, population density, marital status, spouse's annual earnings, and spouse's work hours.
[b] Model also controls for usual weekly hours and annual weeks worked.
[c] Model also controls for education, experience, seniority, and employer changes.
[d] Model also controls for level of job gender segregation, professional/managerial status, public sector, irregular shift work, self-employed status, employer-sponsored health insurance, employer-sponsored life insurance, labor union membership, and 12 dummies for industrial sector.

What lies behind this motherhood penalty that is unexplained by measurable characteristics of workers and jobs? One factor may be employer discrimination against mothers. It is difficult to obtain data on discrimination and virtually impossible to match it to outcomes in large-scale national surveys. However, **evidence from experimental and audit studies support arguments of employer discrimination against mothers in callbacks for job applications, hiring decisions, wage offers, and promotions.**[18] Stanford sociologist Shelley Correll's experimental research shows that, after reviewing resumes that differed only in noting parental status, subjects in an experiment systematically rated childless women and fathers significantly higher than mothers on competency, work commitment,



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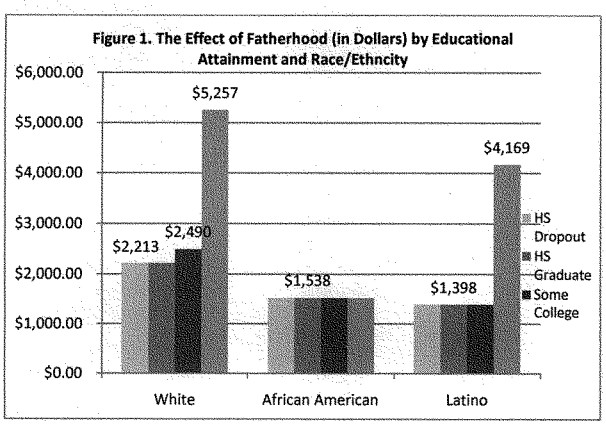
promotability, and recommendations for hire. Most telling, Correll and colleagues found that raters gave mothers the lowest wage offers, averaging $13,000 lower than wage offers for fathers.

This privileging of fathers brings me to my next point.

POINT THREE, PART B: THE WAGE BONUS FOR FATHERHOOD

The motherhood penalty compares women against women to see how children depress their wages. While it is well known that fathers earn more than mothers, new research is highlighting the importance of fatherhood among men in enhancing their wages.[19], [20] A portion of fathers' higher earnings can be explained by the facts fathers tend to work more hours, have more experience, and have higher ranking occupations, relative to childless men. But after we adjust for these differences, we still find a wage bonus for fatherhood, and one that increases with educational attainment. Figure 1 in your handout shows that, **controlling for an array of labor market characteristics, men of all racial/ethnic groups receive a fatherhood bonus in annual earnings, and this bonus is greatest among white and Latino college graduates, whose wages, all else equal, are $4,000 to $5,000 higher than childless men.**




Note: figure taken from Hodges, Melissa J. and Michelle J. Budig. 2010. "Who Gets the Daddy Bonus? Organizational Hegemonic Masculinity and the Impact of Fatherhood on Men's Earnings." *Gender & Society* 24(6): December Issue.

**Putting these sets of findings together, we see that parenthood exacerbates gender inequality in American workplaces. Mothers lose while fathers gain from parenthood, and these penalties and**



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**bonuses are found beyond the differences between parents and childless persons in terms of hours worked, job experience, seniority, and a wide host of other relevant labor market characteristics.**

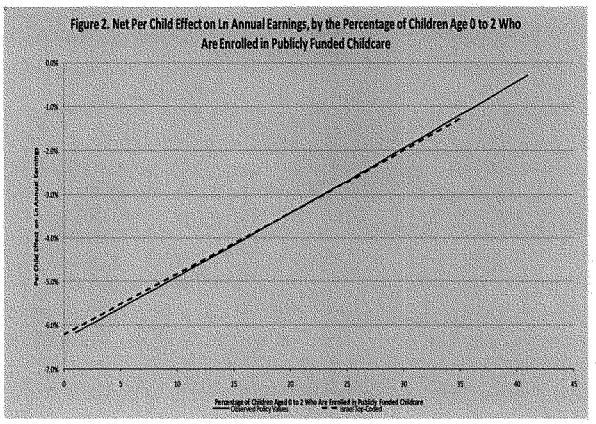
POINT FOUR: POLICY IMPLICATIONS

What kinds of policies might enable mothers to maintain employment, workplaces assist parents in balancing work and family demands, and reducing the gender gap in pay attributable to wage bonuses for fatherhood and wage penalties for motherhood?

In an NSF-funded cross-national study of 22 nations I've been conducting with colleague Joya Misra and student collaborator Irene Boeckmann, we've identified three key policies that are linked to smaller motherhood penalties:

**Universal Early Childhood Education for preschool children and increased availability of affordable, high-quality care for very young children reduces the motherhood wage penalty.**

Figure 2 in your handout shows **the wage penalty for motherhood dramatically declines with the availability of publicly funded childcare for infants under 2 years old.** Whereas we observe motherhood penalties of over 6% per child in countries lacking such care, the motherhood penalty declines toward zero as the enrollment of children in publicly funded infant care approaches 40%.




Note: figure taken from Budig, Michelle J., Joya Misra, and Irene Boeckmann. 2010. "The Cross-National Effects of Work-Family Policies on the Motherhood Wage Penalty: Findings from Multilevel Analyses." Paper presented at the 2010 Annual Meetings of the Population Association of America (Dallas, TX).



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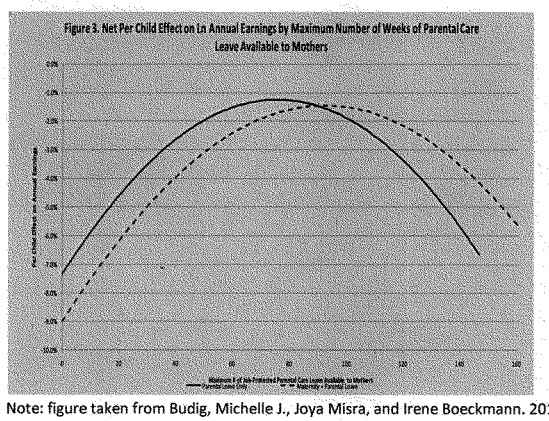
**Universal moderate length job-protected leave following the birth/adoption of a child.**

In the US, FMLA was designed to provide short-term unpaid leave to new parents, as well as other family caregivers. But less than a majority of gainfully employed American workers are covered by this act, due to exemptions of employer types from the law. Of those employers covered by FMLA, researchers estimate only 54% to 77% are in compliance with the law.[21], [22] **FMLA needs to be extended to all workplaces and workers, and ideally should be longer than 12 weeks.**

Cross-nationally, job-protected leaves range up to 3 years, as can be seen on figure 3 in your hand out. Our research shows that countries with very short and countries with very long leaves have the highest motherhood penalties. Job-protected leaves of roughly one year do the best at minimizing the wage penalty for motherhood. Obviously, this is far beyond what is currently offered by FMLA, but emphasizes the importance of such leave in minimizing gender inequality.




Note: figure taken from Budig, Michelle J., Joya Misra, and Irene Boeckmann. 2010. "The Cross-National Effects of Work-Family Policies on the Motherhood Wage Penalty: Findings from Multilevel Analyses." Paper presented at the 2010 Annual Meetings of the Population Association of America (Dallas, TX).

**Short-term paid Maternity AND <u>Paternity</u> leave**

Short-term paid maternity leave (6 to 12 weeks) reduces the likelihood that women will have to exit jobs to recover from childbirth, and increases their ability to return to the same employer upon re-entry. The ability to return to work with the same employer following the birth of a child greatly reduces the wage penalty for motherhood.[23] The effects of paid leave reserved for fathers on the wage penalty for motherhood, cross-nationally are also dramatic. **Our research shows that countries that offer non-transferable paid leave to fathers evidence significantly lower wage penalties to mothers.**



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**Addressing workplace discrimination against mothers and those making use of family benefits.**

Some American workplaces offer various work-family benefits designed to help parents manage work and family responsibilities, such as **paid leave, flexible scheduling, flexible work location, part-time options, and childcare assistance,** these benefits vary in availability and usage across workplaces. Research finds that many employees are unaware of the benefits available, and many employees fear negative impacts on their careers for making use of such policies.[24] Moreover, some research indicates that usage of these policies can exacerbate the motherhood wage penalty. [25] **Federal-level work-family policies could eliminate many of these problems with uneven access across workplaces to work-family assistance, and discrimination against those workers who make use of legally sanctioned work-family benefits.**

CONCLUSION

A significant portion of the persistent gender gap in earnings is attributable to parenthood, specifically, the systematically lower earnings of mothers and higher earnings of fathers, among comparable workers. **To reduce the gender pay gap, public policies should target the difficulties families face in balancing work and family responsibilities, as well as discrimination by employers based on workers' parental status.**

I thank you for your time, I hope my testimony is of use to this committee.

ENDNOTES

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HUDSON
INSTITUTE

# Testimony on the Gender Pay Gap

**Diana Furchtgott-Roth**
**Senior Fellow, Hudson Institute**

**Testimony before the Joint Economic Committee**
**September 28, 2010**

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**Testimony on the Gender Pay Gap**

**Diana Furchtgott-Roth**
**Senior Fellow, Hudson Institute**

Ms. Chairwoman, members of the Committee, I am honored to be invited to testify before your Committee today on the subject of the pay gap between men and women. I have followed and written about this and related issues for many years. I am the author of *How Obama's Gender Policies Undermine America*, a monograph published this month by Encounter Press, and the coauthor of two books on women in the labor force, *Women's Figures: An Illustrated Guide to the Economic Progress of Women in America*, (AEI Press and Independent Women's Forum, 1999) and *The Feminist Dilemma: When Success Is Not Enough* (AEI Press, 2001).

Currently I am a senior fellow at Hudson Institute. From February 2003 until April 2005 I was chief economist at the U.S. Department of Labor. From 2001 until 2003 I served at the Council of Economic Advisers as chief of staff and special adviser. Previously, I was a resident fellow at the American Enterprise Institute. I have served as deputy executive secretary of the Domestic Policy Council under President George H.W. Bush and as an economist on the staff of the Council of Economic Advisers under President Reagan.

