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EQUAL PAY FOR EQUAL WORK? NEW EVIDENCE ON THE PERSISTENCE OF THE GENDER PAY GAP

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BEFORE THE

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EQUAL PAY FOR EQUAL WORK? NEW EVIDENCE ON THE PERSISTENCE OF THE GENDER PAY GAP

TUESDAY, APRIL 28, 2009

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

The committee met at 10:05 a.m., in Room 2172, Rayburn House Office Building, Hon. Carolyn B. Maloney (Chair), presiding.

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

Staff present: Nan Gibson, Colleen Healy, Elisabeth Jacobs, Justin Ungson, Andrew Wilson, Rachel Greszler, Lydia Mashburn, Jeff Schlagenhauf, and Chris Frenze.

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

Chair Maloney. The meeting will come to order. And I welcome our ranking member and other members of the committee, and of course our wonderful panelists. I have to acknowledge that Ms. Maatz used to work with me when she was a fellow here. So it is wonderful to have this occasion to have you back before us. The Chair recognizes herself for an opening statement, and will be followed by the ranking member.

Good morning. I want to welcome our distinguished panel of witnesses and thank all of you for your testimony today. This hearing is timely because today is Equal Pay Day, the day that symbolizes how far into the year that the average full-time working woman must work to earn as much as her male counterpart earned the previous year.

We have made a great deal of progress in closing the gap between men and women's wages since President Kennedy signed the Equal Pay Act in 1963, but as the saying goes, women's work is never done. Women earn just $0.78 on the dollar compared to men doing the exact same work. For minority women, the wage gap is even larger. African American women earn only $0.62 for every dollar earned by white men, and Hispanic women fare worse, earning only $0.53.

The report released by the GAO provides additional evidence of the persistence of the gender pay gap, but the workplace setting is particularly troubling. The Federal Government should be a model employer, but today's report tells us we have considerable work left to do to live up to that promise. The GAO finds that an $0.11 gap

remains between men and women's pay in the Federal workforce, even after accounting for measurable differences like education, occupation, and work experience. The report also finds that the total pay gap shrank between 1988 and 2007 from $0.28 on the dollar to $0.11 on the dollar. However, the share of the gap that can't be explained has remained remarkably constant at $0.07, and you can see that right on the chart over there. Those $0.07 may be explained by discrimination against female Federal employees. The pay gap in the Federal workforce that GAO found reflects troubling pay disparity issues in the broader labor market.

I am proud to have successfully fought for equal compensation after September 11th. The compensation plan for victims' families, as it originally was proposed, was based on outdated government formulas that assumed that women victims would have worked for less of their lives than their male counterparts. In effect, the proposed system of compensation was providing less for the family of women victims simply because they were families of women.

This I think is very sobering and outrageous, and a reminder of how institutionalized gender discrimination can be, and that there are many battles yet to be won. Of course, along with many like-minded women and men, we had this changed so that the Victims Compensation Board gave the same to the families of both men and women. But we constantly have to raise the issue because many people just naturally assume that women should be treated in a lesser way.

Women are more productive and better educated than they have ever been, but their pay hasn't yet caught up. The pay gap affects women at all income levels and across a wide range of occupations, and it widens as women grow older.

Equal pay is not just a woman's issue, it is a family issue. 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.

Estimates of how much women stand to lose over their lifetime due to unequal pay practices range from $700,000 for a high school graduate to $2 million for doctors and lawyers, according to the WAGE Project. Every dollar counts. So now, more than ever, families should not be short-changed by gender pay differentials.

The GAO previously has found that women with children earn about 2.5 percent less than women without children, while men with children enjoy an earnings boost of 2.1 percent. So in other words, if you become a father you get a raise, if you become a mother you get a demotion.

While some of the gender pay gap can be explained by differences in men's and women's occupations and leave patterns, study after study show that a substantial portion of the gap remains unexplained. 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 Lilly Ledbetter bill 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 cosponsor of the Paycheck Fairness Act, which passed the House of Rep-

resentatives earlier this session, and I hope the Senate will soon take action.

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 track in their careers, protecting their earnings. The Federal Employees Paid Parental Leave Act, which I have sponsored, would do just that.

By recognizing the persistence of the problem and taking action, we have the opportunity to make next year's Equal Pay Day a celebration of progress, and we hope that will happen.

[The prepared statement of Representative Maloney appears in the Submissions for the Record on page 32.]

And I look forward to the testimony of the witnesses and recognize my colleague, the ranking member, for his opening statement.

OPENING STATEMENT OF HON. KEVIN BRADY, A U.S. REPRESENTATIVE FROM TEXAS

Representative Brady. Thank you, Madam Chairman. I think this is an important issue to all of us. I am pleased to join in welcoming the panel of witnesses before the committee this morning.

A key focus of this hearing, as noted, is the new Government Accountability Office report on women's pay in the Federal workforce. According to the new GAO report, the difference between men and women's average salaries declined significantly in the Federal workforce between 1988 and last year. The study notes that the pay gap narrowed as men and women in the Federal workforce increasingly shared similar characteristics in terms of the jobs they held, their educational achievement, and their levels of experience.

Between 1988 and 2007, the gap between men and women's pay had declined from $0.28 on the dollar to $0.11. GAO reports some or all of the remaining $0.07 of the remaining gap might be explained by factors for which we lack data or are difficult to measure, such as work experience outside the Federal Government. GAO was careful to state that its findings do not prove or disprove pay discrimination.

The trends noted in the GAO report are similar to those observed in the overall economy in recent decades. The pay differential of men and women, once adjusted for occupation, education, experience, hours, and leave, has fallen over time. Although some differences remain, men and women with similar characteristics working the same kind of occupations have comparable pay.

The progress women have made over the years is reflected in a number of ways. Between 1970 and 2007, the women's labor force participation rate increased from 43 percent to 59 percent. Women now receive a majority of undergraduate and graduate degrees. And in 2007, women held over half the jobs in well-paid management and professional occupations.

However, as Diana Furchtgott-Roth notes in her testimony this morning, higher marginal tax rates could effectively raise taxes on married women by increasing the marriage penalty for some two earner couples. I am also very concerned, given the grim fiscal outlook, the application of these higher tax rates will eventually be

much broader than those proposed by the administration. Emerging policies of much higher taxes and government spending, by undermining economic and unemployment growth, will harm both women and men in the workforce.

I would yield back.

[The prepared statement of Representative Brady appears in the Submissions for the Record on page 33.]

Chair Maloney. The gentleman is recognized for his opening statement, Mr. Cummings.

OPENING STATEMENT OF HON. ELIJAH E. CUMMINGS, A U.S. REPRESENTATIVE FROM MARYLAND

Representative Cummings. Thank you very much, Madam Chairlady. I want to thank you, Madam Chair. You have been a tireless advocate for gender equality in the workforce. And especially, today on Equal Pay Day, it should not go unnoticed. I hope today's hearing helps shed light on the continuing practices that prevent full equality in the workplace, and I look forward to working with you to eliminate such wrongdoing.

For the past 3 months, the Bureau of Labor Statistics has reported nearly 600,000 jobs lost each month. I suspect next Friday we will hear similarly staggering figures. With so many of our families led by a single female parent, I am deeply disappointed that our mothers and sisters have to face not only the rising tide of unemployment, but also what amounts to a gender tax.

As we have heard in the past, there is a component of the gap between wages of similarly situated male and female employees which no variable can explain in detailed analysis, and which many attribute to discrimination. I am especially disheartened to see that the wage disparity widens in the cases of women with advanced degrees. After putting in the years and years of effort to earn such degrees, many women still earn a wage that is lower than equally educated male counterparts, which belittles the time and effort required to earn these credentials.

Equally saddening are the statistics that show women who are also minorities face race discrimination on top of gender bias. The persistence of any element of unequal treatment that prevents any American from achieving the full measure of her potential, while enjoying the full benefits of the rights guaranteed by our Constitution, is simply unacceptable.

Now, importantly, we face the situation in which many assume that given the wide participation of women in the workplace, equality has been achieved. Frankly, on many fronts many Americans assume that discrimination is a thing of the past.

Today's hearing is an important reminder that, sadly, we cannot limit our vigilance or expect that discrimination is always and only characterized by actions that are readily apparent. That is why we need to provide those who have been harmed with requisite remedies, strengthen penalties for discrimination, and increase enforcement of these offenses.

For that reason, I was extremely pleased to join so many of my colleagues in cosponsoring the Lilly Ledbetter Fair Pay Act of 2009. This legislation is a perfect example of what can be achieved by collaboration between President Obama and this Congress. The Fair

Pay Act starts us down the road to eventual elimination of the gender wage disparity, and the remedies provided in the bill are the first steps towards this goal. It is my sincere hope that the additional protections and remedies found in the Paycheck Fairness Act are also signed into law during this Congress.

The witnesses before us today have written forcefully and articulately on the role of gender in the labor market. As a result, I look forward to a frank discussion about what can be done to address the harms done and to prevent further harm moving forward.

With that, Madam Chair, I yield back.

[The prepared statement of Representative Cummings appears in the Submissions for the Record on page 33.]

Chair Maloney. Thank you very much. Now I would like to introduce our distinguished panel. Dr. Andrew Sherrill is a Director of Education, Workforce and Income Security Issues at the U.S. Government Accountability Office. He oversees GAO's work on worker protection and workforce development issues, and has worked at GAO for 19 years. Mr. Sherrill has led GAO teams in producing reports to Congress on topics including the gender pay gap, offshoring of services, and welfare reform. He received his master's degree and Ph.D. in philosophy from the University of Texas at Austin, and also attended the university's LBJ School of Public Service.

Dr. Randy Albelda is a Professor of Economics and Senior Research Associate at the Center for Social Policy at the University of Massachusetts Boston. Her research and teaching covers a broad range of economic policies affecting women, especially low income women and families. She has written dozens of articles and books on women's economic status. She is the co-author of the books Unlevel Playing Fields: Understanding Wage Inequality and Wage Discrimination; and Glass Ceilings and Bottomless Pits: Women's Work, Women's Poverty.

And I am very thrilled that Lisa Maatz, my good friend, has served as the Director of Public Policy and Government Relations at the American Association of University Women since 2003. For over a year, she also served as the Interim Director of the AAUW Legal Advocacy Fund. Since 1881, AAUW has been the Nation's leading voice promoting equity and education for all women and girls. Ms. Maatz has also worked for the NOW Legal Defense Education Fund and Older Women's League, and was a legislative fellow in my office. She is a Phi Beta Kappa graduate of Ohio University, has two master's degrees from Ohio State, and holds an adjunct appointment with the Women and Politics Institute at American University, and a mayoral appointment to the Washington D.C. Commission on Women.

Dr. Diana Furchtgott-Roth is a Senior Fellow at Hudson Institute and directs the Center for Employment Policy. From February 2003 to April 2005, she was Chief Economist of the U.S. Department of Labor. Previously, she served as Chief of Staff at the President's Council of Economic Advisers. Ms. Roth was Assistant to the President and Resident Fellow at the American Enterprise Institute from 1993 to 2001. And Ms. Furchtgott-Roth received her B.A. in economics from Swarthmore College, and her master's in philosophy and economics from Oxford University.

I thank all of you for coming today. And Mr. Sherrill, please proceed with your testimony. And all of you will be given 5 minutes to summarize your testimony so that there is plenty of time for questions. Again thank you for your work and thank you for being here today.

STATEMENT OF ANDREW SHERRILL, DIRECTOR, EDUCATION, WORKFORCE, AND INCOME, SECURITY ISSUES, UNITED STATES GOVERNMENT ACCOUNTABILITY OFFICE

Mr. Sherrill. Chair Maloney and members of the committee, I am pleased to be here today, on Equal Pay Day, to discuss the gender pay gap in the Federal workforce. Previous research shows that despite improvements over time, a pay gap remains between men and women in both the U.S. workforce as a whole and within the Federal Government.

My statement today is based on the report that has been released titled *Women's Pay: Gender Pay Gap in the Federal Workforce Narrows as Differences in Occupation, Education, and Experience Diminish*. To prepare the report, we used data from the Office of Personnel Management's Central Personnel Data File. This is a database that contains salary and employment-related information for the majority of civilian employees in the executive branch. We used this data to perform two kinds of analysis, first a cross-sectional analysis that took snapshots of the Federal workforce in 1988, 1998, and 2007, to examine differences in pay between men and women in the workforce as a whole over a 20-year period. For the second analysis, we tracked a group or cohort of employees who entered the workforce in 1988 to examine differences in pay and the effects of breaks in service and unpaid leave over a 20-year period.

My statement today focuses on the following question: To what extent has the pay gap between men and women in the Federal workforce changed over the past 20 years, and what factors account for the gap?

Using our cross-sectional analysis, we found that the pay gap, the difference between men and women's average pay before taking into account any explanatory factors, declined over the 20-year period. As you can see from our multi-colored chart here, specifically the overall size of each of the three bars, the pay gap declined from $0.28 on the dollar in 1988 to $0.19 in 1998, and further to $0.11 in 2007. For each of the 3 years, all but about $0.07 of the gap, the white portion of each bar, can be explained by differences in measurable factors between men and women. Differences in occupation—the green part of each bar—was the major explanatory factor, followed to a lesser extent by differences in education levels—the orange part—and years of Federal experience—the purple part. The yellow portion of the bar represents differences in all other characteristics we measured.

The pay gap diminished over time largely because men and women in the Federal workforce are more alike in these characteristics than they were in past years. For example, with regard to occupation, the pay gap decreased in part because clerical, professional, and administrative occupational categories became more in-

tegrated by gender over time. In particular, changes in the government's clerical workforce explain a large reduction in the pay gap.