The most current figures indicate that women have nearly closed the formerly wide divisions that separated men and women in terms of economic and social status.

Over the past three decades, the average wage gap decreased steadily, as shown in figure 1-1. However, average wage gaps do not represent the compensation of women compared to men in specific jobs, because they average all full-time men and women in the population, rather than comparing men and women in the same jobs with the same experience. Data from the U.S. Department of Labor's Bureau of Labor Statistics that women earned 80 cents for every dollar that men earned in 2008 and in 2009, using full-time median weekly earnings, ignore fundamental differences between jobs, experience, and hours worked.[i]

If we compare wages of men and women who work 40 hours a week, without accounting for any differences in jobs, training, or time in the labor force, Labor Department data show the gender wage ratio increases to 86 percent, as can be seen in figure 1-2.[ii] Marriage and children explain some of the wage gap, because many mothers value flexible schedules. In 2009 single women working



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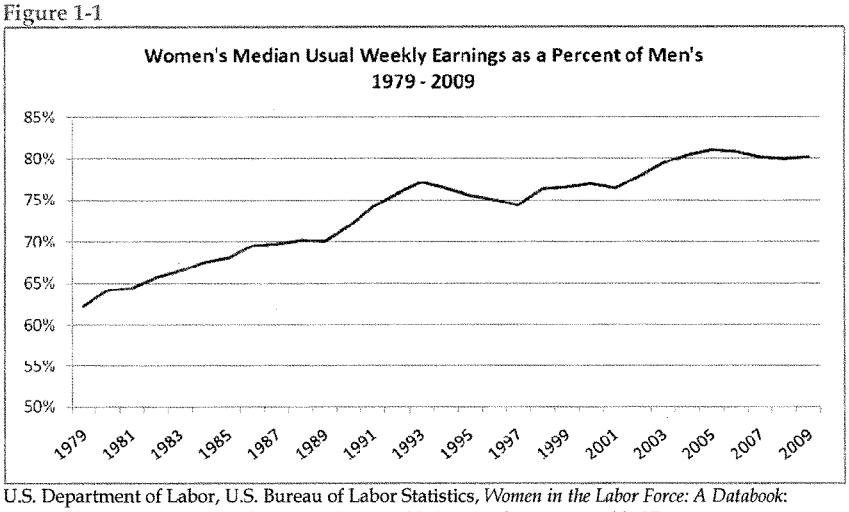
full-time earned 95% of men's earnings, but married women earned 76%, even before accounting for differences in education, jobs, and experience.

Figure 1-1




U.S. Department of Labor, U.S. Bureau of Labor Statistics, *Women in the Labor Force: A Databook*: 2009, table 16; *Employment and Earnings*: January 2010, annual averages, table 37.

When the wage gap is analyzed by individual occupations, jobs and employee characteristics, regional labor markets, job titles, job responsibility, and experience; then the wage gap shrinks even more. When these differences are considered, many studies show that men and women make about the same. For instance, a 2009 study by the economics consulting firm CONSAD Research Corporation, prepared for the Labor Department, shows that women make around 94% of what men make. The remaining six cents are due to unexplained variables, one of which might be discrimination.

In a similar vein, a report by Jody Feder and Linda Levine of the Congressional Research Service entitled "Pay Equity Legislation in the 110th Congress," states that "although these disparities between seemingly comparable men and women sometimes are taken as proof of sex-based wage inequities, the data has not been adjusted to reflect gender difference in all characteristics that can legitimately affect relative wages (for instance, college major or uninterrupted years of employment.)"[iii] Once researchers account for those factors, the gap shrinks considerably.



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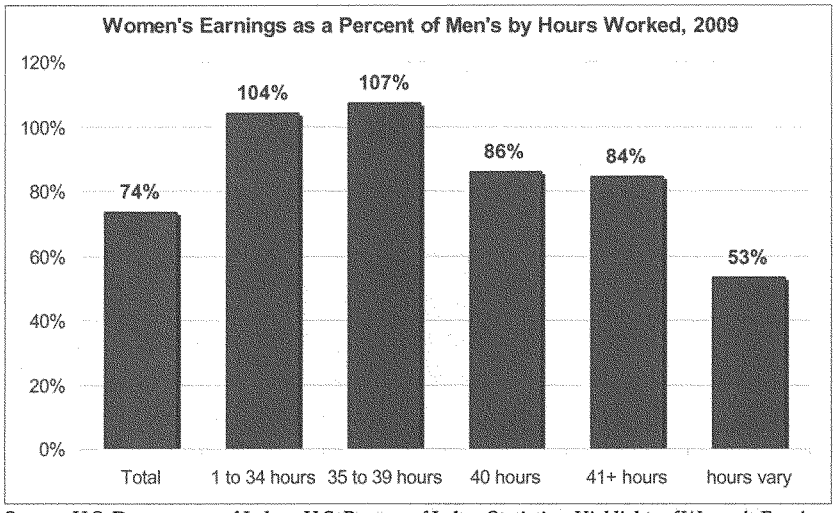
Figure 1-2




Source: U.S. Department of Labor, U.S. Bureau of Labor Statistics, *Highlights of Women's Earnings in 2009*, 2010.

Professor Stephen Jarrell of West Carolina University and Professor T.D. Stanley of Hendrix College point out two other possible statistical faults often found in calculating the wage gap.[iv] First, although it is decreasing, there is a tendency for male researchers to report larger 'discrimination' estimates because in an attempt to be scientifically objective in their research, men tend to overcompensate for the "potential bias implicit in their gender membership."[v] Second, Jarrell and Stanley's analysis of meta-regression results shows that using annual or weekly salaries significantly overestimates the pay gap because women work fewer hours. Therefore, they recommend instead using hourly wages as a more accurate standard.[vi]

Dozens of studies on the gender wage gap that attempt to measure "discrimination" have been published in academic journals in the past couple of decades. Unlike the Bureau of Labor Statistics, which uses simple mathematical tools to calculate the wage ratio, these studies use an econometric technique called regression analysis to measure contributing effects of all factors that could plausibly explain the wage gap. The residual that cannot be explained by any of the included variables is frequently termed as "discrimination." However, it has been found that an increase in the number of explanatory variables significantly reduces the residual portion attributable to "discrimination." Many of these studies suffer from a problem called omitted variable bias, which means that



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they fail to include enough explanatory variables to truly account for all, or even most, of the factors that plausibly affect wages.

A quantitative analysis of studies that reported sex discrimination, conducted by University of Florida professor Henry Tosi and engineer Steven W. Einbender of Electronic Data Systems, found that of the 11 studies showing discrimination, 10 used fewer than 4 explanatory variables. On the other hand, only 3 out of the 10 studies that did not report discrimination used less than 4 explanatory variables.[vii]

Many studies have conducted regression based decomposition analysis in order to infer the relative importance of various factors in forming the wage gap. One such study, by Professor June O'Neill of the City University of New York, shows that the adjusted wage ratio between men and women in 2000 increased from 78.2 percent to 97.5 percent when appropriate explanatory variables were included in calculations.[viii] When data were included on demographics, education, scores on the Armed Forces Qualification Test, and work experience, the wage ratio increased to 91.4 percent. When workplace and occupation characteristics, as well as child-related factors, were added, the wage ratio rose to 95.1 percent. Finally, the addition of the percentage of women in the occupation increased the ratio to 97.5 percent.

Similarly, Professor Marianne Bertrand of the University of Chicago and Professor Kevin Hallock of Cornell University found an insignificant difference in the pay of male and female top corporate executives when factoring in the size of the firm, company position, age, seniority, and tenure.[ix] As table 1-1 shows, when accounting for detailed manager occupation, the female-male wage ratio rises from 56 percent to 87 percent and, when accounting for age and tenure, the wage ratio jumps from 56 percent to 95 percent.

Moreover, studies on the pay gap largely ignore the fringe benefits given to workers that account for approximately one-third of total compensation. Professor Helen Levy of the University of Michigan found in her study that the adjusted own-employer health coverage gap, 0.088, was only half as large as the pay gap, 0.25. Thus, data show smaller gender wage gaps when using both health insurance and wages than wages alone.[x]

Indeed, the rate at which the wage gap is closing has slowed down in recent years, but this is understandable if we take into account the various other factors that are consistent with the slow-down. For one, fertility rates of female college graduates have increased substantially. Professor Qingyan Shang of the University at Buffalo and Professor Bruce Weinberg of Ohio State University conducted a study that analyzed fertility data between 1940 and 2006. The



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results showed an increase in fertility among highly educated female college graduates of all ages since 2000, indicating that women are increasingly opting for family over career.[xi] Thus, motherhood is a major factor behind the slow-down and the pay gap all-together.

Table 1-1

| Comparisons of Literature on Gender Wage Gap | | | | | |
|---|---|---|---|---|---|
| Researcher | Year | Sample From | Factors included in adjusted ratio | F/M Wage Ratio | |
| | | | | Unadjusted | Adjusted |
| Census Bureau | 2008 | Population | Full-time Annual Wages | 0.78 | - |
| BLS | 2008 | Population | Full-time Weekly Wages of Workers who work 40 hours per week | 0.8 | **0.87** |
| Bertrand and Hallock | 2001 | Top Executives, Managers | Industrial Specialization, Firm Size, Average Weekly earnings of workers working over 35 hours, Compensation, Detail Manager Occupation | 0.56 | **0.87** |
| GAO | 2009 | Federal Workers | Breaks in federal service, Unpaid Leave, Education, Occupational differences, Federal experience, Worker characteristics | 0.89 | **0.93** |
| Jane Waldfogel | 1989 | Population | Age, Gender, Race, Education, Hourly wage, Work Experience, Marital Status, Number of Children | 0.84 | **0.95** |
| Bertrand and Hallock | 2001 | Top Executives, Managers | Industrial Specialization, Firm Size, Average Weekly earnings of workers working over 35 hours, Compensation, Age and Tenure of Manager | 0.56 | **0.95** |
| June O'Neill | 2003 | Population | Age, Gender, Race, Education, SMSA, Region, AFQT, work experience, Time lost due to family responsibilities, Class of worker, Occupational Characteristics, Percent female in occupation | 0.78 | **0.97** |

Note: The unadjusted wage ratio includes compensation only.
For the wage ratios provided in Jane Waldfogel's study, 0.84 is the overall female to male wage ratio and 0.95 is the wage ratio of non-mothers to male.