In 1988, the clerical workforce was among the lowest paid. It accounted for 38 percent of all female Federal workers. From 1988 to 2007, the clerical workforce shrank in size by about 61 percent, a big drop, and also became more integrated, with the proportion of women decreasing from 85 percent to 69 percent.

The gap also decreased as men and women in the Federal workforce became increasingly similar in their levels of education. For example, in 1988, the percentage of men that held a bachelor's degree or higher was 17 percentage points higher than for women, compared with 6 percentage points higher by 2007.

Finally, men and women in the Federal Government became increasingly similar in their levels of Federal experience. On average, men in 1988 had nearly 4 more years of Federal experience than women, whereas by 2007 women on average had slightly more Federal experience than men.

In each of the 3 years we examined, our model cannot account for about $0.07 of the pay gap. We cannot be sure what accounts for this portion, but it could be due to other factors which may be difficult to measure.

It is important to note this analysis neither confirms nor refutes the presence of discriminatory practices. For our second analysis, which examined the cohort of employees who entered the Federal workforce in 1988, we found that the gender pay gap grew from $0.22 on the dollar in 1988 to $0.25 by 2007. Again differences between men and women's characteristics that could affect pay, especially occupation, explained a significant portion of the pay gap. Specifically, differences in the occupations held by men and women in the group explained between $0.11 and $0.19 of the pay gap over the 20-year period.

We also looked at differences in the use of unpaid leave or breaks in service. They did not contribute significantly to the pay gap for this 1988 cohort. Women in the cohort were more likely to take unpaid leave or have a break in service than men, but when we did the analysis the differences in the use of unpaid leave and breaks in service consistently explained less than 1 percent of the pay gap for this 1988 cohort.

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

[The prepared statement of Andrew Sherrill appears in the Submissions for the Record on page 35.]

Chair Maloney. Thank you, Mr. Sherrill. Dr. Albelda.

STATEMENT OF DR. RANDY ALBELDA, PROFESSOR OF ECONOMICS, UNIVERSITY OF MASSACHUSETTS, BOSTON, MA

Ms. Albelda. Good morning and thank you for the opportunity to testify about the persistent wage gap between men and women. While there has been progress in reducing the pay gap between men and women over the last several decades, it is still the case that women on average make less than men.

In the mid-1970s, the National Organization for Women issued $0.59 buttons. We can turn them in and pick up $0.78 buttons say-

ing that year round full-time women workers make $0.78 for every man's dollar.

While there are some differences in what men and women bring to the workplace that influences the level of pay, those differences only account for a small part of the gender gap, which we saw not only in the Federal labor force, but we have seen in the labor force as a whole. Women have somewhat less work time than men, but they now have higher levels of educational attainment. Adjusting for these differences narrows the gap, but only a bit.

Women do tend to work in different occupations and jobs than men do, but even when men and women work in the same occupations, women typically earn less than men. Of the over 100 detailed occupations for which we have median earnings, there are only six occupations out of these 100 in which women's earnings are higher than those of men. Economists find even when they adjust for all the factors they can possibly put into an econometric study that might explain the differences between men and women's pay, they still find a portion of that wage gap unexplained by those differences. And that is that $0.07. We find actually $0.09 on average in these studies. And importantly, this gap, this unexplained gap, has been persistent.

And so over time, pay equity has stalled as men and women's experience and labor force participation rates become closer. So why? Why is this pay gap? I would say there are three main reasons why men earn more than women on average.

The first is some of the things that we have been talking about today, which is workplace discrimination. And Lilly Ledbetter's experience reminds us that workplace discrimination is alive and well. Routinely women are not hired at all, hired at lower wages, or not promoted over equally qualified men.

But there are two other reasons why women earn less than men besides workplace discrimination, which have to do with, I think, gender inequality in general. One is that women are in different occupations than men. Men are much more likely to be in construction and manufacturing jobs, which pay more than female-dominated jobs with comparable skill levels such as administrative assistants or retail sales clerk.

At the higher end, professional managerial jobs are often sex segregated. Women predominate in the lower paying professional jobs like teaching, nursing, and social work, while men predominate in higher paying architecture, engineering, and computer occupations.

But importantly, women are disproportionately employed in what we call the care sector. The care sector are the industries which educate our children, provide us with health services, and take care of young children, disabled adults, and the elderly. About 20 percent of all workers work in this care sector, and it is one of our fastest growing sectors. And women comprise 75 percent of all workers. Careful research has shown that care workers, paid care workers, are not rewarded commensurately with their skills and experience.

Thirdly, the other thing that I think helps explain the wage gap between men and women is that family responsibilities squeeze women's work time and preclude them from taking and keeping jobs that make few accommodations for those responsibilities. Jobs

that require long hours often pay well and provide a strong set of employer benefits, but employers who employ those workers assume those workers in those jobs are unencumbered by household and family responsibilities. Research clearly demonstrates the existence of a mother's wage penalty.

The recession makes addressing this issue especially important because women's earnings are a vital, if not main component of family well-being. One-third of all households are maintained by women. One-half of all households are married couples. And in those households, two-thirds of wives are employed. Furthermore, wives' earnings comprise 35 percent of family income. In this recession, more men have lost jobs than women have so far. As a result, even more households are more dependent on women's earnings.

The stimulus package will help both men and women, but differently. So it will be important to pay attention to these differences as part of the spending oversight. Increased funds for physical infrastructure, improved medical record keeping, and green energy investments will likely create more jobs for men than women. Conversely, increased funding to the States, especially for health care and education, will reduce the number of layoffs for women since they are more heavily employed there.

What can we do to reduce the pay gap? I think we have to address the three issues somewhat separately. First, addressing workplace discrimination. Ensure that our current anti-discrimination laws are enforced. Second, pass the Paycheck Fairness Act. And third, I would say pass the Employee Free Choice Act, as unions, as much as higher education if not more, boost women's wages. They improve the likelihood that they will have health insurance, and they provide structured mechanisms to pursue employer discrimination.

In terms of addressing occupational sorting, increase the minimum wage. Women predominate in low wage jobs. Improve wages for care workers because government provides most of that money for that employment, and target stimulus money to ensure that women and minorities are included in physical infrastructure projects.

Finally, address family responsibility discrimination. And in this case we need to assure that the laws that protect workers with caregiver's responsibility are enforced like, the FMLA, the Family Medical Leave Act. Extend FMLA to support more workers, and make it paid. Finally, develop legislation that encourages employers to negotiate with employees over flexible work arrangements.

Thank you.

[The prepared statement of Randy Albelda appears in the Submissions for the Record on page 46.]

Chair Maloney. Thank you very much. Ms. Maatz.

STATEMENT OF LISA MAATZ, DIRECTOR OF PUBLIC POLICY AND GOVERNMENT RELATIONS, AMERICAN ASSOCIATION OF UNIVERSITY WOMEN

Ms. Maatz. Good morning.

Chair Maloney. Good morning.

Ms. Maatz. Wonderful to be here, Chairwoman Maloney and members of the committee. I am very happy to be here, and thank

you for the opportunity to testify about the critical issue of pay equity.

AAUW has a proud 127-year history of breaking through barriers for women and girls, and in fact we released our first report on pay equity way back in 1913. Pay equity is still particularly relevant today.

AAUW believes it is critical that in these tough economic times that women workers, indeed all women workers, don't just survive the economic downturn, but in fact that we continue the march towards fair pay and workplace opportunity. Empowering women is one investment that always pays off not only for the women themselves, but for their families and the entire Nation. As the recession continues, women are increasingly becoming the sole breadwinners for their families, making pay equity not just a matter of fairness, but the key to families making ends meet.

According to a White House report, nearly 1.5 million jobs saved or created by the American Recovery and Reinvestment Act are likely to go to women. The recovery package clearly is counting on women to play a key role in the Nation's economic recovery and their ability to do so is increased considerably when women's paychecks are a fair reflection of their work.

This is just one of the reasons why new legislation strengthening pay equity laws is not only necessary, but timely, amounting to an equity economic stimulus, if you will.

I am also pleased to talk about AAUW's research report Behind the Pay Gap, which provides reliable evidence that sex discrimination in the workplace continues to be a problem. AAUW found that just 1 year out of college, women earn only 80 percent of what their male counterparts earn. Even women in the same major and occupation earn less than their male counterparts. Ten years after graduation, women fall further behind, earning only 69 percent of what men earn. Even after controlling for factors known to affect earnings, some of this gap remains unexplained. That is after controlling for factors—now this is quite a list, so bear with me—for factors like major, occupation, industry, hours worked, workplace flexibility, experience, educational attainment, GPA, institution selectivity, age, race and ethnicity, region, marital status, and children, even when we control for all of those factors, a 5 percent difference in the earnings of male and female graduates is unexplained 1 year after graduation.

Choices explain even less of the pay gap 10 years after graduation. Controlling for a similar set of factors, including motherhood, we found a 12 percent difference in the earnings of male and female graduates is unexplained and attributable only to gender.

Here is the critical take-away from AAUW's report. Women are investing in education and increasingly entering male-dominated fields, yet a pay gap remains that can't be explained or accounted for completely by women's choices.

AAUW's research asked a basic but very important question. If women made the same choices as a man, would she earn the same pay? I am sorry to say that the answer was no. Women have excelled at school, changed their work and family patterns, gone into nontraditional fields, and still the pay gap remains. It is not unrea-

sonable to assume that discrimination plays a role, and as a result, more needs to be done on that front as well.

Unfortunately, women's educational gains, ironically motivated in part by women's desire for economic security, have not translated into equal pay for women in the workplace. In fact, a college degree, while it does absolutely increase women's earnings, the pay gap remains larger for college graduates than for the population as a whole.

AAUW's research provides strong evidence that sex discrimination in the workplace is not disappearing on its own. While enactment of the Lilly Ledbetter Fair Pay Act was a critical first step, the next step is for the Senate to pass the Paycheck Fairness Act. As the Congresswoman has already mentioned, the House already passed the bill in January, by an even stronger vote, I might add, than the Ledbetter bill.

Passing both bills is critical to the overall goal of achieving pay equity for all. Ledbetter was a narrow fix that simply returned legal practices and EEOC policies to what they were the day before the Supreme Court decision in Ledbetter, nothing more, nothing less. The Paycheck Fairness Act is a much needed update of the 45-year-old Equal Pay Act, closing long-standing loopholes to prevent any discrimination.

Together these bills can help to create a climate where wage discrimination is not tolerated, and give the administration the enforcement tools it needs to make real progress on pay equity.

Here is the bottom line. There is a pay gap that most economists agree can't be explained away by women's choices no matter how convenient, no matter how much easier it would be for critics if that were the case. And we ignore that gap at our peril. When women don't earn fair pay, they are not the only ones to suffer. Their families do too.

It is also ironic and short-sighted in a nation that needs women's labor to be competitive in a global marketplace. Skeptics like to claim that there is no real pay gap—that somehow it is all a product of our imaginations. Worse, these critics prefer to blame women, especially working mothers, for any pay disparities, saying that the pay gap is due to the choices that women make.

But excuses are excuses and facts are facts. Policymakers need to take a long, hard look at why the marketplace punishes women for being mothers or, as AAUW's research has showed, for simply their potential to be mothers, while fatherhood carries no wage penalties and may in fact carry financial benefits.

It is time to pass the Paycheck Fairness Act, and it is time for women's paychecks to catch up with our achievements. Thank you, and I look forward to your questions.

[The prepared statement of Lisa Maatz appears in the Submissions for the Record on page 54.]

Chair Maloney. Thank you. Ms. Furchtgott-Roth?

STATEMENT OF DIANA FURCHTGOTT-ROTH, DIRECTOR, CENTER FOR EMPLOYMENT POLICY, SENIOR FELLOW, HUDSON INSTITUTE

Ms. Furchtgott-Roth. Thank you very much. Ms. Chairwoman and members of the committee, I am honored to be invited to tes-

tify before you today. I have followed and written about these and related issues for many years. I am the co-author of two books on women in the labor force, Women's Figures, and The Feminist Dilemma: When Success Is Not Enough.

As the GAO report over here shows, women generally have equal pay for equal work now if they have the same jobs, responsibilities, and skills. Members of Congress are paid identically, regardless of gender, as are many other men and women with the same job. Two entry level cashiers in a supermarket, one male and one female, usually are paid the same, as are male and female first year associates of law firms. If they believe they are underpaid, they can sue for discrimination under current law.

The 78 percent figure comes from comparing the 2007 full-time median annual earnings of women with men, the latest year available from the Census Bureau. The 2007 Department of Labor data show that women's full-time median weekly earnings are 80 percent of men. Just comparing men and women who work 40 hours weekly, without accounting for any differences in jobs, training, or time in the labor force yields a ratio of 87 percent.

These wage ratios are computed from aggregate government data and don't take into account differences in education, job title, and responsibility. When economic studies include these major determinants of income, as the GAO study showed, the pay gap shrinks even more.

Nevertheless, we need to do all we can to level the playing field so that women are not discouraged by our institutions from dropping out of the workforce. One change that has been recently proposed has been to allow the top tax rate to rise. This would adversely affect married women, because their incomes are frequently secondary. It would not only discourage marriage, but also discourage married women from working.

Take a nurse, for example, Amanda, with a taxable income of $50,000 who wants to marry Henry, who owns an electrical supply store and has a taxable income of $160,000. Unmarried, he is in the 28 percent bracket and she is in the 25 percent bracket. When they get married they will be taxed at 33 percent, rising to 36 percent in 2011 if Congress allows taxes to rise. By raising taxes on upper income Americans, Congress would worsen our system's tax penalty on two-earner married couples, and Amanda and Henry, and countless others like them, would pay a lot more taxes married than single.