Official labor statistics, graphed in figure 1-3, indicate a higher gender wage ratio for women without any children than for women with children. Thus, mothers tend to have lower wages than women without children. This is widely known as the "mother's penalty," and some argue that it exists because of discrimination. However, various empirical findings prove that it is rather a matter of productivity and preference, than discrimination.



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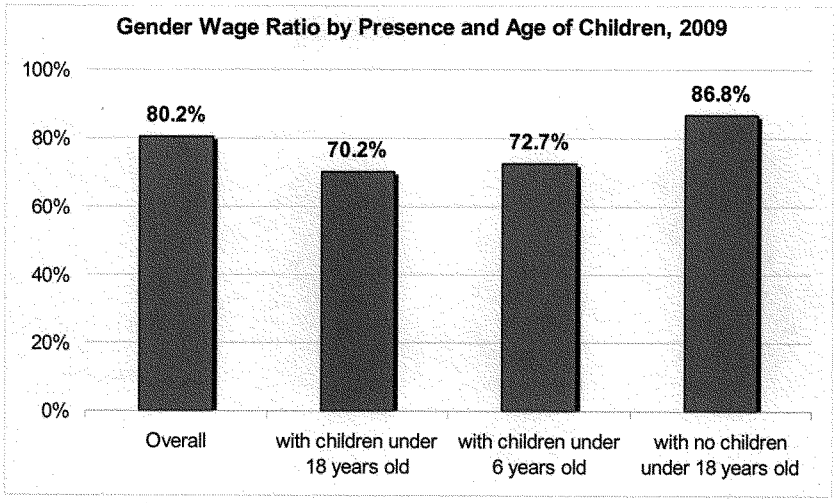
Figure 1-3




Source: U.S. Department of Labor, U.S. Bureau of Labor Statistics, *Highlights of Women's Earnings in 2009*, 2010.

In a study that addresses the notion of how the majority of parenting responsibilities fall on the mother rather than the father, the AAUW writes that "women's personal choices are similarly fraught with inequities."[xii] This statement suggests that what people choose for themselves is not right for them. They are referring to the problem of the "social construct" of gender roles, but it can be argued that this is not entirely about "nurture" but also about "nature." After birth, it is the mothers who need time off to rest and recover. Even if the social construct of gender roles were eliminated, it still would not stop the need for women to take work leave, while men continue working in their respective professions. Consequently, it is unclear how laws would help us change such gender roles.

Mothers often choose to work fewer hours and do flexible jobs in order to spend more time with their children, and it is highly unlikely that mothers perceive childcare as a burden. Professor Elizabeth Fox-Genovese writes from her research that "even highly successful women frequently want to spend much more time with their young children than the sixty-hour weeks required by the corporate fast tracks will permit."[xiii] Having done a thorough study on the extent to which non-discriminatory factors explain the wage gaps, Professor June O'Neill and Professor Dave O'Neill of the City University of New York, argue that the gender pay gap arises from women's choices on "the amount of time and



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energy devoted to her career, as reflected in years of work, experience, utilization of part-time work, and other workplace and job characteristics".[xiv]

Professor Paula England of Stanford University also comes to similar conclusions. She explains that mothers tend to choose "mother-friendly" jobs in which flexibility is traded off for higher earnings, promotion prospects and on-the-job training.[xv] Another study by Professor Lalith Munasinghe, Professor Alice Henriques, and Tania Reif of Barnard College, Columbia University and Citigroup respectively finds that women, compared to men, are less likely to invest in learning job-specific skills, and are much less likely to select jobs with "back-loaded" compensation, because they know that they are likely to face more job separations.[xvi]

In her book, *What Children Need,* Professor Jane Waldfogel of Columbia University writes that there is a positive correlation between the number of children and the pay gap.[xvii] Her analysis of the importance of family status in determining the pay gap using cohorts from national longitudinal surveys found that mothers earned much less than non-mothers and men.[xviii] She found that the 20 percentage point increase in the wage ratio from 64 percent to 84 percent during the 1980s was averaged from a higher increase in wages of non-mothers and a lower increase in wages of mothers. Mothers' wages had only grown from 60 percent to 75 percent, while the wages of childless women had risen sharply from 72 percent of men's pay to 95 percent.

Consistent with her findings are those of Professors Claudia Goldin and Lawrence Katz of Harvard University and Professor Marianne Bertrand of the University of Chicago, which report that the presence of children was the major reason behind career interruptions and fewer working hours of the female MBA graduates they studied. Their study found that although all MBA graduates entered the job market with the same amount of compensation, their pay gap started rising steadily over the years because of the difference in MBA training, working hours and career interruptions.[xix]

The home page of the Yale Law Women Web site, the site for female law students at Yale Law School, reads "In the aftermath of the recent global financial crisis, YLW believes that the focus on family friendly firm policies and policies designed for the retention of women remains more important and pressing than ever." Friendly firm policies are those that allow children to be combined with a professional career.

In addition to a desire for flexibility within full-time work, the Labor Department reports that 31 percent of women chose to work part-time in 2009. (Another 5 percent reported that they worked part-time because they could not find full-



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time work.) Labor Department data show that in 2009 single women working full-time earned about 95 percent of men's earnings, but married women earned 76 percent of what married men earned. Married women with children between the ages of 6-17 earned 70 percent of men with children of the same age.

Childbearing may be the reason for some differences in preferences between men and women, but experimental psychology proves that women's preferences are different than men's even regardless of the presence of children. Professor Rachel Corson of the University of Texas at Dallas and Professor Uri Gneezy of the University of California, San Diego conducted a thorough review of experimental studies on behavior and found that women and men have significant differences in preferences when it comes to risk-taking, social preferences and competition.[xx] Lab results reported that women are more risk-averse, less competitive and are more sensitive to subtle social cues than men; leading them to choose professions with less risk-taking, fewer degrees of competition, and careers that are deemed socially appropriate for them. This behavior translates into lower pay and slower advancement within their chosen professions, a phenomenon that is allegedly called the "pink ghetto".[xxi] Taking into consideration such evidence, it becomes clear just how simplistic the argument for discrimination theory really is.

In the book *Women Don't Ask*, Professor Linda Babcock of Carnegie-Mellon University and writer Sara Laschever argue that women avoid competitive negotiation situations, leading them to receive lower wages and fewer concessions.[xxii] They based their argument on a variety of evidence, including a laboratory study where the participants were promised to be paid between three and ten dollars for their participation. Once the participants finished, the experimenter thanked them and said "Here's $3. Is $3 OK?" The findings reported that nine times as many men requested for more money than women.[xxiii] Similar findings have been reported at the workplace. Professor Lisa Baron of the University of California, Irvine found that only 7 percent of the women in her study negotiated their salary offer, as opposed to 57 percent of men.[xxiv]

With all these elements working against the unexplained pay gap, it is simply irrational to argue that it exists because of "persistent discrimination." It also shows how government intervention targeted towards discrimination will not be effective. However, supporters of the discrimination theory have kept pushing bills like the Pay Check Fairness Act, which have a higher potential of harming women than helping them. For example, in order to escape the heavy guidelines set by the Pay Check Fairness Act, employers may actually find it easier to hire males than females.



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Proponents of wage guidelines, such as the National Committee on Pay Equity, approvingly cite examples of areas where pay equity has been used, but fail to acknowledge major problems with the practice. One example cited occurred in Hawaii in 1995, where nurses, mostly female, were given a sum of $11,500 in their annual raises to equate their salaries to those of adult correction workers, who were mostly male. Another example cited was in Oregon, where female clerical specialists were deemed underpaid by $7,000 annually in comparison to male senior sewer workers. In both cases, working conditions were not taken into account. Working conditions in prisons and sewers are far more dangerous and unpleasant than conditions in hospitals and offices. Most people, given a choice of working in an office or sewer at the same salary, would choose the office. So, to allocate workers into sewers and prisons, one must offer them higher pay.

Many organizations like the American Association of University Women (AAUW) and the National Organization for Women (NOW) are quick to falsely attribute the unexplained portion of the pay gap to discrimination. These organizations believe discrimination plagues the American work place, and their argument is not surprising given that their work begins with the weight of their preconceived notions on the gender wage gap. The AAUW study, "Behind the Pay Gap" shows that even when all various factors normally associated with pay have been included in the computation, the wage gap persists, which the study's authors then attribute to gender discrimination.[xxv] But that claim is a rather narrow and simplistic interpretation of the gender pay gap for it ignores the complexity of the issue at hand.

In earlier decades, when the pay gap was larger, many blamed discrimination. As the years went by and the narrowing gaps in pay rates reflected increasing similarity in the characteristics of workers in terms of jobs, educational attainment and level of experience, as the 2009 GAO report shows,[xxvi] it became clear that the American workplace is rather meritocratic. Yet the allegations of discrimination continued, even though, under current law, it is possible for workers to sue employers if they feel discriminated against. Today American women have the same opportunities as men in the workplace; they simply make different choices. Thus, there is a clear path for women to achieve what they want.

Similar to the case of the "Gender Wage Gap", the concept of the "Glass Ceiling" has made its way into popular belief as a fact not requiring further questioning. Coined in the 1980s by the *Wall Street Journal*, this catchy phrase is defined as an "invisible but impenetrable barrier between women and the executive suite."[xxvii] Proponents of the theory, such as the Glass Ceiling Commission, imply that women are systematically excluded from career advancement opportunities to



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higher level management and leadership roles. Their reports point to the under-representation of women at top corporate positions as evidence of the existence of the "glass ceiling". However, under-representation alone is a rather weak argument to assert such a theory, for if we look at the issue as a whole and not just the numbers, we find very different reasons behind the statistics.