In President Obama's new budget, he outlined plans to allow the two top tax rates to rise from 33 to 36 percent, and from 35 to 39 percent. In addition, taxpayers wouldn't receive the full value of their deductions. Taxes would rise for singles with taxable income over $172,000, and married couples over $209,000.

Even if Amanda and Henry were not immediately affected by these, these rates might well affect Amanda when she earned more, unless, of course Amanda and Henry decide to have children and Amanda left the workforce to care for them. Say that Amanda's taxable income rose to $60,000, so she and Henry had a combined income of $220,000, putting them in the new 36 percent tax bracket. But if she dropped out of work and stayed at

home to look after the children, their tax bracket would be 28 percent.

Our tax system should not make it harder for women to work. The penalty falls most heavily on married women who have invested in education, hoping to shatter the glass ceiling and compete with men for managerial jobs. It does not have to be that way. Congress could leave taxes as they are now, with a flatter structure of taxes so that couples don't face higher taxes upon marriage.

Labor Department data show that as the average number of earners in the household rises so do income levels. One characteristic of the highest earning one-fifth of couples, the top quintile, is they have an average of two earners per household. The middle quintile has one and a half earners per household on average. And the lowest earning fifth has an average of half an earner per household; in other words, more part-time and unemployed workers. Therefore, when workers marry, more households move into the top quintile of income distribution.

When Congress tries to raise the taxes on top earners, then working women are disproportionately affected, even if, like Amanda, they do not earn very much by themselves. For Congress to announce that taxes on the top end of the scale will rise is an explicit attack on married working women, especially those who own their own businesses.

Thank you very much for giving me the opportunity to appear before you today.

[The prepared statement of Diana Furchtgott-Roth appears in the Submissions for the Record on page 59.]

Chair Maloney. I want to thank all the panelists for their very important testimony today.

Dr. Sherrill, last year I requested a report from GAO regarding the enforcement of anti-discrimination policies. The GAO recently released that report, which concluded that serious problems exist in the enforcement of anti-discrimination statutes and regulations within both the Equal Employment Opportunity Commission and the Department of Labor.

Could you comment on these findings and address any changes that have been made as a result of your report? Dr. Sherrill?

Mr. Sherrill. I would be happy to do that. We made recommendations to both the Equal Employment Opportunity Commission and the Department of Labor to strengthen their enforcement strategies. We made one particular recommendation to both agencies. We found that neither one was systematically monitoring the charges that are filed in the area of gender pay violations. So as a result, neither one of the agencies is tracking these. They don't have a good sense of what are the trends in this area. They can't tell how effective are the enforcement strategies that they are using. And so as a result, they don't know to what extent their resources are being well invested. So we recommended that both of them do a better job monitoring and tracking this.

In addition, we made other recommendations to the Department of Labor. There are issues there with regard to Labor. For example Labor has a certain mathematical model it uses to select contractors to focus on for investigations, but Labor has not assessed that model. Labor requires contractors to self-evaluate their compensa-

tion systems, but does not have good data and follow-up on to what extent that is happening.

The Equal Employment Opportunity Commission agreed with our broad recommendations, so we will be monitoring how they implement them. We also made a series of recommendations to Labor. The Department of Labor did not take a position on our recommendations. As part of our normal efforts, we will be tracking how they are implementing the various recommendations we have made to improve their enforcement.

Chair Maloney. And Dr. Sherrill, one of the analyses you conducted in your report suggests that leave patterns do not explain very much of the gender pay gap in the Federal workforce. I found that interesting. I always thought a lot of studies say that the disparity between men and women is the different choices of leaving work to have a child, taking care of a sick parent. So that was very interesting to me. And could you comment on that a little more?

Mr. Sherrill. Yes, that was also interesting. As we tried to analyze the results of that, we looked at the impact of unpaid leave, and we found that it had very little role in reducing the unexplained portion of the gap. Women had a higher propensity to use unpaid leave: 18 percent of women versus 11 percent of men over our 20-year period had unpaid leave over 30 days. But that was counterbalanced by the cost of unpaid leave being higher for men than women. So there were two counterbalancing factors that we saw. We weren't able to measure the duration of the unpaid leave, so there were some data limitations to our analysis.

With regard to breaks in service, women had slightly higher propensity to have breaks in service: 17 percent of women versus 15 percent of men had breaks in service over time. Women's breaks were somewhat longer. But this didn't have any effect on the pay gap.

Chair Maloney. Other studies that I have read show that leave patterns do affect the gender pay gap. And very interestingly, in a lot of studies, including one you did on a new look at the glass ceiling, it talked about the "mom bomb," where you become a mother, you get demoted, you become a father, you get a promotion. And could you explain that a little more? It says that women really pay a high price for motherhood, while men actually see their pay increase. Did you see that in your study or did you look at that time in this one? I know it was in your other studies.

Mr. Sherrill. We didn't look at it in this study. And I need to mention a caveat here, because the analysis we did in this study of the Federal workforce of unpaid leave and breaks in service was just for the 1988 cohort or group. So we didn't have such data available to do this analysis for the workforce as a whole over time.

But we had done an earlier report in 2003 looking at the gender pay gap for the general workforce. And in that study we found that differences in women's work patterns, like breaks in service, unpaid leave and part-time schedules, was a major explanatory factor there. So we got somewhat of a different picture when we looked at the Federal workforce using the data system we had available here.

Chair Maloney. Thank you very much. My time has expired. My colleague, Mr. Brady, for 5 minutes.

Representative Brady. Thank you, Madam Chairman. I know Ms. Maatz has been eagerly awaiting the chance to call you Madam Chairman of the committee.

Ms. Maatz. Absolutely.

Representative Brady. By the way, we have a great local chapter of Association of Women as well——

Ms. Maatz. Yes, you do.

Representative Brady [continuing]. In the Houston, north Houston area.

Federal workforce is 5 percent of the entire workforce would you guess, Mr. Sherrill? A little bigger?

Mr. Sherrill. I don't know right offhand.

Ms. Albelda. I would say it is smaller.

Representative Brady. Somewhere thereabouts. We will get the numbers. But one, I appreciate you doing the study. Clearly, it shows we are making progress. But until we get to the goal of zero, no difference between men and women doing equal jobs with equal experience and all, this goal hasn't been met.

I think in the small business community, which creates 80 percent of all new jobs in America, you have seen dramatic improvement over the last couple decades. I have more experience there than I do in government. I was a Chamber of Commerce manager, so I worked with small business professionals. What we saw were in businesses where basically hiring the best people and keeping them is the difference between survival and bankruptcy, where you know if you don't treat people right someone down the street is going to hire them away and survive and profit better than you. What I saw in our communities was that women were quickly moving into positions of hospital executives, banking executives, ran small businesses very effectively. And in fact, I think in the free market system the market itself helps eliminate discrimination, because simply companies that practice it fall behind, companies that hire and reward the best workers prosper.

Which is why I wanted to ask Ms. Furchtgott-Roth about what you described as sort of a tax attack on working women. Because I have seen this within the small business community, where we encourage women to get that degree, we encourage them to go into management positions, we are trying to maximize their potential to society and the marketplace, yet those are the very people that this new budget would tax the most and penalize the most. And in fact, these tax proposals aren't on the wealthy, they are on professionals and small businesses, the very ones who we are encouraging to break those glass ceilings.

Although slated to go away next year but come back in almost full force in the year after that—in real life we are seeing more women and minority-owned businesses getting swept up in the death tax, again a tax aimed at the wealthy. In fact, it is the thought that you would work your whole life, start a small business, work your whole life to build it up, have a nest egg to hand down to your children or grandchildren, and then have Uncle Sam swoop in at the end and take nearly half of it is something that many women-owned businesses now are fearing as perhaps the biggest barrier to handing all their hardworking wealth on to their family.

Can you talk more about the impact of this tax attack on working women?

Ms. Furchtgott-Roth. Well, you are absolutely right, because when a woman goes into the workforce she doesn't just pay Federal tax, she also pays transportation costs, child care, State tax. There are all these things that she pays. And this is piled on top of her husband's rate. And in the top quintile, the top fifth of American households, the one distinguishing feature is that there are two earners. So these two earner couples are in the top quintile as opposed to the middle quintile, where there is one and a half earner per family. So maybe every other family has two workers in the workforce. So increasing the Federal tax means that the woman, whose income is frequently secondary if she moves in and out of the workforce, is discouraged from returning to work. Because when you add everything up, there are some families who say, well, it is just not worth you going back to work, dear, Uncle Sam is going to take most of the money. And that is something that we want to work to prevent. We don't want those top tax rates to go up because it hurts these married women.

Representative Brady. And that is my concern. I think encouraging more to come through the front door, as they should, than to take more out of their taxes in the back door——

Ms. Furchtgott-Roth. Exactly.

Representative Brady [continuing]. Seems to be punishing the very entrepreneurial behavior and achievement we want from women.

Ms. Furchtgott-Roth. Right. Exactly. We want to have as flat a tax structure as possible so that when married women go back to work it doesn't increase the overall tax rate of the family.

Representative Brady. Right.

Ms. Furchtgott-Roth. And what we are doing with these proposals is making the tax rates steeper rather than flat.

Representative Brady. Right.

Thank you, Madam Chairman.

Chair Maloney. Thank you. Mr. Cummings for 5 minutes.

Representative Cummings. Thank you very much. Dr. Albelda, you wrote that research clearly demonstrates a mother's wage penalty. Are there such penalties against fathers, particularly single parent fathers?

Ms. Albelda. No. Actually, as Mrs. Maloney, the Chairman Maloney indicated, typically fathers tend to earn more than men who aren't fathers. There is not a whole lot of research on the earnings of single fathers because there aren't very many of them, although it is growing. They do on average tend to earn less than married men who have children. So there does seem to be a small penalty, but not quite as big as mothers' penalty.

Representative Cummings. Ms. Maatz, we know that the average woman earns $0.78 for every dollar earned by her male counterpart, but the gap is even more alarming for minority women. For example, in your testimony you noted that African American women working full-time year round earn $0.62 for every dollar earned by white men employed full-time year round. The problem is even more severe for Latinas, who earn just more than $0.58 compared to wages earned by white men. Why do you suppose this

is? And why do you think we have this gender gap? And why is it so severe, you think, for minorities? And what do you suggest we do to try to close it?

Ms. Maatz. Well, I think there are a variety of reasons for it. I think obviously we still have an education gap in terms of getting more people to school. Even though we know that education doesn't solve the pay gap completely for women, we do know that it does increase their pay enormously. I do think that women of color are still caught in a classic double bind, and that those issues play a role. And I think that there are a variety of different factors that come into play that are so difficult, especially in these economic times. We know that there are a variety of articles that have been written about how women of color have been especially hard hit in this recession, and that these are issues that we have to try and face if we can.

I would like to follow up particularly on something that Ms. Furchtgott-Roth has said about the tax structure. You know, we are talking about families and trying to flatten the tax structure for two-earner families. And you know, most of the families in this country don't make $250,000. So we are trying to flatten the tax structure for a very small amount of people that we are talking about here.

So I think that is critical. You know, it is a very small amount of people that she is talking about. And I think that when we are talking about pay equity and we are talking about people bringing home a fair amount, most working families can't even dream about that number. We are talking about people who are making very small—much smaller amounts of money. And especially when we are talking about women of color, it is a much tougher issue because of the numbers that you just quoted.

And so this is about making ends meet. This is kitchen table economics. This is about being able to put food on the table and being able to pay the electric bill and am I going to be able to make rent this month. This is not about the luxuries. This is about actually being able to make my bills day to day.

Representative Cummings. I often tell folks that people in my district, they are not trying to get a steak, they are just trying to get a hamburger.

Ms. Maatz. I think that is true. I think that is true. And I think there is a lot of job segregation that goes on as well. My colleague Dr. Albelda talked about that as well. And women are still put into, in many respects, very clearly into what we call the pink collar jobs. And it was interesting when Mr. Sherrill talked about the fact that one of the reasons why we saw the wage gap shrink in the Federal Government was because we saw that more men were going into the clerical jobs. It was clear evidence that job segregation is one of the reasons why we have a pay gap. So discrimination is absolutely part of the pay gap, but job segregation is absolutely part of it as well. And women of color certainly I think suffer from job segregation even more so than white women.

When you look at the STEM fields, for instance, the science fields, trying to talk about getting minorities into the science fields, which are high wage fields that we need to be competitive, and

that is not just for women, that is for men of color, too, that is a huge issue. And so it is much more complex.

Representative Cummings. Thank you very much. I see my time is up. Thank you.

Chair Maloney. The Chair recognizes Mr. Hinchey, and comments that he has an important bill on the floor today on the Binghamton disaster. And I just wanted to congratulate your work in helping the families and helping New Yorkers recover from that disaster. And the Chair recognizes him for 5 minutes.

Representative Hinchey. Thank you very much, Madam Chairman. I appreciate very much your having this hearing. This is an important subject. Is that on now?

Representative Cummings. Yes.

Representative Hinchey. Sorry for the delay. I was just saying I very much appreciate your bringing about this hearing. And I think this is a subject that really needs to be dealt with.

As Mr. Cummings was asking you, the difference is pretty dramatic between men and women. The number we have is $0.78 on the dollar for every woman rather than a dollar, but it drops down depending upon the minority. And I think that that is a very important aspect of this, too, that really needs to be dealt with.

One of the things that you were talking about, Ms. Maatz, is the failure of education, really, to generate an equity in the outcome of the pay that people get. And regardless of what that might be, whether it is engineering and mathematics or whether it is health and things of that nature, or even something like biology, even in biology women get on average $0.75 for the dollar.

So I am just wondering why do you think the gender pay gap persists even among college graduates? What is it that we should be focusing on to try to deal with that aspect of this situation? Doesn't education make a difference? Shouldn't it make a difference?