When the Glass Ceiling Commission released its ominous report in 1995, stating that only 5 percent of senior managers at Fortune 1000 and Fortune 500 service companies were women, it completely ignored the qualified labor pool in its assessment. Instead, it compared that number to the entire labor force. The numbers used and the theory would have made sense if the Commission had used the number of working men and women who have an MBA with at least twenty-five years of work experience in order to calculate the percentages of men and women who are represented in top corporate jobs. It is surprising why the number was not correctly adjusted despite the researchers' study into "preparedness" of women and minorities to rise to top corporate positions. And although the study supported the pipeline theory, the report's authors were quick to argue that there are barriers within the pipeline.

The pipeline theory holds that one needs to be "in the pipeline" long enough to gain the necessary experience and skills before qualifying for top executive jobs. It is not difficult to realize that very few women entered the pipeline a couple of decades ago: only few graduated with professional degrees and even fewer remained in the workforce long enough to garner necessary experience, which explains why there is a dearth of women executives today. Figure 1-4 shows the percent of Master's degrees in business awarded to women between 1970 and 2008. Given that top corporate jobs require one to be in the pipeline for at least 25 years, in 1995, less than 5 percent of the qualified candidates for these jobs were women.

Similarly, today, less than 25 percent of those qualified for executive jobs are women, even assuming that all female MBA recipients have been active in their business careers since graduation. In 2008, about 45 percent of Master's degrees in business were awarded to women, so we can expect the pipeline to balance out only after 2030, provided that all women graduates with master degrees in business remain active in their business careers. Thus, critics who seem appalled by the systems' unequal gender distribution of top managerial and executive positions must consider these statistics before jumping to conclusions.

The Glass Ceiling Commission report also noted that "certain functional areas are more likely than others to lead to the top. The "right" areas are most likely to be line functions such as marketing and production or critical control functions such as accounting and finance."[xxviii] The report also cited studies that concluded



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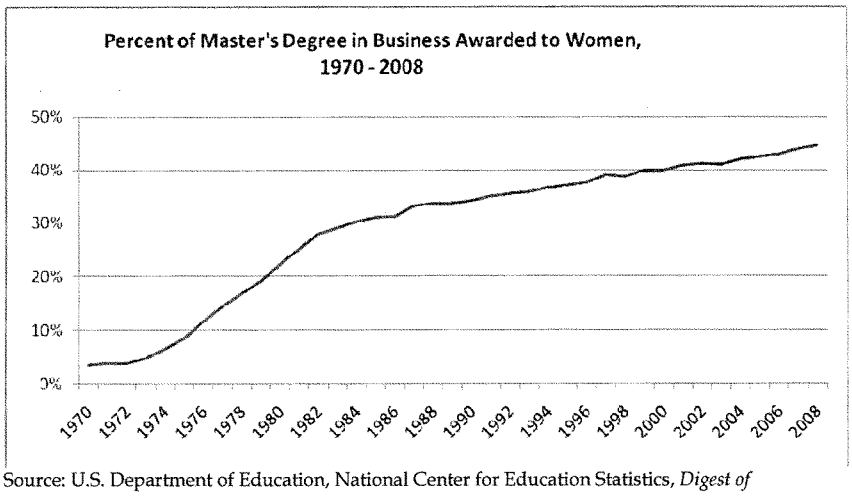
that there are certain factors that are very important in climbing the corporate ladder; such as broad and varied experience in the core areas of business; access to information, particularly through networks and mentoring; company seniority; initial job assignment; high job mobility; education; organizational savvy; long hours and hard work; and career planning.[xxix] As discussed in the previous section, women have different preferences, are more likely to work part-time and also tend to take more career breaks, leading them to end up with less experience than men, shorter hours, and more interruptions in their career. Such factors that become "barriers" to upward mobility at work are the same reasons behind the gender wage gap.

Figure 1-4




Source: U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics*, 2009

Women in management have been attaining increasingly similar levels of education and work characteristics as men, but significant differences still remain. The GAO's report on women in management showed that for most industries in 2000, female managers had less education, were younger, were more likely to work part-time, and were less likely to be married than men in management.[xxx]

The GAO also found that in 2000, half of the ten industries studied had no statistically significant difference between the percent of management positions filled by women and the percent of all industry positions filled by women. In the industries where the difference was significant, namely, educational services; retail trade, finance, insurance and real estate, hospitals and medical services,



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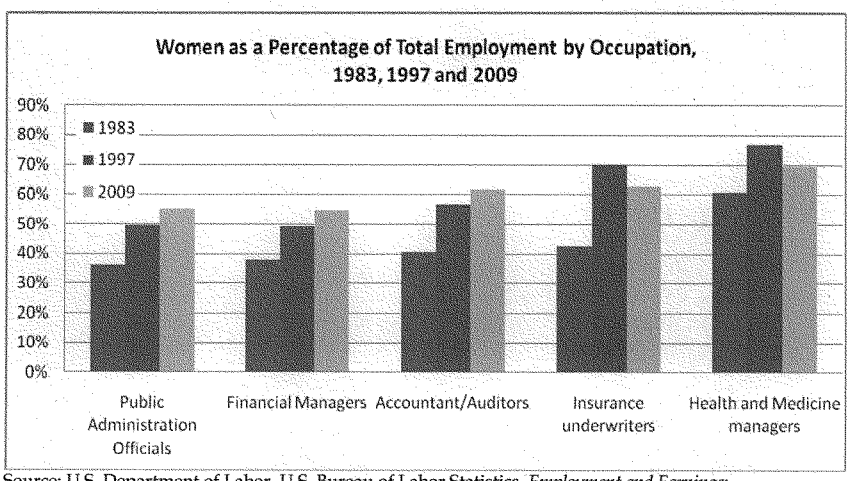
and professional medical services; the majority of management positions were filled by women, except in retail trade. By 2009, as shown in figure 1-5, women made up the majority of higher-level jobs in public administration, financial managing, accounting and auditing, insurance underwriting, and health and medicine managing. This encouraging evidence highlights women's achievements in the workplace, and casts further doubt on discrimination theory.

Figure 1-5




Source: U.S. Department of Labor, U.S. Bureau of Labor Statistics, *Employment and Earnings*: January 2010; unpublished tabulations from Current Employment Statistics.

Although individual cases of discrimination still take place, there is no evidence that discrimination is systematic and persistent. The Korn/Ferry executive search firm reported in July that, by 2007, women were represented on corporate boards in 85 percent of the Fortune 1000 companies, compared with 78 percent in 2001, 53 percent in 1988 and 11 percent in 1973.[xxxi] This growth is notable for women, and there is no reason to believe that it has stalled.

The danger is not that progress for women in slowing, but that Congress will overreact to false discrimination claims and pass legislation that will slow the growth of jobs in America for both men and women. This would help to keep the unemployment rate close to its current 9.6 percent rate. Such legislation is discussed in my recent monograph, *How Obama's Gender Policies Undermine America*, which I would like to submit for the record.



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For instance, in order to solve the purported wage gap, Congress is considering the Paycheck Fairness Act, a bill designed to raise women's wages introduced by Hillary Clinton when she was still a Democratic senator from New York. The bill has 42 Democratic cosponsors, and it would vastly expand the role of the government in employers' compensation decisions.

The Paycheck Fairness Act was one of the first bills that the House of Representatives passed in January 2009, and, as of this writing, has been stalled in the Senate. It would require the government to collect information on workers' pay, by race and sex, with the goal of equalizing wages of men and women, by raising women's wages. (Fortunately for men, depressing their wages to achieve pay equity is not permitted under the proposed law.)

On July 20, 2010, President Obama issued a statement calling for passage of the Paycheck Fairness bill. He declared, "Yet, even in 2010, women make only 77 cents for every dollar that men earn...So today, I thank the House for its work on this issue and encourage the Senate to pass the Paycheck Fairness Act, a common-sense bill that will help ensure that men and women who do equal work receive the equal pay that they and their families deserve."

The bill is misnamed because it responds to a false problem. As discussed above, there is far less pay discrimination against women than is alleged by professional feminists. With numerous anti-discrimination laws, such as Title VII of the Civil Rights Act, the Equal Pay Act, and the Lily Ledbetter Fair Pay Act (signed into law by President Obama in January 2009), women do not need more remedies for discrimination. Courts have sufficient tools, and use them. The pending bill would only burden employers with more regulations and paperwork, further discouraging hiring—of men and women.

The Paycheck Fairness bill, if enacted, would spawn a tidal wave of lawsuits and enmesh employers in endless litigation. The bill is a full-employment act for lawyers that would further burden already over-burdened courts.

The bill would only allow employers to defend differences in pay between men and women on the grounds of education, training, and experience if these factors are also justified on the grounds of "business necessity." Jane McFetridge, a witness at the March 2010 Senate Committee on Health, Education, Labor, and Pensions hearing and a partner with Jackson Lewis LLP, a Chicago law firm, testified that this change could prohibit male supermarket managers with college degrees from being paid more than female cashiers—because the college degree for the male manager might not be consistent with "business necessity."



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Another provision of the Paycheck Fairness bill would expand the number of establishments subject to the law from one to all establishments of the same employer in a county.

Now, employees who do substantially the same work in one location have to be paid equally. Including all locations would mean that cashiers in high cost, or unpleasant areas, where the employer has to pay more to attract workers, have to be paid the same as those in low-cost, more pleasant areas. Identifying "substantially the same work" is hard to do for disparate jobs in different locations. The intent is to raise wages of employees at the lower end, driving up employment costs and encouraging layoffs.

Class-action suits would be facilitated by the bill's opt-out clause. Now, if a worker wants to participate in a class-action suit against her employer, she has to affirmatively agree to take part, or opt in. Under the bill, she would automatically be included unless she opted out. This provision would increase the numbers in class-action suits and would be a boon to plaintiffs' lawyers.

Penalties that the courts could levy on employers would be heavier, too. Under the law now, employers found guilty of discrimination owe workers back pay. Under the pending bill, they would have to pay punitive damages, of which a quarter or a third typically goes to plaintiffs' lawyers.

The bill would require the Equal Employment Opportunity Commission to analyze pay data and promulgate regulations to collect more data, including information about the sex, race, and national origin of employees. The paperwork required would be a ruinous burden to employers.