Ms. Maatz. Education absolutely makes a difference. I mean it is the bedrock towards a more economically secure future. So I don't want anyone to think that you should not be getting an education, and that we don't need to do work to not only close the achievement gap, but to do work to continue to open doors for women in nontraditional fields. But the reality exists that it is not the panacea that the founders of AAUW thought it was going to be back in 1881. They thought that if you got an education it was going to take care of everything.

The reality is that once women get out into the workforce, there are other forces at work, and all kinds of different things come into play. And some of it is this job segregation that we have been talking about.

So you can get a biology degree, but if you become a biology teacher versus going into a science field with biology, that can play a role. That, though, becomes in many respects a sociocultural question in terms of why we value hard scientists over biology teachers. Right?

So I think in some respects we have some real questions to ask. It is not, when we look at job segregation issues, which are absolutely a part of why we have a pay equity question, it is not that we don't want to have, necessarily, job segregation. It is not that

we don't want women to be nurses. It is not that we don't want women to be teachers. But we need to think about why do we devalue jobs that are specifically or in some ways that we see inherently as feminine jobs. We need nurses. We have got the baby boomers aging at a rapid rate. We need teachers. We need really good teachers. But why aren't we actually paying them what they are worth and doing what we need to do to improve the education system?

So there are those questions as well. But I also think that there is a discrimination component. When you look at actual fields where there shouldn't be a job segregation issue, where it seems more of a mixed gender field and you still see differences, well, then you've got to start scratching your head, and reasonable people say, you know what, there is some bias going on here. And that is where laws come into play.

That is why we want to pass the Paycheck Fairness Act. And I thank the House for passing it with such a strong bipartisan vote. But I've got to tell you the Senate has got to get on the stick, and they have got to pass it too, because we need to get this moving and get this done.

The administration needs the tools to move it forward. That law has not been touched for 45 years, and it has got loopholes you could drive a Mack truck through.

Representative Hinchey. Yeah. Anybody else? The situation with regard to public employees also is something that needs attention. I mean I had the sense generally that there was a greater equity with regard to Federal employees than there was out in the private sector. But there seems to be nevertheless some inequity in the public workforce as well.

Anyone want to comment on that? Dr. Albelda.

Ms. Albelda. There is more equity. The total pay gap in the Federal workforce is much smaller than it is in the workforce as a whole. So I think the lesson is actually that when you have good employment practices, as the Federal Government does, largely in response to anti-discrimination laws that were passed in the nineteen fifties, sixties and seventies, that you actually can reduce the pay gap. So that I mean I think—I take an opposite lesson, that even though it still exists, good employers, employers that have transparent rules that follow anti-discrimination laws, that pay attention to this can actually reduce the pay gap substantially. So I would applaud Federal—and in fact many women choose to go into government employment. A lot of professional women, particularly African American professional women, find themselves in public employment largely because they are good employers.

So I think good employers, as you said, will attract good workers, but certain places make it more conducive. So I would applaud the government for their anti-discrimination efforts. And there is still some ways to go, but that reduction is much higher than what we have seen for all other workers.

Representative Hinchey. Madam Chairman, if I could just make a comment about this.

Chair Maloney. Absolutely.

Representative Hinchey. I think that the point that you made is very, very good. One of the things that we are struggling with right

now is an initiative that was taken by the previous administration, but unfortunately is still in play. And that is privatizing the workforce throughout much of the Federal Government, particularly with regard to work in the education academies, whether it is the Army, the Navy, the Air Force, all through that element. They are seeking, the previous administration was seeking, and is continuing, to change that process. That is something that we really need to deal with. Do you think that is——

Ms. Albelda. I think it is true in State and local government as well as they privatize more. I mean I think private employers can be good employers, but they have to have the rules in front of them, and the rules have to be enforced. And you make the rules. So I think that they need the rules to be good employers.

Representative Hinchey. Thank you very much. Thank you, Madam Chairman.

Chair Maloney. I would like to ask all the panelists to comment on why is it so hard to change the pay gap? If you look at the other GAO report that they did on 20 years of pay, they saw a consistent 20 percent gap between men and women's pay after you brought in all the reasons for this. There was this consistent 20 percent. It hadn't budged an inch.

And also the other GAO report that I was involved in showed that men and women had entered the workforce at the same level because of the women's movement, the labor movement, but 5 years out, when you went into supervisory positions, management positions, the pay gap actually grew substantially, some cases 18 percent. So women were losing ground except in the areas that Ms. Maatz points out that are female dominated, health care, care giving, education.

Chair Maloney. So the main question I would like to ask all of the panelists: Why is it so difficult to chip away at the pay gap? We really haven't made success of it since the 1980s, and we haven't gained any ground since the 1980s.

And I would like to ask Ms. Roth to also comment, after the pay gap deal, or get in writing to the committee, how many women are affected by this tax structure.

And I must say that I do know some couples who get a divorce to get equal treatment in the tax structure. I know some couples who did a study that showed their taxes would go up, so they are living in sin or, rather, they are living together—not to make a judgmental deal on it—because of the tax structure. Now, in a country that promotes marriage, this seems somewhat unfair.

And I will say that I think there is tremendous discrimination against women everywhere. That is why I wrote a book about it, Rumors of Our Progress are Greatly Exaggerated. And in the tax policy, to encourage a woman not to work is very discriminatory. Because many women are divorced, and then they give up their careers, and they are part of the numbers of women in poverty.

The largest determination or factor to determine who is going to be in poverty in old age is being a woman with a child. I think that is a devastating statistic, again, from GAO, that our policies are really not supportive of women with children.

And from my own personal experience, I will share with you, when I became a mother, my husband came to me with charts

showing that we were losing money if I worked; that with the cost of child care, the change in tax structure, our family lost money because I was working, and that I should drop out of the workforce. I am very pleased that I did not drop out, but many of my middle-class families and friends did drop out of the workforce and, I would say, very much to their detriment.

And on a philosophical—since we have two philosophers on the panel today—we cannot afford not to have the best and the brightest competing in this new world economy, and we need our women and minorities to have all the educational opportunities in order to compete in the world economy. Otherwise, we are hurting ourselves as a Nation.

So the numbers that you show to discourage possibly the second worker, male or female, is not a policy that we want to continue in our government. Possibly a fairer way to approach it is to have each person who is paying taxes be taxed separately or individually so that this does not happen. And your comments on it.

But my question to the panelists, first of all, is, why is it so difficult to bring equity into the workforce, and why have we not changed our numbers really since the 1980s in pay discrimination? The Federal Government has done better, as we see in this, but roughly it has been 78 cents persistent or 80 cents to the dollar or 78 cents to the dollar persistent for 20 years, depending on which study. That has been harder to change than any social policy that I am aware of. It has just been unbelievable that it has just been so consistent. And, in some cases, when you reach for the promotions, the level has dropped dramatically and painfully for many women in the workforce.

And so any comments from any of the panelists?

Ms. Furchtgott-Roth. Well, it has improved when you take into account all the different factors such as education. Then you can see that the wage gap has in fact narrowed. But in order to eliminate it completely, first of all, you would have to mandate that everyone studies the same thing in school, so that 50 percent of physics majors would be men, 50 percent women.

Chair Maloney. Ms. Roth, I dispute that. We now have more women in law schools than men. We have more women in medical schools than men. And women are highly educated.

The point that Ms. Maatz made is that we have become highly educated and we have moved forward with great education, but it hasn't been translated in pay equity. And the report I cite is the GAO report, the nonpartisan, bipartisan GAO report that showed a consistent 20 percent gap or more between men and women for 20 years. This was 5 years ago, this report. I would like to see it again and see, maybe we have made some gains. But most reports show that we have not and that it is persistent and it is strong and that it is unexplainable.

Ms. Furchtgott-Roth. With the utmost respect to my co-panelist, I was talking about science. And certainly in the STEM (Science, Technology, Engineering, Mathematics) areas there are fewer women than men in terms of majors in college.

But to get to the next point, you would also have to mandate that people work the same amount of hours and have the same amount of productivity. And data show that when women have children

they tend to cut back on the time and the hours that they work and they choose jobs that enable them to be back at a reasonable time.

Chair Maloney. That is an important point. But, Dr. Sherrill, didn't your report factor in these considerations of leave for the birth of a child, leave for taking care of a parent? Didn't they factor in, in your report?

Mr. Sherrill. That is right. That report we did was on the general workforce over almost a 20-year period. And, as you said, the raw pay gap was about 45 cents or so. Once we accounted for a range of factors, it was still about 20 cents on the dollar unexplained here.

Chair Maloney. Which excluded the points you made, Ms. Roth, of taking time out and not working as long. Once you took out all these factors, there was still the pay differential.

Ms. Furchtgott-Roth. The amount of time was not a variable. It was whether they took time off but not the extent of time. If they took 1 week off or 6 months off, that wasn't distinguished. Right, Dr. Sherrill? Because you didn't have the amount of time. It says so in your report.

Mr. Sherrill. I think we are talking about two different reports. On this one on the Federal workforce, we did not have the amount of time that women had the unpaid leave. On the one we did in 2003, I believe that we did.

Chair Maloney. And, Dr. Albelda, since you have written several books on it, could you jump in on this?

Ms. Albelda. Well, I would suggest and think a little bit bigger about the kind of jobs we have at the United States. I think at the high end, the professional jobs that about maybe one-third of the labor force is in, those jobs are what I have called jobs with wives. Those are jobs which require workers to work a lot of time and have a very hard time balancing work-family responsibilities. So the jobs themselves have been structured for centuries, actually, now to accommodate a worker that is not encumbered by any caregiving responsibilities, making it very difficult for women to do those jobs. And where you see professional women go is they go to the workplaces that know how to work with professional women, like teachers or hospitals or the public sectors. So these sectors——

Chair Maloney. Or small businesses.

Ms. Albelda. So they can have the flexibility. At the low end, those are what I call jobs for wives. Those are the jobs that tend to be low wage. The employer and employee don't have very much long-term relationships and stability. They don't have benefits. They often are—you can work part time or not. But that is part of the pay gap, is a lot of women are funneled into low-wage jobs. And only one-third of women in the United States have a bachelor's degree. So two-thirds of all women in the United States don't have a bachelor's degree. So higher ed helps, and I teach women I want them to get their degrees and move on.

So I think there are two different things going on, but I think they all stem from the same thing, which is that we have workplaces that are not built for equity in the sense that the high-paying jobs assume you don't have family responsibilities and the low-paying jobs do. So we need to rethink who gets what benefits, how

we structure jobs, what is overtime, and what does work flexibility mean for all workers, not just at the top or even at the bottom.

Ms. Maatz. And the other piece of this I would say, too, in AAUW's research, we actually found that motherhood was not the driving factor behind the wage gap among working women 10 years out of graduation. In fact, what we actually found was that mothers who were in the workforce full time did not earn less than other women who were working full time, controlling for other factors such as occupation and majors.

Chair Maloney. But the comparison is not with other women; it is with men.

Ms. Maatz. I know. But what I am trying to say there and what my learned counterpart here is trying to say is that women who have kids take extra time off or work less hours than other people because they have kids. Well, they certainly didn't do that less than any other women. So then when we are comparing them to men, obviously then that is a reasonable conclusion.

So in this particular instance, what we are finding is that over the years women have found all kinds of ways to balance motherhood and work; and it has worked really well.

But, Congresswoman, I really want to get to your point about reasons for why we can't get past the pay gap, because I think that is a great question.

Chair Maloney. I am way over time, and I have to be very respectful to my colleague. So I would like to yield him such time as I took for his questioning, and then when I come back I will ask you that question. Because I would like to hear what you have to say. But we have to be balanced in this discussion.

So I recognize my colleague for such time as he may consume.

Representative Brady. I will be brief.

There is no question that, until we get to no pay gap, period, we have not reached our goals as a country in fairness, in equity. But I dispute the thought that we are not making progress on this issue. I think clearly we are.

And progress on that chart in the Federal Government—again, I understand that 93 cents for every male dollar isn't satisfactory, but we are making significant progress. Even the Bureau of Labor Statistics does that in its overall study, which is sort of misleading. Basically, it is equivalent of if we take every man's salary in this room versus every woman's salary in this room, there will be a pay gap. Well, clearly, you are comparing apples to oranges. When you do get closer to it, you see, like in the government study, we are starting to whittle down that pay gap. Which is good, but it won't be good enough until we get to zero.

I think we are getting better at studying the reasons why, which is giving us more clues as to what we need to do to eliminate it completely.

In your statement, Dr. June O'Neill from American Economic Review did a wage study ratio between men and women. Ms. Furchtgott-Roth, can you talk a little about that?

Ms. Furchtgott-Roth. Yes. She compared men and women making—with the same jobs. She took into account time out of the workforce, used in a host of studies. She put in an aptitude test, the Armed Forces aptitude test. And the more things she added,

the smaller the pay gap became; and she got a number of about 95 to 97 percent.

And most studies, with respect to my honored colleague over here, do show that the more children there are, the larger the wage gap because of the time out of the workforce.

Jane Waldfogel of New York University has written articles showing how increased numbers of children do tend to make the pay gap widen. And that is why some people call for paid family leave as a remedy to the pay gap. And I believe that was mentioned. Their view is that children do have an effect. But when you take into account these different things, you do find that men and women are paid the same.

Now, the Behind the Pay Gap (AAUW) study does show that there is no effect of numbers of children on women's pay. But that is basically outside the general academic literature.

Representative Brady. The reason I ask you about it is I also dispute the thought that the government is the only place where discrimination no longer exists. Because I think in the private sector again you are seeing market forces reward that type of entrepreneurial professional degree that we are encouraging more women to pursue.

You mentioned another study, Professors Bertrand and Hallock, that dealt with male and female executives, another issue, has encouraged more and more people stepping into the boardroom and running their own companies. What did that study show?

Ms. Furchtgott-Roth. That showed that when you take into account the different factors, male and female executives at top corporations are paid about the same. So the closer you compare, the closer the pay gap comes. Such as Congressmen and Congresswomen are paid the same. Male and female Senators are paid the same. They have the same jobs. But when you take these large averages, that is when you start getting these large pay gaps.

And this Behind the Pay Gap study shows occupations. It doesn't show specific jobs, a specific cashier with one year's experience versus another specific cashier with another year's experience. And the only way to make the pay gap completely disappear is to mandate that everyone is paid the same. The Soviet Union attempted that, and the Soviet Union crumbled.

Representative Brady. I don't think we are there in the private sector yet, where discrimination doesn't exist and pay equity is perfect. It is not. I just think we are making progress. And I do agree with the chairman that a Tax Code that punishes people for seeking those professional degrees, punishes people where two workers go back to work is a poor Tax Code and making it even more so I think is really damaging to working women. It is one of those issues that maybe we can find common ground as we go forward in this committee.

Again, Madam Chairman, thank you for leading this discussion today. I think it is important every year that we measure our progress on this issue and look for ways to improve even more.

Chair Maloney. I appreciate the gentleman's comments.

And maybe, Dr. Sherrill, it is time to update a new look at the glass ceiling—we haven't had that report in 5 years—and incor-

porate some of the points that Mrs. Roth has brought up and Ms. Maatz and take another look at it.

Quite frankly, I found that report astonishing, that there was a 45 percent gap between men and women. And, obviously, if you are in a profession where it is mandated by law, men and women are paid the same in my profession, a Member of Congress, but in most offices they are not. And most offices, it is a very deep and strong bias against them.

In fact, I just saw the play Nine to Five, which was around in 1980; and it is still very relevant. In the play, a woman is fired for asking an employee what she is paid. She is fired.

And the work/family balance support which Dr. Albelda and Ms. Maatz mentioned, such as paid family leave, flex time, the right to deduct the cost of child care, and the vital fact that most women work because they have to, it is not a choice. It is not a luxury. It is a necessity to provide the income for the families.

But possibly you would join me in a request to Dr. Sherrill for another GAO report that looks at 25 years of pay and see if we have made any success in that range.

But, truly, the most fascinating one you did, Dr. Sherrill, was the look at those that have moved into management where, in some cases, we were losing ground. Even in times of great prosperity, we didn't share the wealth; we grew the disparity between men and women in pay. And it might be interesting to go back and look at that, and particularly during an economic downturn, how women are faring in the workforce.

But, Ms. Maatz, I would now call upon you to continue with your statement. And anyone else who would like to make a statement, I look forward to your comments.

I think that we are making progress in the public sector, which is the model, but the reports that I have read—and I look forward to reading the reports that you mentioned, Ms. Furchtgott-Roth, as I am sure other panelists do. But those that I have read, the scientific reports that are separate from Congress still show a deep and strong, persistent wage discrimination which is terribly unfair and one that we need to address in every way we can. Ms. Maatz.

Ms. Maatz. Thank you. And you will be pleased that my reasons or solutions don't include kidnapping my boss like Nine to Five. We try to avoid that particular one.

The first one that I would get to is that, actually, since 1980, we have not had a major law passed in terms of pay equity. Now, I know you are probably thinking to yourselves "Ledbetter". And Ledbetter certainly was a critical law when it came to pay equity and court access, and it was critical in terms of court access to combat wage discrimination. But when it actually came to being able to fight the root causes of why pay equity exists, that was not the bill that did it. That was literally just a bill that got women in the courthouse doors. So I put that caveat there, and I think that is critical to note.

The other one is job segregation that I mentioned earlier. Job segregation continues to exist. It is the product of all kinds of reasons: bias in terms of school counseling. Certainly there is personal choice there. I talked earlier it is not that we want to discourage people from being teachers or nurses or whatever, secretaries, cos-

metologists, but we need to look at how we pay those kinds of jobs and how the market works with that. There is a great study up in Long Island where they paid their groundskeepers more than they paid their first-year teachers. Clearly, that is an issue in terms of what we value and what we don't in male professions and female professions.

I think that there is absolutely, now that we have so many more women in the workplace and there is an acknowledgement that for a thriving economy that innovates, that is preparing and working to meet the demands of a 21st century competitive global marketplace, that we need women's work and we need women's labor. There is no getting around that.

At the same time, I think there is a lot more maternal profiling that goes on because there are assumptions that are made about women who have kids or women who might have kids. So I think that that is absolutely a reason why the pay gap sticks around.

And the fourth one that I would say is that I think that the government needs to play a stronger role both in terms—not only in terms of the legislation that I mentioned right away, right off the bat, but in terms of the executive branch and data collection and oversight programs.

One of the things that Mr. Sherrill mentioned in his testimony or in one of his questions was some recommendations that they had made; and one of the thoughts that I had right off the bat was a whole survey—equal opportunity survey that was discontinued under the prior administration and under the Paycheck Fairness Act.

Chair Maloney. Where was that study?

Ms. Maatz. Well, the equal employment survey was a survey that was developed under three different administrations in a bipartisan fashion.

Chair Maloney. Was it in the Census Department? Where was the study?

Ms. Maatz. It was under the Office of Federal Contracts Compliance programs, and it was a way to find out information about wages and hours and so on and so forth. But it was a way to target wage enforcement issues.

And think about how great it would be if that particular survey were actually in place now with all of this stimulus money going out the door to make sure that the Federal Government, as the largest contractor, think about how much money we spend as the Federal Government, to make sure that we are actually spending it with contractors who are following civil rights laws. And that survey was discontinued in 2006.

So under the Paycheck Fairness Act, that survey would actually be put back in place. But the administration can do that without that legislation. They don't need a body or leave of the legislation to be able to do that. And there are all kinds of other data collection processes that they can put in place with the employers to make sure that we are following wage and hour laws and doing the kinds of things that we need to do to follow civil rights laws.

So a lot of this has to do with accountability. If you are not holding people accountable, then you are not going to see results. It is as simple as that.

Chair Maloney. Thank you for your impassioned statement.

And when we did pass the Federal Employees Paid Parental Leave Act and the Lilly Ledbetter Fair Pay Act, my office went back and tried to find the last bill that we passed to help families balance work and family and to advance equality of rights for women. And you are absolutely right, Ms. Maatz. It went back to 1993, the passage of the Family and Medical Leave Act. We had not taken any other substantive action.

I would like Dr. Albelda and Dr. Sherrill and Ms. Roth, if you would like to comment. And, my colleague, I don't know if you want another round of questions or not. If you would like to comment, then we will conclude the hearing on anything you would like to—statements you would like to make.

Dr. Sherrill.

Mr. Sherrill. Just piggybacking on the last point Ms. Maatz talked about in terms of additional data collection.

In our prior study on the Department of Labor and the Equal Employment Opportunity Commission, we found that some of the data they are already collecting could be better mined to help them do their job better. In addition, Equal Employment Opportunity Commission investigators told us that they would like to have access to some of the enforcement data from the Department of Labor. So there may also be issues of sharing of data across these agencies, in addition to the possibility of collecting additional data.

Chair Maloney. That sounds like a good hearing to hold. Dr. Albelda.

Ms. Albelda. I would like to just address the apples and apples and then the apples and oranges.

Even when we compare apples to apples we find some pay gap, and that pay gap is probably due to some form of discrimination. Because we have adjusted for absolutely everything else there is.

The problem is that women and men are apples and oranges in terms of the labor market and jobs that they get. So I think we need to address the similarities where they are the same, as executives or faculty or whatever they are and still earn less, but we also have to address why there are differences. Some of those have to do with the occupation, but some exactly has to do with how we value women's work. As I said, this care sector, which is a growing sector, it is part of our human infrastructure. We don't value care work, whether it is paid or unpaid at home.

So I think all—and my last comment has to do with the tax. I have been studying this stuff for almost 30 years. And in all the studies I have ever looked at, nobody—very rarely is there any mention of marginal tax rates as what keeps women and men pay unequal. But what is often mentioned is the cost of child care and the cost of—where that costs women to go to work. So I think some of that has to do with addressing some of those issues as much as we address the high marginal tax rate.

And it is low-income women who don't marry. High-income women know that, even though there is a penalty to marriage, they are better off when they retire if they stay married even if they don't like the marginal tax rate. It is low-income men and women that don't marry who have very high marginal tax rates when you

take into effect they lose food stamps for every additional dollar they earn or they may lose the earned income tax credit.

So I think if we want to think about marginal tax rates and how that affects low-income women in particular, I think we need to think about those issues around what we support earnings with, as well as the choices that they are able to make, provided if there is quality child care available, et cetera.

So the apples and oranges question, I think we have made incredible progress on the apples and apples. It is the apples and oranges that we haven't. And I think we need to be vigilant about how we value women's work, whether it is inside the home or outside the home.

Chair Maloney. Thank you. You have really given me a great deal to think about.

Ms. Roth and then Ms. Maatz.

Ms. Furchtgott-Roth. Thanks for your request about the numbers of women affected by the tax rates. I will certainly try to provide you with the data that exists.

We also need to be aware, though, that there are numbers of women who do not work because of the taxes, the contemporaries you talked about whose husband won over and said don't work, and then they didn't work. So we have numbers of people who are not in the workforce because of the tax situation. And Dr. Albelda is right, it is at the low-income as well as the high-income levels those marginal tax rates discourage people from working.

There have been a number of suggestions, to move on to a slightly other topic, about the data collection. And we also need to be aware that if we are requiring employers to provide more data as to the wages that they pay and to justify those, that is also going to discourage them hiring certain type of workers. So say one person they think doesn't have enough experience would only get hired at a different kind of wage. The requirement that they have to provide a lot of data on gender, on jobs, on pay is likely to discourage employers, especially small businesses, from hiring women because they don't want to be accused of discrimination. And we need to be very careful, especially in the recession, about imposing data collection burdens on employers, both large and small.

Chair Maloney. I would like to invite all of the panelists to give to the committee any thoughts they may have on data collection and ways it should be handled. And I would like to give the last word to Ms. Maatz, who is never out of words.

Ms. Maatz. I just want to thank the chairwoman for having this hearing and Congressman Brady for being here as well. I will be sure to tell our ladies back in Texas that you were here and how wonderful you were during the hearing. We have somebody in the office twittering this, so I am sure they probably already know about it, believe it or not.

And, Congresswoman, thank you so much for all you have done in terms of this particular issue and your Federal Employment leave bill as well, as something AAUW strongly supports. You have been a wonderful fighter for women throughout your career, and it is my pleasure to have been here today. Thank you.

Chair Maloney. Thank you all for your testimony and your very hard and substantial work.

The meeting is adjourned.
[Whereupon, at 10:35 a.m., the committee was adjourned.]

SUBMISSIONS FOR THE RECORD

PREPARED STATEMENT OF REPRESENTATIVE CAROLYN B. MALONEY, CHAIR

Good morning. I want to welcome our distinguished panel of witnesses and thank you all for your testimony today.

This hearing is timely, because today is Equal Pay Day—the day that symbolizes how far into the year that the average full-time working woman must work to earn as much as her male counterpart earned the previous year. We have made a great deal of progress in closing the gap between men's and women's wages since President Kennedy signed the Equal Pay Act in 1963—but as the saying goes, women's work is never done.

Women earn just 78 cents on the dollar as compared to men—for doing the same work. For minority women, the wage gap is even larger. African American women earn only 62 cents for every dollar earned by white men and Hispanic women fare worse at only 53 cents.

The report released today by the GAO provides additional evidence of the persistence of the gender pay gap, but the workplace setting is particularly troubling. The federal government should be a model employer, but today's report tells us we have considerable work left to do to live up to that promise. The GAO finds that an 11 cent gap remains between men's and women's pay in the federal workforce, even after accounting for measurable differences like education, occupation, and work experience.

The report also finds that the total pay gap shrank between 1988 and 2007, from 72 cents on the dollar to 89 cents on the dollar. However, the share of the gap that can't be explained has remained remarkably constant, at 7 cents. Those 7 cents may be explained by discrimination against female federal employees.

The pay gap in the federal workforce that GAO found reflects troubling pay disparity issues in the broader labor market.

I am proud to have successfully fought for equal compensation after September 11th. The compensation plan for victims' families, as it was originally proposed, was based on outdated government formulas that assumed women victims would have worked for less of their lives than their male counterparts. In effect, the proposed system of compensation was providing less for the families of women victims simply because they were the families of women. It was a sobering reminder of how institutionalized gender discrimination can be, and that there are many battles yet to be won.

Women are more productive and better educated than they've ever been, but their pay hasn't yet caught up. The pay gap affects women at all income levels and across a wide range of occupations, and it widens as women grow older.

Equal pay is not just a women's issue, it's a family issue. 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.

Estimates of how much women stand to lose over their lifetime due to unequal pay practices range from $700,000 for a high school graduate to $2 million for doctors and lawyers, according to the WAGE project. Every dollar counts, so now more than ever, families should not be shortchanged by gender pay differentials.

Moreover, the GAO previously has found that women with children earn about 2.5 percent less than women without children, while men with children enjoy an earnings boost of 2.1 percent, compared to men without children. So fathers enjoy a bonus, while mothers pay a penalty for their decisions to have children.

While some of the gender pay gap can be explained by differences in men's and women's occupations and leave patterns, study after study shows that a substantial portion of the gap remains unexplained. 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 Ledbetter bill 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 Federal Employees Paid Parental Leave Act, which I have sponsored, would do just that.