Hence, the danger is not that women have insufficient remedies for discrimination or few paths to the corner office, but that Congress will interfere and slow the economy, reducing job growth and family income.

Thanks for giving me the opportunity to testify today.

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**NOTES:**

[i] U.S. Department of Labor, U.S. Bureau of Labor Statistics, (Washington, D.C.: June 2010).

[ii] U.S. Department of Labor, U.S. Bureau of Labor Statistics, "Median usual weekly earnings of wage and salary workers by hours usually worked and sex, 2007 annual averages - continued," *Highlights of Women's Earnings in 2009*, (Washington, D.C.: June 2010: 1025. (Statistic refers to workers who usually work exactly 40 hours a week).



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[iii] Jody Feder and Linda Levine, "Pay Equity Legislation," *CRS Report for Congress RL31867,* Washington, DC: Congressional Research Service, Updated 13 January 2009.
[iv] Stephen B. Jarrell and T. D. Stanley, "Declining Bias and Gender Wage Discrimination? A Meta-Regression Analysis," *The Journal of Human Resources* 39.3 (Summer 2004): 828-838.
[v] Ibid; pg 836
[vi] Ibid; pg 837
[vii] Henry L. Tosi and Steven W. Einbender, "The Effects of the Type and Amount of Information in Sex Discrimination Research: A Meta-Analysis," *The Academy of Management Journal* 28.3 (1985): 712-723.
[viii] June O'Neill, "The Gender Gap in Wages, Circa 2000," *American Economic Review* 93.2 (May 2003): 309-314.
[ix] Marianne Bertrand and Kevin Hallock, "The Gender Gap in Top Corporate Jobs," *Industrial and Labor Relations Review* 55.1 (October 2001): 3-21.
[x] Helen Levy, "Health Insurance and the Wage Gap," *National Bureau of Economic Research,* Working Paper 11975 (January 2006).
[xi] Qingyan Shang and Bruce Weinberg, "Opting for Families: Recent Trends in the Fertility of Highly Educated Women," *National Bureau of Economic Research,* Working Paper No. 15074 (June 2009).
[xii] Judy Goldberg Dey and Catherine Hill, "Behind the Pay Gap," *American Association of University Women Educational Foundation* (Washington, D.C.: American Association of University Women Educational Foundation: 2007).
[xiii] Elizabeth Fox-Genovese, *Feminism is Not the Story of My Life* (New York: Doubleday, 1996).
[xiv] June O'Neill and Dave M. O'Neill. "What do Wage Differentials tell us about Labor Market Discrimination?" *National Bureau for Economic Research,* Working Paper No. 11240 (March 2005).
[xv] Paula England, "Gender Inequality in Labor Markets: The Role of Motherhood and Segregation," *Social Politics: International Studies in Gender, State and Society* 12.2 (2005): 264-288.
[xvi] Lalith Munasinghe, Alice Henriques, and Tania Reif, "The Gender Gap in Wage Returns on Job Tenure and Experience," *Labour Economics* 15.6 (2008): 1296-1316
[xvii] Jane Waldfogel, *What Children Need* (Cambridge: Harvard University Press, 2006).
[xviii] Jane Waldfogel, "Working Mothers Then and Now: A Cross-Cohort Analysis of the Effects of Maternity Leave on Women's Pay," *Gender and Family Issues in the Workplace,* ed. Francine D. Blau and Ronald G. Ehrenberg (New York: Russell Sage Foundation, 1997).
[xix] Marianne Bertrand et al, "Dynamics of the Gender Gap for Young Professionals in the Corporate and Financial Sectors," *National Bureau for Economic Research,* Working Paper No. 14681 (January 2009).
[xx] Rachel Croson and Uri Gneezy, "Gender Differences in Preferences," *Journal of Economic Literature* 47.2 (2009): 448–74.
[xxi] Ibid
[xxii] Linda Babcock and Sara Laschever, *Women Don't Ask* (Princeton: Princeton University Press, 2003).
[xxiii] Deborah A. Small et al, "Gender and the initiation of negotiations in ambiguous situations," (Carnegie Mellon University: Mimeo, 2003).
[xxiv] Lisa Baron, "Ask and you shall receive: Gender differences in negotiators' beliefs about requests for a higher salary," *Human Relations* 56 (2003): 635-662.
[xxv] Judy Goldberg Dey and Catherine Hill, "Behind the Pay Gap," *American Association of University Women Educational Foundation,* (Washington, D.C.: American Association of University Women Educational Foundation, 2007).
[xxvi] U.S. Government Accountability Office, "Women's Pay: Converging Characteristics of Men and Women in the Federal Workforce Help Explain the Narrowing Pay Gap," April 2009.

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[xxvii] Carol Hymowitz and Timothy D. Schellhardt,"The Corporate Woman (A Special Report): Cover- The Glass Ceiling: Why Women Can't Seem to Break the Invisible Barrier That Blocks Them From the Top Jobs," *The Wall Street Journal*, 24 March 1986.
[xxviii] Glass Ceiling Commission, "Good for Business,"(2005): 25.
[xxix] Ibid
[xxx]U.S. Government Accountability Office, "Women in Management: Analysis of Selected Data from the Current Population Survey", Congressional Briefing Slides, 2001.
[xxxi] Korn/Ferry Institute, "34th Annual Board of Directors Study," 2008, 27 July 2010 <http://www.kornferry.com/Publication/9955>



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# HOW OBAMA'S GENDER POLICIES UNDERMINE AMERICA

DIANA FURCHTGOTT-ROTH

ENCOUNTER BROADSIDE No 16

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COMPARED WITH MEN, women in 21st-century America live five years longer; face an unemployment rate that is significantly lower; are awarded a substantially larger share of high school diplomas, BAs, and MAs; and face lower rates of incarceration, alcoholism, and drug abuse. In other words, contrary to what feminist lobbyists would have Congress believe, girls and women are doing well.

With these data before us, reasonable individuals should be holding conferences on how to help men get more education and employment opportunities. Policymakers should require that government contractors hire men to bring down their 10 percent unemployment rate. Health reform bills should feature Offices of Men's Health to help men live to the same age as women.

Unfortunately, the reverse is occurring. Both Congress and President Obama continue to advocate policies that favor women over men. The new financial regulation bill has mandated the creation of 29 offices to help the advancement of women. The recently



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passed health reform law has set up multiple offices of women's health. President Obama wants to extend quotas now in place for women in university sports to science and math.

Much of this is motivated by congressional defensiveness in the face of fierce feminist lobbying that is largely unopposed. Once, feminists advocated equality of opportunity. Now that this has largely been achieved, they clamor for equal outcomes – a result that Congress prudently should not try to legislate. Equal outcomes is a pernicious goal for government policy, one that smacks of central planning and heavy official intrusion into private decision making, such as what to study and what vocation to pursue.

Women as a group spontaneously make choices that are different from men's, and there is nothing wrong with that. Of course, if professional feminists were to acknowledge the validity of these choices, they would put themselves out of business – and might have to make some other career choices of their own.

Congress also responds to data that show



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differences in average wages between men and women. There is less to these differences than meets the eye. The gap almost disappears when the analysis accounts for gender differences in education, on-the-job experience, and the presence of children in the worker's household.

By rightly lobbying for equality of opportunity, feminists in the 1960s were sending the message that women can take care of themselves in the economy and in society. Helen Reddy's song "I Am Woman," top of the charts in 1972, contained the lyrics "I am strong, I am invincible, I am woman." Helen Reddy's woman was not intimidated by going into law and medicine, and the idea that she

*Once, feminists advocated equality of opportunity. Now that this has largely been achieved, they clamor for equal outcomes.*

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would need affirmative action and quotas to go into science or finance contradicts the basic message that women are as strong as men.

In contrast, the 21st-century feminist message is that women are weak and need protection through special preferences. Not only does this harm men by depriving them of opportunities, but it harms women by invalidating their hard-earned credentials. Not even a woman would choose a female brain surgeon for delicate surgery if she knew that the surgeon was a product of affirmative action. Instead, the patient would choose a man, because he might be better at his job. Giving preferences to a few women sows seeds of doubt that reflect on all.

The great irony is that women succeed in everyday America but are doomed to failure in the distorted lens of official Washington. A woman who chooses a part-time job with a flexible schedule in order to have time both for her family and her career thinks of herself as successful. But to feminists, she is a failure because she is on a lower earnings path than



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a man and has not selected the chief executive officer track.

## The Wage Gap and the Paycheck Fairness Act

Every year, usually in April, Democratic members of Congress hold hearings on pay differences between men and women. In 2009, it was New York Rep. Carolyn Maloney, and in 2010, in was Iowa Sen. Tom Harkin. The occasion is Equal Pay Day – the day of the year, according to feminists, when all full-time women's wages, allegedly only 80 percent of all men's in 2009, "catch up" to what men have earned the year before. The story is that women have to work those extra months to achieve equality.

Maloney declared at the 2009 hearing, "[W]e have considerable work left to do before women earn equal pay for equal work." And, in 2010, Harkin wrote, "Nearly half a century after Congress enacted the Equal Pay Act, too many women in this country still do not get



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paid what men do for the exact same work. On average, a woman makes only 77 cents for every dollar that a man makes."

No matter that the latest figures show that comparing men and women who work 40 hours weekly yields a wage ratio of 86 percent, even before accounting for different education, jobs, or experience, which brings the wage ratio closer to 95 percent. Many studies, such as those by Professor June O'Neill of Baruch College and Professor Marianne Bertrand of the University of Chicago, show that when women work at the same jobs as men, with the same accumulated lifetime work experience, they earn essentially the same salary.

Marriage and children explain a large part of the wage gap, because many mothers like to spend time with their children and value flexible schedules. The Yale Law Women Web page, the site for female law students at Yale Law School, reads, "In the aftermath of the recent global financial crisis, YLW believes that the focus on family friendly firm



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*Not even a woman would choose a female brain surgeon for delicate surgery if she knew that the surgeon was a product of affirmative action.*

policies and policies designed for the retention of women remains more important and pressing than ever."

In addition to a desire for flexibility within full-time work, the U.S. Department of Labor reports that 26 percent of women chose to work part time in 2009. (Another 9 percent of all female workers, who usually worked full time, reported that they worked part time for "economic or noneconomic reasons.")

Labor Department data show that in 2009, single women working full time earned about 95 percent of men's earnings, but married women earned 76 percent of what married



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men earned. Married women with children between the ages of 6 and 17 earned 70 percent of the salaries of men with children of the same age.

Of course, children are not the only reason that women, on average, have lower earnings than men. Some people are paid less than others because of the choices they make about their field of study, occupation, and time on the job.

When these differences are considered, a 2009 study by the economics consulting firm CONSAD Research Corporation, prepared for President George W. Bush's Labor Department, shows that women make around 94 percent of what men make. The remaining gap is due to unexplained variables, one of which might be discrimination.

In order to solve the purported wage gap, Congress is considering the Paycheck Fairness Act, a bill designed to raise women's wages that was introduced by Secretary of State Hillary Clinton when she was still a Demo-



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cratic senator from New York. The bill has 42 Democratic cosponsors, and it would vastly expand the role of the government in employers'compensation decisions.

The Paycheck Fairness Act was one of the first bills that the House of Representatives passed in January 2009, and, as of this writing, has been stalled in the Senate. It would require the government to collect information on workers' pay, by race and sex, with the goal of equalizing wages of men and women and raising women's wages. (Fortunately for men, depressing their wages to achieve pay equity is not permitted under the proposed law.)

On July 20, 2010, President Obama issued a statement calling for passage of the Paycheck Fairness bill. He declared, "Yet, even in 2010, women make only 77 cents for every dollar that men earn.... So today, I thank the House for its work on this issue and encourage the Senate to pass the Paycheck Fairness Act, a common-sense bill that will help ensure that men and women who do equal work



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receive the equal pay that they and their families deserve."

The bill is misnamed because it responds to a false problem. There is far less pay discrimination against women than professional feminists allege. When the data are understood correctly – accounting for choice of vocation and on-the-job years – the putative pay gap largely disappears. The professional feminists try to conceal that, lest they be out of business.

With numerous anti-discrimination laws, such as Title VII of the Civil Rights Act, the Equal Pay Act, and the Lilly Ledbetter Fair Pay Act (signed into law by President Obama in January 2009), women do not need more remedies for discrimination. Courts have sufficient tools, and they use them. The pending bill would only burden employers with more regulations and paperwork, further discouraging hiring – of men and women.

The Paycheck Fairness Act, if enacted, would spawn a tidal wave of lawsuits and enmesh employers in endless litigation. The



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bill is a full-employment act for lawyers that would further burden already overburdened courts.

The bill would only allow employers to defend differences in pay between men and women on the grounds of education, training, and experience if these factors are also justified on the grounds of "business necessity." Jane McFetridge, a witness at the March 2010 Senate Committee on Health, Education, Labor and Pensions hearing and a partner with Jackson Lewis LLP, a Chicago law firm, testified that this change could prohibit male supermarket managers with college degrees from being paid more than female cashiers – because the college degree for the male manager might not be consistent with "business necessity."

Another provision of the Paycheck Fairness bill would expand the number of establishments subject to the law from one to all establishments of the same employer in a county. Now, employees who do substantially the same work in one location have to be paid



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equally. Including all locations would mean that cashiers in high-cost or unpleasant areas, where the employer has to pay more to attract workers, have to be paid the same as those in low-cost, more pleasant areas. Identifying "substantially the same work" is hard to do for disparate jobs in different locations. The intent is to raise wages of employees at the lower end, driving up employment costs and encouraging layoffs.

Class-action suits would be facilitated by the bill's opt-out clause. Now, if a worker wants to participate in a class-action suit against her employer, she has to affirmatively agree to take part, or opt in. Under the bill, she would automatically be included unless she opted out. This provision would increase the numbers in class-action suits and would be a boon to plaintiffs' lawyers.

Penalties that the courts could levy on employers would be heavier, too. Under the law now, employers found guilty of discrimination owe workers back pay. Under the pending bill, they would have to pay punitive



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damages, of which a quarter or a third typically goes to plaintiffs' lawyers.

The bill would require the Equal Employment Opportunity Commission to analyze pay data and promulgate regulations to collect more data, including information about the sex, race, and national origin of employees. The paperwork required would be a ruinous burden to employers.

## Expanding Title IX Sports Regulations to Academics

In addition to introducing the Paycheck Fairness Act as a remedy for different average earnings, President Obama thinks that American women will do better in the workforce if they study math and science. And he has decided that the government should do something about it. The president wants to expand so-called gender parity under federal law beyond college athletics to courses in science, technology, engineering, and mathematics (STEM).

One of the president's first actions, in



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*The Paycheck Fairness Act, if enacted, would spawn a tidal wave of lawsuits and enmesh employers in endless litigation.*

March 2009, was to set up a powerful White House Council on Women and Girls. It includes all cabinet secretaries as members and is headed by Assistant to the President and Senior Adviser Valerie Jarrett, and its mission is to "to enhance, support and coordinate the efforts of existing programs for women and girls."

A proposal to apply so-called Title IX gender equality to enrollment in math and science courses was discussed at a White House conference on June 23, 2010, the anniversary of Title IX, the 1972 amendment to the 1964 Civil Rights Act that was passed to ensure that women would not be discriminated



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against in any educational program or activity receiving federal funding.

In a White House statement entitled "Bringing Title IX to Classrooms and Labs," Jessie DeAro, senior policy analyst at the Office of Science and Technology Policy, wrote, "Title IX has been credited for dramatic increases in the participation of women and girls in athletics programs; however, Title IX also covers equity in educational programs.... Title IX was passed to ensure women and girls were not excluded from any educational program or activity receiving federal aid."

In 1979, the Department of Education interpreted Title IX to mean that all universities receiving federal funding must satisfy at least one requirement of a three-pronged test in order to be in compliance with the amendment.

This test, which has been applied so far only to intercollegiate athletic programs, requires that universities receiving federal funding do one of three things. They must either ensure that participation in intercollegiate athletic



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programs by gender is proportionate to undergraduate enrollment by gender; have a continuing tradition of expanding intercollegiate athletic programs for the underrepresented gender; or fully accommodate the athletic interests and abilities of the underrepresented gender.

Over the years, however, court rulings have placed strong emphasis on the proportionality requirement, and complying with this requirement has become the most effective way for universities to protect themselves against Title IX lawsuits. If 40 percent of the students are female, then 40 percent of the varsity sports slots have to go to women. In April 2010, the Department of Education ruled that colleges could not use surveys to show that women did not want to participate in sports.

As a result, Title IX has led universities around the country to eliminate a number of men's teams, thus taking away opportunities from male athletes. Title IX, as it is currently interpreted, fails to take into consideration



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the relative number of male and female students interested in participating in intercollegiate sports, as well as the relative athletic abilities of these students. Such measures would provide a much fairer standard for applying Title IX than proportionality.

The White House now is trying to work out how to apply existing gender-equity law on behalf of women beyond varsity sports to other areas. In a telephone conversation in summer 2009, Russlynn Ali, the Department of Education's assistant secretary for civil rights, told me that the move would require neither new legislation nor new regulations.

This looks like a solution – more government intervention in higher education – in search of a problem. While it is true that fewer undergraduate women than men major in STEM courses, there is no evidence that universities deny women equal opportunity to choose these fields of study – which, according to the Labor Department, can lead to lower average earnings than careers in law, finance, and medicine.

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The White House does not appear to be concerned about whether men are deprived of taking literature, music, art, psychology, and biology by larger numbers of female majors. (They are not, just as women are not deprived of taking science classes by larger numbers of male majors.) If Title IX is going to be extended to academic subjects, why stop at math and science?

Many of the most admired and successful women in America – Secretaries of State Hillary Clinton and Condoleezza Rice, House Speaker Nancy Pelosi, eBay founder Meg Whitman – did not get degrees in STEM. Two world leaders, former British Prime Minister Margaret Thatcher and German Chancellor Angela Merkel, did get degrees in STEM, but they rose to power through a career in politics.

Stated differently, a STEM degree is not in itself a necessary step to success. Some college graduates with STEM degrees are today unemployed. If a STEM degree is neither necessary nor sufficient to progress in Amer-



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ica, why is the government pushing this issue at all?

The answer is the uncontrollable urge of government to tell people what to do and how to run their lives. Washington knows better than ordinary Americans, or so we are told, and we ordinary Americans had better listen up.

The interagency task force led by the Department of Justice is examining expansion to STEM courses. Agencies participating include NASA, the Departments of Energy and Education, and the National Science Foundation.

NASA states on its Web site that it has not received any Title IX complaints, yet it has produced a manual, "Title IX and STEM: Promising Practices for Science, Technology, Engineering, and Mathematics," listing what it calls "best practices" for educational institutions, and it holds up these practices as examples to other universities.

NASA recommends that a Title IX coordinator be a member of a university's highest decision-making body and meet "weekly with



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the university president, provost, vice presidents, and deans." It is unlikely that it is a good use of university administrators' time to meet every week to discuss diversity.

And how many minutes must such meetings last, one may wonder, and how far into the minutiae of university administration shall the government intrude?

Quite far, NASA replies. It recommends in detail how a Title IX coordinator might go about her duties. She should be assisted by a full-time gender equity specialist to receive complaints. Staff from her office should be deployed to departments, labs, and centers of the university to observe "environments for morale and climate issues with both employees and students." One best practice is to fund departments based on the diversity of the student population.

The Title IX coordinator should also ensure the widespread availability of programs to prevent sexual harassment and violence against women, which feature prominently in the NASA manual. On page 26, the



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manual cites the example of one university's Oasis Program – note that the name of the program suggests a peaceful nourishing spot in what one assumes is a male-dominated, dry desert – which was set up to offer services to students and staff who are affected by "sexual assault, relationship violence, and stalking."

According to the manual, "The program's mission/goal is particularly effective in stating the need for its services, stating that the Oasis Program serves to 'contribute to the quality of the overall campus climate, to the safety, empowerment, and healing of victim/survivors, to the accountability of offenders, to the success of students remaining productive in their role as students and in the pursuit of their degrees, and to the success of staff and faculty remaining productive in their role as employees.'"