By recognizing the persistence of the problem and taking action, we have the opportunity to make next year's Equal Pay Day a celebration of progress.

I look forward to the testimony of our witnesses today.

PREPARED STATEMENT OF KEVIN BRADY, SENIOR HOUSE REPUBLICAN

I am pleased to join in welcoming the panel of witnesses before the committee this morning. A key focus of this hearing is the new Government Accountability Office (GAO) report on women's pay in the federal workforce.

According to the new GAO report, "the difference between men's and women's average salaries . . . declined significantly in the federal workforce between 1988 and 2007." The study notes that the "pay gap narrowed as men and women in the federal workforce increasingly shared similar characteristics in terms of the jobs they held, their educational attainment, and their levels of experience."

Between 1988 and 2007 the gap between men's and women's pay had declined from 28 cents on the dollar to 11 cents. GAO reports that about "7 cents of the remaining gap might be explained by factors for which we lacked data or are difficult to measure, such as work experience outside the federal government." GAO was careful to state that its findings do not prove or disprove pay discrimination.

The trends noted in the GAO report are similar to those observed in the overall economy in recent decades. The pay differential of men and women, once adjusted for occupation, education, experience, hours, and leave, has fallen over time. Although some differences remain, men and women with similar characteristics working in the same kinds of occupations have comparable pay.

The progress women have made over the years is reflected in a number of ways. Between 1970 and 2007, the women's labor force participation rate increased from 43 percent to 59 percent. Women now receive a majority of undergraduate and graduate degrees. In 2007, women held over half the jobs in well-paid management and professional occupations.

However, as Diana Furchtgott-Roth notes in her testimony this morning, higher marginal tax rates could effectively raise taxes on married women by increasing the marriage penalty for some two-earner couples. I'm also very concerned that given the grim fiscal outlook, the application of these higher tax rates will eventually be much broader than that proposed by the Administration. The emerging policy mix of much higher taxes and government spending, by undermining economic and employment growth, will harm both women and men in the workforce.

PREPARED STATEMENT OF REPRESENTATIVE ELIJAH E. CUMMINGS

Thank you, Madam Chair.

You have been a tireless advocate for gender equality in the workforce, and especially today, on Equal Pay Day, it should not go unnoticed.

I hope today's hearing helps shed light on the continuing practices that prevent full equality in the workplace, and I look forward to working with you to eliminate such wrongdoing.

For the past three months, the Bureau of Labor Statistics has reported nearly 600,000 jobs lost each month.

I suspect next Friday we will hear similarly staggering figures.

With so many of our families led by a single female parent, I am deeply disappointed that our mothers and sisters have to face not only the rising tide of unemployment, but also what amounts to a "gender tax."

As we have heard in the past, there is a component of the gap between wages of similarly-situated male and female employees which no variable can explain in detailed analyses—and which many attribute to discrimination.

I am especially disheartened to see that the wage disparity widens in the cases of women with advanced degrees.

After putting in the years and years of effort to earn such degrees, many women still earn a wage that is lower than equally-educated male counterparts—which belittles the time and effort required to earn these credentials.

Equally saddening are the statistics that show women who are also minorities face race discrimination on top of gender bias. The persistence of any element of unequal treatment that prevents any American from achieving the full measure of her potential, or enjoying the full benefits of the rights guaranteed by our Constitution is unacceptable.

Now, importantly, we face a situation in which many assume that given the wide participation of women in the workplace, equality has been achieved.

Frankly, on many fronts, many Americans assume that discrimination is a "thing of the past."

Today's hearing is an important reminder that, sadly, we cannot limit our vigilance or expect that discrimination is always and only characterized by actions that are readily apparent.

That is why we need to provide those who have been harmed with the requisite remedies, strengthen penalties for discrimination, and increase enforcement of these offenses.

For that reason, I was extremely pleased to join so many of my colleagues in cosponsoring the Lilly Ledbetter Fair Pay Act of 2009. This legislation is a perfect example of what can be achieved by the collaboration between President Obama and this Congress.

The Fair Pay Act starts us down the road to the eventual elimination of the gender wage disparity, and the remedies provided in the bill are the first steps toward this goal.

It is my sincere hope that the additional protections and remedies found in the Paycheck Fairness Act are also signed into law during this Congress.

The witnesses before us today have written forcefully and articulately on the role of gender in the labor market.

As a result, I look forward to a frank discussion about what can be done to address the harms done, and to prevent further harm moving forward. Thank you, I yield back.

United States Government Accountability Office

GAO

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

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WOMEN'S PAY

Converging Characteristics of Men and Women in the Federal Workforce Help Explain the Narrowing Pay Gap

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

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GAO-09-621T

April 28, 2009

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Highlights

Highlights of GAO-09-621T, a testimony before the Joint Economic Committee, U.S. Congress

WOMEN'S PAY

Converging Characteristics of Men and Women in the Federal Workforce Help Explain the Narrowing Pay Gap

Why GAO Did This Study

Previous research has found that, despite improvements over time, women generally earned less than men in both the general and federal workforces, even after controlling for factors that might explain differences in pay. To determine the extent to which the pay gap exists in the federal workforce, GAO addressed the following question: To what extent has the pay gap between men and women in the federal workforce changed over the past 20 years and what factors account for the gap? This testimony is based on a report that GAO is releasing today (GAO-09-279).

To answer this question, GAO used data from the Office of Personnel Management's (OPM) Central Personnel Data File (CPDF)—a database that contains salary and employment data for the majority of employees in the executive branch. GAO used these data to analyze (1) "snapshots" of the workforce as a whole at three points in time (1988, 1998, and 2007) to show changes over a 20-year period, and (2) the group, or cohort, of employees who began their federal careers in 1988 to track their pay over a 20-year period and examine the effects of breaks in service and use of unpaid leave. GAO is not making any recommendations.

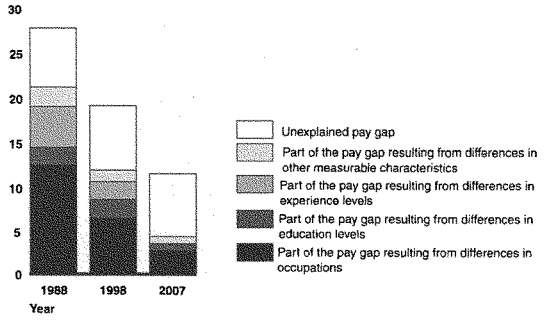
OPM and the Equal Employment Opportunity Commission reviewed the report on which this statement is based. They generally agreed with our methods and findings and provided technical comments that we incorporated as appropriate.

View GAO-09-621T or key components. For more information, contact Andrew Sherrill at (202) 512-7215 or sherrilla@gao.gov.

What GAO Found

The gender pay gap—the difference between men's and women's average salaries—declined significantly in the federal workforce between 1988 and 2007. Specifically, the gap declined from 28 cents on the dollar in 1988 to 19 cents in 1998 and further to 11 cents in 2007. For the 3 years we examined, all but about 7 cents of the gap can be explained by differences in measurable factors such as the occupations of men and women and, to a lesser extent, other factors such as education levels and years of federal experience. The pay gap narrowed as men and women in the federal workforce increasingly shared similar characteristics in terms of the jobs they held, their educational attainment, and their levels of experience. For example, the professional, administrative, and clerical occupations—which accounted for 68 percent of all federal jobs in 2007—have become more integrated by gender since 1988. Some or all of the remaining 7 cent gap might be explained by factors for which we lacked data or are difficult to measure, such as work experience outside the federal government. Finally, it is important to note that this analysis neither confirms nor refutes the presence of discriminatory practices.

Pay gap between men and women (in cents)



Source: GAO analysis of CPDF data.

GAO's case study analysis of workers who entered the workforce in 1988 found that the pay gap between men and women in this group grew overall from 22 to 25 cents on the dollar between 1988 and 2007. As with the overall federal workforce, differences between men and women that can affect pay explained a significant portion of the pay gap over the 20-year period. In particular, differences in occupations explained from 11 to 19 cents of the gap over this period. In contrast, differences in breaks in federal service and use of unpaid leave explained little of the pay gap. However, the results of this analysis are not necessarily representative of other cohorts.

Chair Maloney and Members of the Committee:

I am pleased to be here today to discuss the gender pay gap in the federal workforce. Previous research shows that despite improvements over time, a pay gap remains between men and women in both the U.S. workforce as a whole and within the federal government. For example, in 2003, GAO found that women in the general workforce earned, on average, 80 cents for every dollar earned by men in 2000 when differences in work patterns, industry, occupation, marital status, and other factors were taken into account.[1] Our prior work has also made recommendations to strengthen federal agencies' enforcement of laws addressing gender pay disparities in the private sector and among federal contractors.[2] My statement is based on our report that is being released today, titled *Women's Pay: Gender Pay Gap in the Federal Workforce Narrows as Differences in Occupation, Education, and Experience Diminish.*[3] To prepare the report, we used data from the Office of Personnel Management's (OPM) Central Personnel Data File (CPDF)—a database that contains salary and employment-related information for the majority of civilian employees in the executive branch.[4] We used CPDF data to analyze (1) "snapshots" of the federal workforce in 1988, 1998, and 2007 to show changes in the workforce as a whole over a 20-year period; and (2) the cohort (or group) of employees who entered the federal workforce in 1988 to track differences in pay between men and women and the effects of breaks in service and unpaid leave over a 20-year period. The report includes a detailed description of our scope and methodology. We conducted our work in accordance with GAO's Quality Assurance Framework.

My statement today focuses on the following question: To what extent has the pay gap between men and women in the federal workforce changed over the past 20 years and what factors account for the gap?

[1]GAO, *Women's Earnings: Work Patterns Partially Explain Difference between Men's and Women's Earnings*, GAO-04-35 (Washington, D.C.: Oct. 31, 2003).

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

[3]GAO, *Women's Earnings: Gender Pay Gap in the Federal Workforce Narrows as Differences in Occupation, Education, and Experience Diminish*, GAO-09-279 (Washington, D.C.: Mar. 17, 2009).

[4]The CPDF does not include information for certain executive branch agencies, such as the intelligence services, agencies in the judicial branch, and most agencies in the legislative branch. The CPDF also does not include the U.S. Postal Service or members of the armed forces.

In summary, we found that the pay gap—the difference between men's and women's average pay—in the federal workforce declined from 28 cents on the dollar in 1988 to 19 cents in 1998 and further to 11 cents in 2007. For each of the 3 years we examined, all but about 7 cents of the gap could be explained by differences in measurable factors between men and women, including their occupations, and, to a lesser extent, their educational levels and years of federal experience.[5] The gap diminished over time largely because men and women in the federal workforce are more alike in these characteristics than they were in past years. For the cohort of employees who entered in 1988, we found that their pay gap grew from 22 to 25 cents on the dollar by the end of the 20-year period. Again, differences between men's and women's characteristics that can affect pay, especially occupation, explained a significant portion of the pay gap. Specifically, differences in the occupations held by men and women in this group explained between 11 and 19 cents of the pay gap over the 20-year period. On the other hand, differences in breaks in federal service and use of unpaid leave explained little of the pay gap. For both analyses, factors for which we lacked data or are difficult to measure, such as experience outside the federal government, may account for some or all of the remaining pay gap that we could not explain, and this analysis neither confirms nor refutes the presence of discriminatory practices.

Background

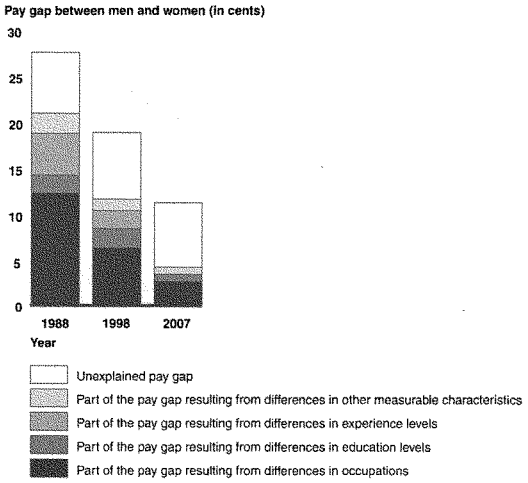
The federal government has experienced significant changes over the past 20 years, particularly in the people it employs and the type of work its employees perform. Since 1988, the federal workforce has become increasingly concentrated in the professional and administrative fields, which typically require a college education. Conversely, the past 20 years have seen significant decreases in clerical and blue-collar occupations. While we are not certain what accounts for the decline in these occupations, possible reasons include the phasing out of many defense-related jobs after the end of the Cold War, increased use of automation, and contracting out to the private sector. Overall, the federal workforce has more education and experience than it did 20 years ago. The proportion of federal employees with a bachelor's degree or higher increased from 33 percent in 1988 to 44 percent in 2007. Similarly, the average years of federal service increased from 13 to 15 years over this period, and the proportion of employees with over 20 years of experience increased from 21 to 34 percent.

[5]In this report, measurable factors are those factors for which we have CPDF data.

Converging Characteristics Explain Substantial Decline in the Federal Pay Gap between 1988 and 2007

Before accounting for differences in measurable factors, we found that the pay gap between men and women in the federal workforce declined significantly between 1988 and 2007. Specifically, for every dollar earned by men in 1988, women earned 28 cents less. This gap closed to 19 cents by 1998 and closed further to 11 cents by 2007. Using a statistical model we developed, we were able to estimate the extent to which different measurable factors contributed to the pay gap. Besides gender, these measurable factors included work characteristics, such as occupational category, agency, and state; worker characteristics, such as education level, years of federal experience, bargaining unit status, part-time work status, and veteran status; and demographic characteristics such as age, race and ethnicity, and disability status. Our statistical results show that differences in measurable factors account for much of the gap in the years we examined. As shown in figure 1, the individual factors that contributed most to the pay gap were differences between men and women in the occupations they held, their educational levels, and their years of federal experience.