The NASA bureaucrats appear to believe that sexual harassment is a major reason that women do not major in STEM. The view is that men are aggressors, stalking and harassing women and rendering the classroom and



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laboratory an unpleasant place to work. That is supposedly why more women do not choose physics and chemistry.

Yet an examination of elite women's colleges, where the absence of men makes sexual harassment impossible, tells a different story.

At Bryn Mawr College, 4 percent of the 2010 graduating class chose to major in chemistry, 2 percent chose computer science, and 2 percent chose physics in recent years. At Smith College, half of one percent chose to major in physics, and 1.4 percent majored in computer science. At Barnard College, one-third of one percent majored in physics and astronomy in 2009 (data for 2010 were not available as of this writing), and 2 percent majored in chemistry.

Clearly, women have been able to enter and prosper in some previously male-dominated fields where sexual harassment did not appear to be an insuperable obstacle. Why, then, are women still "underrepresented" – if that is the right word – in some sciences, math, engineering, and technology?



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Some women may avoid these fields because of their high math content. Boys have always scored higher than girls on math aptitude tests. In 1979, boys scored on average 43 points higher than girls on the SAT, declining to 35 points in the mid-1990s, a difference that persisted through 2009.

But there is a larger picture to behold. Women are doing well. Overall, their unemployment rate is more than two percentage points lower than men's. Women receive about 50 percent of medical and 45 percent of dentistry degrees, fields they have chosen to enter. In biology and biomedical sciences, they receive more degrees than men, namely 59 percent of BAs, 58 percent of MAs, and 51 percent of PhDs.

Moreover, in some cases, women are treated better than men when it comes to academic tenure decisions. Between 1999 and 2003, according to the National Academy of Sciences, although women represented only 11 percent of tenure-track job applicants in electrical engineering and 12 percent of



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applicants in physics, they received 32 percent and 20 percent of the job offers in these fields, respectively.

## America COMPETES Reauthorization Act of 2010

It is not only the administration that is trying to favor women in science. The America COMPETES Reauthorization Act of 2010, sponsored by Tennessee Democratic Rep. Bart Gordon, passed in the House of Representatives on May 28, 2010, and as of this writing is awaiting action in the Senate. The bill requires federal science agencies to record and publish information on the gender and race of recipients of university science grants.

Section 124 of the bill devotes nine pages to provisions on encouraging women to pursue education and careers in science and engineering. The section, titled "Fulfilling the Potential of Women in Academic Science and Engineering," establishes a workshop program intended to educate academics about



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the advantages of women majoring in science.

Here is how this would work. Program officers, members of grant review panels, institutions of higher education STEM department chairs, and other federally funded researchers would be invited to attend workshops – in Washington, D.C., or elsewhere –about minimizing the effects of gender in evaluating federal research grants and in the academic advancement of possible grant recipients.

The bill would require that "at least 1 workshop is supported every 2 years among the Federal science agencies in each of the major science and engineering disciplines supported by those agencies." All federal agencies that provide major research and development funding to universities would be required to comply.

Gordon wants the federal science agencies to invite the chairs of the science and engineering departments from at least the 50 colleges and universities receiving the most federal funding. Also invited would be members of federal research grant review panels,



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personnel managers from Department of Energy National Laboratories, and federal science agency program officers.

The workshops would focus on increasing participants' "awareness of the existence of gender bias in the grant-making process and the development of the academic record necessary to qualify as a grant recipient." The workshops also would encourage participants to work out ways to overcome these biases, such as mentoring female STEM students in undergraduate and graduate schools, as well as earlier in their education.

To make sure these science professors get the message, they would be required to complete surveys before and after attending the workshops and report any relevant policy changes that they have implemented at their universities.

The director of the White House Office of Science and Technology Policy would then send Congress a report evaluating the workshop program's effectiveness in reducing



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gender bias in federally funded research, including the results of the surveys and any policy changes made by the participants. The report would also report gender-related data trends for departments represented by any chair or employee who has participated in at least one workshop three or more years prior to the due date of the report. Finally, the report would include a list of STEM departments of higher education whose representatives attended the workshops held for their respective disciplines.

Naturally, the bill does not specifically declare that the information compiled in this report may be used in any way to influence the award of federal funds to institutions of higher education. But the bill's focus on collecting and reporting such detailed data on workshop attendance and demographic trends in science and engineering departments shows that the government finds this information highly relevant.

It is not at all implausible to speculate that



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this data might at some point in the future be taken into consideration in making federal grant decisions. This puts pressure on universities to overlook the most qualified students in favor of those who will earn them the most grant money.

In fact, the bill devotes an entire section to data collection on federal research grants, by agency and by race and gender. The data would be published annually by the National Science Foundation. These provisions demonstrate some members' interest in the demographic trends related to the allocation of federal science funding.

Finally, the bill also requires that the direc-

*Making female scientists beneficiaries of affirmative action devalues their credentials and ignores their true achievements.*

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tor of the Office of Science and Technology Policy develop a policy to "extend the period of grant support for federally funded researchers who have caregiving responsibilities" and provide them with "interim technical staff support" if they take a leave of absence.

Both expanding Title IX to academics and requiring busy university administrators to attend diversity workshops are attempts to artificially increase the numbers of women in science through federal regulation. But making female scientists beneficiaries of affirmative action devalues their credentials and ignores their true achievements.

If Congress and President Obama had their way, a PhD in STEM from a female scientist would be worth less than one from a male scientist. Weaker female scientists would be likely to get fewer articles published in peer-reviewed journals. Would they then be given the same positions and promoted through the ranks at the same rate as male scientists with more publications?

Both male and female students would suffer



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from having less qualified professors, and America's competitiveness would diminish as talented men were deprived of jobs. The concept of parceling out jobs on the basis of gender and race makes a mockery of the idea that jobs are won through merit.

Discriminating against women, men, or minorities is already against the law. But absent demonstrated gender discrimination, it is absurd to try to artificially increase the number of female scientists through federal regulation, just as it would be absurd to try to channel more men into literature, communications, and women's studies.

American universities now give qualified students, regardless of gender and race, equal opportunities and encouragement to choose fields of study. Our university system is admired throughout the world, and foreigners flock to America to enroll. There is no better way to destroy our universities than by artificially ensuring gender parity in math and science.

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## Gender Quotas in the Financial Industry

First comes a push for quotas in science, then in employment. One of President Obama's signature pieces of legislation, the Dodd-Frank Wall Street Reform and Consumer Protection Act, could require race and gender employment ratios to be observed by private financial institutions that do business with the government. In a dramatic departure from current employment law, which forbids discrimination, "fair inclusion" of women and minorities, potentially leading to quotas, has been imposed on America's financial industry.

In addition to this law's well-publicized plans to establish more than a dozen new financial regulatory offices, Section 342 set up almost 30 Offices of Minority and Women Inclusion.

The departmental offices of the Treasury, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, the 12 Federal Reserve regional banks, the Board of



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Governors of the Federal Reserve System, the National Credit Union Administration, the Comptroller of the Currency, the Securities and Exchange Commission, the new Consumer Financial Protection Bureau – all got their own Office of Minority and Women Inclusion in the Dodd-Frank law.

What will be the mission of this new corps of federal monitors? The Dodd-Frank law sets it forth succinctly and simply – all too simply. The mission, it says, is to assure "to the maximum extent possible, the fair inclusion" of women and minorities, individually and through businesses they own, in the activities of the agencies, including contracting.

Each office will have its own director and staff, a senseless expansion of the bureaucracy, to develop policies promoting equal employment opportunities and racial, ethnic, and gender diversity of not just the agency's workforce, but also the workforces of its contractors and subcontractors. This means that not only would a financial institution have to prove its diversity, but the firms that shred its



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documents, clean its offices, and provide catering for office parties also would have to demonstrate "fair inclusion" of women and minorities.

How to define "fair" has bedeviled government administrators, university admissions officers, private employers, union shop stewards, and all other supervisors since time immemorial – or at least since Congress first undertook to prohibit discrimination in employment.

Title IX of the 1964 Civil Rights Act, as we saw in the prior section, defines fair as proportional to population. Financial institutions might have to meet a similar proportionality standard, regardless of the qualifications of applicants for jobs or contracts – or regardless of whether any women or minorities apply for the job.

Even if no women apply, "fair inclusion" is still the law of the land. The law's language recognizes this and tells agencies to search for underrepresented groups at women's colleges, job fairs in urban communities, girls' high



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schools, and through advertising in women's magazines.

Lest there be any narrow interpretation of Congress's intent, either by agencies or eventually by the courts, the law specifies that the "fair" employment test shall apply to "financial institutions, investment banking firms, mortgage banking firms, asset management firms, brokers, dealers, financial services entities, underwriters, accountants, investment consultants, and providers of legal services." That last appears to rope in law firms working for financial entities.

Contracts are defined expansively as "all contracts for all business and activities of an agency, at all levels, including contracts for the issuance or guarantee of any debt, equity, or security, the sale of assets, the management of the assets of the agency, the making of equity investments by the agency, and the implementation by the agency of programs to address economic recovery."

This latest attempt by Congress to dictate what "fair" employment means is likely to



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encourage administrators and managers, in government and in the private sector, to hire women and minorities for the sake of appearances, even if some new hires are less qualified than other applicants. The result is likely to be redundant hiring and a wasteful expansion of payroll overhead.

If the director decides that a contractor has not made a good-faith effort to include women and minorities in its workforce, he is required to contact the agency administrator and recommend that the contractor be terminated.

According to American Enterprise Institute resident fellow Christina Hoff Sommers, "This is going on everywhere. There are several bills pending in Congress such as Fulfilling the Potential of Women in Science and Engineering, the Paycheck Fairness Act, and now Section 342 of Dodd-Frank, that will empower a network of gender apparatchiks – but weaken critical national institutions."

Section 342's provisions are broad and vague, and they are certain to increase inefficiency in federal agencies. To comply, federal



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agencies are likely to find it easier to employ and contract with less qualified women and minorities, merely in order to avoid regulatory trouble. This would, in turn, decrease the agencies' efficiency, productivity, and output while increasing their costs.