Figure 1: Federal Workers: Proportion of the Pay Gap Explained by Differences in Measurable Factors between Men and Women and Remaining Unexplained Gap



Source: GAO analysis of CPDF data.

While occupation, education, and federal experience accounted for much of the pay gap, the convergence between men and women with respect to these factors largely explains why the gap diminished over time.

- Occupation: We found that the pay gap decreased in part because clerical, professional, and administrative occupational categories—which together accounted for 68 percent of federal jobs in 2007—became more integrated by gender between 1988 and 2007. In particular, changes in the government's clerical workforce explain a large reduction in the pay gap. In 1988, the clerical workforce—which accounted for 38 percent of all female federal workers—was among the lowest paid. From 1988 to 2007, the clerical workforce shrank in size by about 61 percent, and also became more integrated—i.e., the proportion of women decreased from 85 percent to 69 percent. In addition, the proportion of women in professional

positions rose from 30 percent to 43 percent, and those in administrative positions rose from 38 percent to 45 percent.

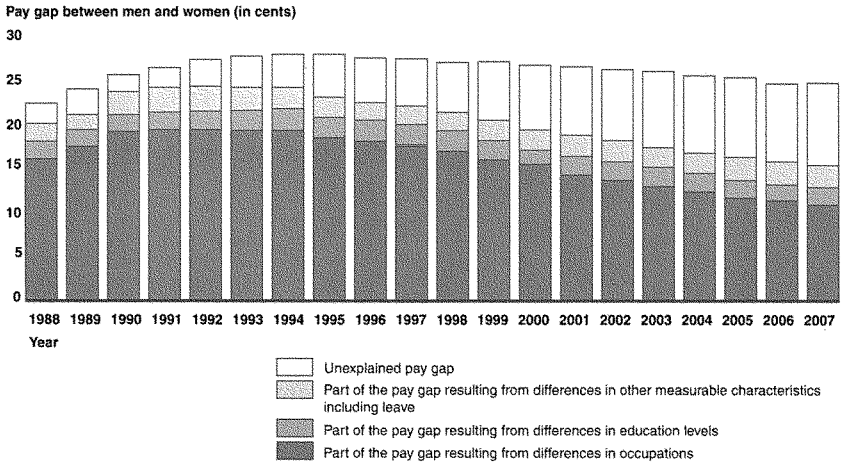
- Education: The pay gap also decreased as men and women in the federal workforce became increasingly similar in their levels of education. In 1988, only 23 percent of women held a bachelor's degree or higher compared with 40 percent of men. By 2007, 41 percent of women held a bachelor's degree or higher, compared with 47 percent of men.
- Federal experience: Finally, men and women in the federal government became increasingly similar in their levels of experience. On average, men in 1988 had 14.4 years of federal experience, compared with 10.8 for women—nearly a 4-year difference. By 2007, women had slightly more experience on average with 15.5 years of federal experience compared with 15.2 for men.

In each of the 3 years we examined, our model could not account for about 7 cents of the pay gap. While we cannot be sure what accounts for this portion of the gap, it is possible that other factors for which we lacked data or are difficult to measure, such as work experience outside the federal government, could account for some of the unexplained gap. In addition, it is important to note that this analysis neither confirms nor refutes the presence of discriminatory practices.

The Pay Gap for Employees Who Joined the Federal Workforce in 1988 Grew Overall, but Breaks in Service and Unpaid Leave Contributed Little to the Gap

The gender pay gap for workers who entered the federal workforce in 1988 grew between 1988 and 2007. Specifically, it grew from 22 cents in 1988 to a maximum of 28 cents in 1993 through 1996 and then declined to 25 cents in 2007. As with our analysis of the workforce, differences in measurable factors—especially in occupation—explained much of the pay gap in each year. For example, occupational differences explained between 11 and 19 cents of the gap over this period, due in part to more women than men holding clerical jobs, which were among the lowest paid in the federal workforce. The unexplained portion of the pay gap also grew over time, increasing from 2 cents in 1988 to 9 cents in 2007, as shown in figure 2. However, other factors not captured by our data could account for some of the unexplained pay gap.

Figure 2: 1988 Entering Cohort: Proportion of the Pay Gap Explained by Differences in Measurable Factors between Men and Women and Remaining Unexplained Gap



Source: GAO analysis of CPDF data.

We also found that differences in the use of unpaid leave or breaks in service did not contribute significantly to the pay gap. As shown in table 1, women in this cohort were more likely to take unpaid leave or have a break in service than men. Nonetheless, differences in the use of unpaid leave and breaks in service consistently explained less than 1 cent of the pay gap for this cohort over our study period. However, our analysis of unpaid leave was limited by the fact that we could not accurately measure the duration of the unpaid leave or determine why it was taken.

Table 1: Use of unpaid leave and breaks in service by employees in the 1988 cohort

	Women	Men
Took unpaid leave at least once between 1988 and 2007	18%	11%
Had a break in service at least once between 1988 and 2007	17%	15%

Source: GAO analysis of CPDF data

Finally, it is important to note that this group is different from those in our analysis of the entire federal workforce in two important ways. First, this cohort includes only employees who started working for the government in 1988, so by definition, new workers did not enter this group. Therefore, any changes in the relative characteristics of men and women in the overall federal workforce resulting from an influx of new workers would not have occurred in the cohort. Additionally, because we examined only this cohort, we cannot say with any certainty whether this group is representative of other cohorts, so the findings pertaining to the cohort are not generalizable.

OPM and the Equal Employment Opportunity Commission (EEOC) reviewed our work and generally agreed with our methods and findings. OPM reviewed our methodology and found our use of the CPDF data to be appropriate. EEOC stated that our study has a solid research design and modeling analysis and will serve as an important source of information to the federal sector. They provided suggestions for clarification of our analyses and technical comments, which we incorporated as appropriate.

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

GAO Contact and Acknowledgments

For further information, please contact Andrew Sherrill at (202) 512-7215 or Sherrilla@gao.gov. Contacts for our Offices of Congressional Relations and Public Affairs can be found on the last page of this statement. Also contributing to this statement were Michele Grgich, Assistant Director; Erin Godtland; and Daniel R. Concepcion, Education, Workforce, and Income Security; Benjamin Bolitzer, Douglas Sloane, Shana Wallace, and Gregory H. Wilmoth, Applied Research and Methods; Ronald Fecso, Chief Statistician; Belva Martin, George Stalcup, and Tamara Stenzel, Strategic Issues; and Jim Rebbe, General Counsel.

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Testimony Before the Joint Economic Committee Hearing:

EQUAL PAY FOR EQUAL WORK?
NEW EVIDENCE ON THE PERSISTENCE OF THE GENDER PAY GAP
April 28, 2009

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Testimony Before the Joint Economic Committee Hearing

EQUAL PAY FOR EQUAL WORK?
NEW EVIDENCE ON THE PERSISTENCE OF THE GENDER PAY GAP
April 28, 2009

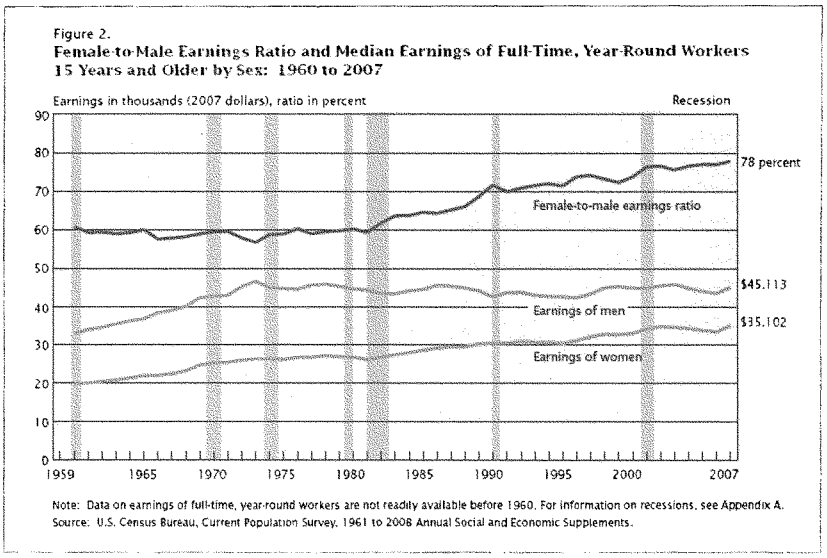
Madam Chairwomen and members of the committee: Thank you for this opportunity to testify about the persistent wage gap between men and women. My name is Randy Albelda and I am a professor of economics and senior research associate at the Center for Social Policy at the University of Massachusetts Boston. I am a labor economist and my expertise is on women's economic status.

While there has been progress is reducing the pay gap between men and women over the last several decades, it is still the case that women, on average, make less than men.

While there are some differences in what men and women "bring" to the workplace that influence levels of pay, these differences account for only a small part of the gender wage gap – the difference in men's and women's pay. Further, the differences in skill levels and experience have been narrowing over the last three decades and doing so at a faster pace than the wage gap is narrowing. *There are three enduring and intersecting reasons why women's pay is less than men's: workplace discrimination; occupational sorting; and family responsibilities.*

The wage gap:
In the mid-1970s, the National Organization for Women issued "59¢" buttons, calling attention to the fact that year-round, full-time women workers earned 59 cents to every man's dollar. Today we could replace those with a "78¢" buttons.[1]

This graph on the following page comes from the most recent US Census Bureau's *Income, Poverty, and Health Insurance Coverage in the United States* report. It provides a nice illustration of the median annual earnings of year-round, full-time men and women workers from 1960 through 2007, adjusted for inflation. The most substantial gains were made in the 1980s, with the wage ratio of women's earnings to men's earnings narrowing from .60 in 1980 to .72 in 1990. In the 1990s, there was very little change in this ratio – moving from .72 in 1990 to .74 in 2000.[2]



Different work, different pay? No. The gender pay gap persists even after taking into account hours worked, skill levels and occupations.

As noted above, looking only at full-time year-round workers, women's *annual* median earnings are 78 percent of men's. Similarly, the median *weekly* earnings of full-time wage and salary women workers was 80 percent of men's in 2007.[3]

Women have somewhat less work time experience than men, which would explain some of the pay gap. However, it explains less and less of that gap over time and several studies have found that each year of men's experience pays off at a higher rate than an additional year of women's work experience. [4]

Women workers bring higher educational levels to the workplace than do men[5], which is one reason why "human capital" endowments explain less of the pay gap now than they did in the 1980s.[6] Still, female college graduates working full-time earned 80 percent less than male college graduates just one year out of school in 2001.[7]

Women tend to work in different types of jobs than do men. But, even when men and women work in the same fields or even the same occupations, women typically earn less than men.

- The starting salaries for women college graduates were $1,443 less than they were for men in the same fields.[8]
- Across the occupational landscape, women make less than men. The table below depicts the wage gap (using median usual weekly earnings of full-time wage and salary workers) for some detailed occupations. Of the over 100 detailed occupations with median earnings listed, there are only six in which women's earnings are higher than those of men.[9]

The Gender Wage Gap in Selected Detailed Occupations, 2006

Managerial Occupations:	
Chief executives	.72
Human resource specialists.	.81
Professional Occupations	
Lawyers	.70
Elementary and middle school teachers	.90
Service Occupations	
Security guards	.84
Home health care aides	.89
Sales and Office Occupations	
Retail salesperson	.68
Secretaries/administrative asst.	1.04
Construction occupations	.86
Production and transportation Occupations	
Electronic assemblers	.76
Bus drivers	.80

Source: Table 18 of U.S. Department of Labor, U.S. Bureau of Labor Statistics, *Women in the Labor Force: A Databook (2008 Edition).*

- Francine Blau and Lawrence Kahn show that in 2004 after controlling for education, experience, occupation and industry, women earned 83.5 percent of what men did, compared to 81.6 percent without any of those adjustments. That means these factors explain less than 2 percentage points (10 percent) of the entire wage gap between men and women, leaving most of it unexplained by measurable differences between men's and women's attributes.[10]

Economists have explored the gender pay gap for many decades and produced hundreds (if not 1000s) of articles and reports to explain the reasons for the gender pay gap. No matter how sophisticated and complex their models, they *always* find that some portion of the wage gap is unexplained by the sets of variables for which they can measure differences between men's and women's education levels, work experiences, ages, occupation or industry in which they work,

or region of the country they reside. Because the wage differences cannot be explained by any of the differences in workers' traits, this unexplained portion of the wage gap is attributed to gender discrimination.

- A recent meta-regression analysis that compiled the results of 49 econometric studies of the gender wage gap over the last decade found that on average, there was still a substantial gap – women earned 70 percent of what men did, after adjusting for all the various factors that help explain wage difference. [11]
- In a forthcoming study of college professors in one specific college of a large public university, researchers controlled for years experience, mobility, teaching and research productivity, and department and found that even in the identical job in the same institution women made three percent less than men.[12]

Progress toward pay equity has stalled over the last decade.

- The unexplained portion of gender gap (the part attributable to discrimination) got considerably smaller in the 1980s and hardly fell at all in the 1990s.[13]

There are three intersecting reasons why women's pay is less than men's: workplace discrimination; occupational sorting; and family responsibilities.