Setting up these Offices of Minority and Women Inclusion is a troubling and unwarranted indictment of current law. By creating these new offices, Congress implied that existing law is insufficient. In fact, women and minorities already have an ample range of legal avenues to ensure that businesses engage in nondiscriminatory practices.

Cabinet-level departments already have individual Offices of Civil Rights and Diversity. In addition, the Equal Employment Opportunity Commission and the Labor Department's Office of Federal Contract Compliance are charged with enforcing racial and gender discrimination laws.

With the new financial regulation law, the federal government is moving from outlawing discrimination to setting up a system of quo-



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tas. Ultimately, the only way that financial firms doing business with the government would be able to comply with the law is by showing that a certain percentage of their workforce is female or minorities.

In a letter sent to Senate leaders about Section 342 of the Dodd-Frank law on July 13, 2010, four commissioners of the Equal Employment Opportunity Commission wrote, "The potential for abuse should be obvious, but sadly sometimes it is not to those who are unfamiliar with the workings of governmental and corporate bureaucracies. All too often, when bureaucrats are charged with the worthy task of preventing race or gender discrimination, they in fact do precisely the opposite: Consciously or unconsciously, they *require* discrimination by setting overly optimistic goals that can only be fulfilled by discriminating in favor of the groups the goals are supposed to benefit."

The commissioners continue, "In this case, the bureaucrats are not even being asked to prevent discrimination, but to ensure 'fair



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inclusion.' The likelihood that it will in fact promote discrimination is overwhelming."

The new Offices of Minority and Women Inclusion represent a major change in employment law by imposing gender and racial quotas on the financial industry.

## Gender Quotas in Health Care Law

Visit any retirement home in America, and you will be struck by a self-evident fact: The vast majority of residents are women. Ask them what they would like to see, and chances are you will hear the obvious response: "More men."

The federal government is not listening to these women. Or to men, for that matter. Men do not come close to living as long as women. The vast majority of retirement-age Americans are women. On average, men's life expectancy is five years shorter than women's. When young, men are more likely to be killed in homicides or in military service. Men are more likely than women to die from uninten-



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tional injuries or suicide and have a higher binge-drinking rate. Later in life, men, like women, suffer from heart attacks and various forms of cancer. Some forms of cancer, such as prostate cancer, are unique to men.

Uncle Sam may be looking for a few good men, but Uncle Sam does not want to keep them alive very long. Uncle Sam is partial to women and wants to keep them alive much longer. The Patient Protection and Affordable Care Act, signed into law by President Obama in March 2010, mentions seven offices and

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*A woman who chooses a part-time job with a flexible schedule in order to have time both for her family and her career thinks of herself as successful. But to feminists, she is a failure.*

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coordinating committees especially for women – and not one for men. The word "breast" is mentioned 42 times in the act, and the word "prostate" does not even warrant one. The new law does not address men's health and the unique health challenges faced by American men today.

The new law creates full employment for professionals specializing in – you guessed it – women's health. Within the Department of Health and Human Services, the law refers to three Offices of Women's Health; one Coordinating Committee on Women's Health, with senior representatives from each of the department's agencies and offices; and one National Women's Health Information Center, to facilitate information exchange as well as "coordinate efforts to promote women's health programs and policies with the private sector."

Plus, the Food and Drug Administration has its own Office of Women's Health, as does the Centers for Disease Control and Prevention (CDC). These seven offices are supposed to



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promote women's health and identify women's health projects that deserve federal funding.

If federal bureaucracies and spending can extend life expectancies, American women will live forever. The budgets in the new offices created by the new law appear to be unlimited – the statute simply says that "there are authorized to be appropriated *such sums as may be necessary* (italics added) for each of the fiscal years 2010 through 2014."

Not only is the government overtly favoring women's health over men's, but provisions in the reform law ensure that the government will be able to provide incentives for the private sector to do the same through the National Women's Health Information Center and the Offices on Women's Health. The secretary will also be empowered to enter into contracts with and make grants to "public and private entities, agencies, and organizations" in order to enable the Office on Women's Health to carry out its activities. Money talks, and these provisions will encourage researchers and hospitals to neglect men's health in favor



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of women's in order to contract with and receive grants from the federal government.

The other two women's health offices within the Department of Health and Human Services are located at the National Institutes of Health (NIH) and the Office of the Administrator of the Health Resources and Services Administration (HRSA). These offices will monitor NIH and HRSA activity relating to women's health and identify women's health projects that the NIH or the HRSA might support. The NIH office also will consult with "health professionals, nongovernmental organizations, consumer organizations, women's health professionals, and other individuals and groups" to develop women's health policy, while the HRSA office will coordinate activities relating to "health care provider training, health service delivery, research, and demonstration projects" for women's health issues.

The Offices of Women's Health within the CDC and the FDA will monitor and promote all CDC and FDA activities relating to women's health, and their directors will serve



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on the Department of Health and Human Services Coordinating Committee on Women's Health.

Many people, including the female residents of retirement homes, might ask: Who in their right mind would set up countless government bureaucracies and spend untold billions of dollars to help women, but not men, live longer?

The answer, sadly, is that the authors of the new health care law may not be out of their minds, but they are out of touch with America. The authors of the new law find fault with all that is America, and they seek to deconstruct America and rebuild it in their own worldviews. In that distorted world, men are evil and not to be aided; women, in contrast, are perpetual victims and in perpetual need of government assistance.

Both men and women want everyone to live longer. But the new health care law was written for a world where the government seemingly plans to give more money for women's health problems than for men's. And



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American taxpayers, both male and female, are going to pay billions of dollars for that world filled with powerful bureaucracies teeming with health care professionals preoccupied with women's health care.

## Conclusion

Americans live in two worlds. One is the everyday world in which they work, study, play, laugh, cry, love, and hate. In that world, women are more likely than men to succeed. Women, on average, do better in school, better in work, better in life. Women triumph in everyday America.

The other America is the distortion constructed by radical feminists and Washington politicians. These politicians make a career out of telling women that they are defeated. No Washington government official bothers to hail the victory of women in everyday America. Instead, they revel in lies and distortions. They tell America that women need government help. They tell America that Washington



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has the answer: more laws and more regulations designed to give women additional advantages at the expense of men.

The second America, the distorted America, would not matter if the federal government were unimportant in our economy and our society. But Washington makes sure that it is important. It makes sure that all aspects of everyday America – the America in which women are triumphant – are put under the thumb of some Washington bureaucrat.

The message of women as victims contradicts the view of women held by the original feminists who fought for the right to vote, the right to work while pregnant and with small children, and the right to equal wages. Fifty years ago, it was permitted to advertise jobs with one salary for men and another for women. Times have changed, and now that is not only illegal, but it is culturally unacceptable.

But the viewpoint of employers who thought that women were worth less than men lives on among current feminists, who



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imply that women can only succeed with government assistance – in math and science, in financial industry employment, in health care. Anti-discrimination laws are not sufficient, they say, and they call for quotas. A woman's choice of less time at the office and more time at home with family is not considered an opportunity but a societal problem calling for a government solution.

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*American women, so we are told, cannot succeed on our own. We need the protection of the federal government in every aspect of our lives.*

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Women face conflicting realities in America. On the one hand, we succeed in our daily lives. On the other hand, we have our federal government belittling us, telling us that we



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are defeated, that we are victims, that our efforts are hopeless, that we cannot succeed.

Simply stated, the federal government wants to steal our earned success and ascribe it to official intervention. It wants to brand us as losers in search of help, with the federal government being the brave knight to rescue the American damsel in distress. American women, so we are told, cannot succeed on our own. We need the protection of the federal government in every aspect of our lives. And, like little girls, we had better listen and do as we are told.

It is time for American women to stand up. Government programs that attempt to guarantee outcomes favorable to women undermine the achievements and choices that we make every day without such programs. They do not help us; they harm us. Like all Americans, we succeed in our daily lives not because the federal government guarantees our success, but precisely because it does not.



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PREPARED STATEMENT OF REPRESENTATIVE ELIJAH E. CUMMINGS

Thank you, Chairwoman Maloney. I welcome our witnesses and thank the Chairwoman for holding this hearing on such an important topic: the issue of gender wage equity.

Some people may wonder why we are holding this hearing. After all, earlier this month, the U.S. Census Bureau reported that gender pay disparities are at an all-time low. Unfortunately, there is additional data which reveals underlying trends that are deeply concerning.

For example, although the pay gap seems to be closing, experts are attributing this positive step to the poor economy, which has caused many laid-off men to take lower-paying jobs.

Additionally, this year, for the first time in history, women earned more Ph.Ds than men. However, the recent data show that women continue to earn less than men at every level of education.

A third alarming trend is the severity with which these pay gaps are impacting African-American and Latina women, who are earning 62.1 cents and 53 cents, respectively, for every dollar earned by their white male counterparts.

In addition to the injustice such disparities inflict on women who are being short-changed, such conditions send a poor message to young women, those whom we are trying to encourage to stay in school, attend college and pursue their dreams.

How can we take serious steps toward lowering truancy rates, increasing college completion rates, and encouraging young people to pursue the jobs of tomorrow if we can't assure all young people, both men and women, that their hard work and perseverance will be rewarded?

I am proud that this Congress has taken the issue of wage discrimination seriously. We enacted the Lilly Ledbetter Fair Pay Act, which prevents employers from escaping responsibility for wage discrimination by hiding that discrimination and running out the clock.

In addition, last year, the House passed the Paycheck Fairness Act of 2009, which strengthens the Equal Pay Act of 1963 by giving victims of gender discrimination the same remedies available to victims of other kinds of discrimination.

Pay inequality doesn't just harm individual workers, it harms families and our nation's economy.

Single women who are heads of household are twice as likely to be in poverty as single men. Nearly four in 10 mothers are their families' primary breadwinners, and nearly two-thirds are significant earners. Therefore, for millions of families, equal pay for women determines whether they will reach the middle-class or whether they will live in poverty.

Additionally, the wage gap has a long-term impact on women's economic security, especially in retirement, as unequal pay affects Social Security and pension benefit calculations.

Therefore, I look forward to hearing from our witnesses about this issue and about steps Congress can take to ensure that all citizens of a nation dedicated to the principle of equal opportunity for all are equally remunerated for their work.

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