- *Lilly Ledbetter's experience reminds us that workplace discrimination still exists.* Routinely women are not hired at all, hired at lower wages and not promoted over equally qualified men. This shows up in economists' studies as the part of the earnings gaps that can't be attributed to anything else. In addition, using experimental approaches, economists find considerable evidence of hiring discrimination as well.[14]

- *Women are in different occupations than men.* Men are much more likely to be in construction and manufacturing jobs which pay more than female dominated jobs with comparable skill levels such as administrative assistants and retail salespersons.[15] While about one-third of all women are in professional and managerial jobs, these too are often sex segregated, with women predominating in teaching, nursing and social work jobs and men predominating in architecture, engineering and computer occupations. Finally, women predominate in both high and low paying jobs in the "care sector" – the industries which educate our children, provide us with health services, and take care of young children, disabled adults and the elderly. There is a care work wage penalty. Careful research has shown that care workers, in part because they compete with unpaid workers at home, are not rewarded commensurately with their skills and experience.[16] This sector is large. About 20 percent of all workers work in the care sector and women comprise 75 percent of all workers.[17]

- *Family responsibilities squeeze women's work time and preclude them from taking and keeping jobs that make few or no accommodations for these responsibilities.* Jobs that require long hours, often pay well and provide a strong set of employer benefits, but employers also usually assume the workers in those jobs are unencumbered by household and family responsibilities. This "ideal" worker can (and often does) work overtime or just about any time an employer wants.[18] Workers with family responsibilities do not have that flexibility. Regardless of their skill levels, these workers often must work fewer hours or trade off wages for more time flexibility. Research clearly demonstrates a mothers' wage penalty. Mothers' earn less than women with the same sets of skills and are rewarded less for experience than are men or women who are not mothers. Some of this is a result of time demands and less job flexibility, but some is attributable to discrimination against workers with family responsibilities.[19]

The recession makes addressing this issue especially important because women's earnings are a vital, if not main component, of family well-being.

- One third of all households are headed by women. Of these households, one-quarter are families with children.[20] Women are almost always the only support of these households.
- One half of households have married couples.[21] If these households, 64 percent of wives are employed, compared to 48 percent in 1970. Further, wives' earnings comprise 35 percent of family income, up from 27 percent in 1970.[22]
- In this recession, more men have lost jobs than women have, since men – so far -- are disproportionately found in the hardest hit sectors.[23] As a result, even more households are more dependent on women's earnings. Unequal pay hurts these households.
- The stimulus package will help both men and women, but differently.
    - Increased funds for physical infrastructure, improved medical record keeping, and green energy investments will likely create many more jobs for men than women. Assuring access to these jobs and trade apprenticeship programs would be useful for women's employment in these male-dominated and often well-paying jobs.
    - Increased funding to the states, especially for health care and education, will help reduce the number of layoffs for more women, since they are more heavily employed in these sectors than are men. However, state budget deficits are deep and even with stimulus funds there will be large cuts to the care sector, which will increase women's unemployment. The cuts will also put more pressure on women's unpaid work time, as their families lose needed care.

Reducing the pay gap

There are several things that would boost women's wages and reduce the pay gap.

Addressing Workplace Discrimination

- Ensure that our current anti-discrimination laws are enforced.
- Pass the Paycheck Fairness Act. This will strengthen penalties for discrimination and prohibit employer retaliation for workers who inquiry about wage practices.
- Pass the Employee Free Choice Act. Unions boost women's wages and improve the likelihood they will have health insurance at work.[24] Unions also provide workers structured mechanisms to pursue employer discrimination claims.

Addressing Occupational Sorting

- Increase the minimum wage since women predominate in low-wage jobs.
- Support improved wages for care workers. Care work is heavily supported by federal, state and local government funds. This is because care work has many positive spillover effects, making it a vital public good. Government funds for child care and elder care can assure that workers in these fields are compensated appropriately and have opportunities for professional development.
- Target stimulus money to assure that women are included in physical infrastructure projects.

Addressing Family Responsibility Discrimination

- Make sure that current laws that protect workers with caregiving responsibilities, such as the Family and Medical Leave Act, are enforced.
- Extend the Family and Medical Leave Act to cover more workers.
- Support the Family Leave Insurance Act of 2009 which would provide workers with 12 weeks of paid family and medical leave.
- Develop legislation that encourages employers to negotiate with employees over flexible work arrangements.

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[1] In 2007, year-round, full-time women earners made $35,102 while men earned $45,113. Carmen DeNavas-Walt, Bernadette D. Proctor, and Jessica C. Smith, U.S. Census Bureau, Current Population Reports, P60-235, *Income, Poverty, and Health Insurance Coverage in the United States: 2007*, U.S. Government Printing Office, Washington, DC, 2008; Table 1.

[2] Ibid, Table A-2.

[3] U.S. Department of Labor, U.S. Bureau of Labor Statistics, Highlights of Women's Earnings in 2007, Report 1008, October 2008, Chart 1 (accessed 4-23-09 at http://www.bls.gov/cps/cpswom2007.pdf).

[4] Lalith Munasinghe, Tania Reif and Alice Henriques, "Gender gap in wage returns to job tenure and experience. Labour Economics, 2008: 1296-1916. This study looked at US men's and women job experience in the early part of their careers with longitudinal data (National Longitudinal Survey of Youth) for the years 1979-1994 (ages 14-22 in 1979 (making the sample between 29-37 years old in 1994). They found men with high school degrees or less worked an average of 6.7 years compared to women's 5.9 years. For those with more than a high school degree, the average amount of work experience was 7.8 years for men and 7.3 years for women. Men worked, on average, about 6 more hours per week than did women. Men accrued 15 percent higher wage growth from an additional year of experience than women. Similar results can be found in Audrey Light and Manuelita Ureta, "Early-Career Work Experience and Gender Wage Differentials" *Journal of Labor Economics* 1995,13 (1) and Pamela Loprest, "Gender Differences in Wage Growth and Job Mobility" *American Economic Review* 1992, 82 (5).

[5] In 2007, 35 percent of all women ages 25-64 in the labor force had a college degree compared to 33 percent of men. Conversely, 42 percent of men ages 25-64 in the labor force had a high school diploma or less education

compared to 35 percent of women. Calculated by author from data provided in U.S. Department of Labor, U.S. Bureau of Labor Statistics, *Women in the Labor Force: A Databook (2008 Edition)* Table 8, (accessed 4-23-09 at http://www.bls.gov/cps/wlf-table8-2008.pdf).

[6] Francine Blau and Lawrence Kahn, "The US Gender Pay Gap in the 1990s: Slowing Convergence," Industrial *and Labor Relations Review*, 2006, 60(1):45–66.

[7] Judy Goldberg Dey and Catherine Hill, *Behind the Pay Gap*, Washington DC: American Association of University Women Educational Foundation, 2007.

[8] Judith McDonald and Robert Thornton, "Do New Male and Female College Graduates Receive Unequal Pay?" *Journal of Human Resources*, 2007, 52(1): 32-48.

[9] U.S. Department of Labor, U.S. Bureau of Labor Statistics, *Women in the Labor Force: A Databook (2008 Edition)* Table 18, (accessed 4-23-09 at http://www.bls.gov/cps/wlf-table8-2008.pdf).

[10] The authors use Current Population Survey data and look at average hourly wages for full-time workers. Francine Blau and Lawrence Kahn, "The Gender Pay Gap" The Economists' Voice, Berkeley Electronic Press, 2007: 1-6.

[11] Stephen Stanley and T.D. Jarrell, "Declining Bias and Gender Wage Discrimination? A Meta-Regression Analysis. *Journal of Human Resources*, 2004, 36(3): 828-838.

[12] Melissa Binder et al. "Gender Pay Differences for the Same Work: Evidence from a United States Public University" forthcoming, *Feminist Economics*.

[13] Francine Blau and Lawrence Kahn, "The US Gender Pay Gap in the 1990s: Slowing Convergence," Industrial *and Labor Relations Review*, 2006, 60(1):45–66.

[14] David Neumark, using equally experienced male and female "pseudo" applicants, found high-priced restaurants were much more likely to both interview or offer jobs to men ("Sex Discrimination in Restaurant Hiring: An Audit Study," *Quarterly Journal of Economics*, 1996, 111(3): 915–41). Claudia Golden and Cecilia Rouse found that the probability that women would advance and be hired by symphony orchestras was higher when auditions were "blind" (i.e. the gender of the applicant auditioning was unknown) than when they were not ("Orchestrating Impartiality: The Impact of 'Blind' Auditions on Female Musicians," *American Economic Review*, 2000, 90(4): 715–41).

[15] In 2007, the median weekly salary of someone in construction occupations was $619 but as a secretary was $583; for a production occupations the week median salary was $559 compared to $494 for a retail salesperson. U.S. Department of Labor, U.S. Bureau of Labor Statistics, *Women in the Labor Force: A Databook (2008 Edition)* Table 18 (accessed 4-23-09 at http://www.bls.gov/cps/wlf-table8-2008.pdf).

[16] Paula England, Michelle Budig and Nancy Folbre, "Wages of Virtue: The Relative Pay of Care Work" *Social Problems* 2002;49(4):455-474; and Nancy Folbre, *The Invisible Heart: Economics and Family Values*, New York: New Press, 2001.

[17] Randy Albelda, Mignon Duffy and Nancy Folbre, "Taking Care: The Costs and Contributions of Care Work in Massachusetts" University of Massachusetts, forthcoming.

[18] See Randy Albelda, Robert Drago and Steven Shulman, *Unlevel Playing Fields: Understanding Wage Inequality and Discrimination*, Boston, MA: Economics Affairs Bureau 2004, Chapter 7; Joan Williams, *Unbending Gender: Why Family and Work Conflict and What to Do About It.* New York: Oxford University Press, 2001; Robert Drago, *Striking a Balance: Work, Family*, Life, Boston, MA: Dollars and Sense, 2007.

[19] Wendy Single-Rushton and Jane Waldfogel, "Motherhood and Women's Earnings in Anglo-American, Continental European, and Nordic Countries" *Feminist Economics* 2007,13(2): 55-91; Joni Hersh and Leslie Stratton., "Housework and Wages" *Journal of Human Resources* 2002, 37(1):217-229; and Deboarah Anderson, Melissa Binder and Kate Krause, "Experience, Heterogeneity, Work Effort and Work-Schedule Flexibility" Industrial and Labor Relations Review, 2003, 56(2): 273-294; and Michelle Budig and Paula England, "The Wage Penalty for Motherhood" *American Sociological Review*, 2001, 66(2), 204-225

[20] U.S. Census Bureau, *America's Families and Living Arrangements: 2007*, Tables F1 and FM-1, (accessed 2-13-09 from http://www.census.gov/population/socdemo/hh-fam/cps2007/tabF1-all.xls and http://www.census.gov/population/socdemo/hh-fam/fm1.xls.

[21] Ibid.

[22] U.S. Department of Labor, U.S. Bureau of Labor Statistics, *Women in the Labor Force: A Databook (2008 Edition)*, Tables 23 and 24 (accessed 4-23-09 at http://www.bls.gov/cps/wlf-table8-2008.pdf).

[23] Heather Boushey, *Equal Pay for Breadwinners*, Washington, DC: Center for American Progress, 2009.

[24] John Schmitt *Unions and Upward Mobility for Women Workers*, Washington DC: Center for Economic and Policy Research, 2008.

PREPARED STATEMENT OF LISA M. MAATZ

Chairwoman Maloney and members of the Committee, thank you for the opportunity to testify today on the critical issue of pay equity.

I am the Director of Public Policy and Government Relations at the American Association of University Women. Founded in 1881, AAUW has approximately 100,000 members and 1300 branches nationwide. AAUW has a proud 127-year history of breaking through barriers for women and girls, releasing its first report on pay equity in 1913. Today, AAUW continues its mission through education, research, and advocacy.

I am particularly pleased to be here to talk about pay equity, not simply because today is Equal Pay Day, but also because AAUW believes it's critical these tough economic times aren't used as an excuse to roll back the hard fought gains women have made. Instead, policy makers need to ensure that women workers—*all* workers—don't just survive the downturn but continue the march toward fair pay and workplace opportunity. Empowering women is one investment that always pays long-term dividends, not only for the women themselves but their families and the entire nation as well.

As the recession continues, women are increasingly becoming the sole breadwinners of their families—making pay equity not just a matter of fairness but the key to families making ends meet. The American Recovery and Reinvestment Act, signed into law in February, is intended to save or create 3.5 million jobs over the next two years. According to a White House report, an estimated 42 percent of the jobs created—nearly 1.5 million—are likely to go to women.[1] The recovery package clearly is counting on women to play a leading role in the nation's economic recovery, and their ability to do so is strengthened considerably when women's paychecks are a fair reflection of their work. In fact, this is just one of the reasons why new legislation strengthening pay equity laws is not only necessary but timely, amounting to an "equity" economic stimulus.

I am also pleased to share findings from AAUW's research report, *Behind the Pay Gap*. Our report provides reliable evidence that sex discrimination in the workplace continues to be a problem for women, including young college-educated women. I will also discuss pending legislation that we believe could make real progress in closing the pay gap between men and women, as well as how the wage gap generally affects women—especially mothers.

THE WAGE GAP PERSISTS

According to the U.S. Census Bureau and Bureau of Labor Statistics, women who work full time earn about 78 cents for every dollar men earn.[2] Because of the wage gap, since 1960, the real median earnings of women have fallen short by more than half a million dollars compared to men.[3] Minority women face a larger wage gap. Compared to white men, African American women make 67 cents on the dollar (African American men make 78 cents); Hispanic women make about 58 cents (Hispanic men make almost 66 cents).[4]

In addition, wage discrimination lowers total lifetime earnings, thereby reducing women's benefits from Social Security and pension plans and inhibiting their ability to save not only for retirement but for other lifetime goals such as buying a home and paying for a college education. New research calculates that the pay inequity shortfall in women's earnings is about $210,000 over a 35-year working life.[5]

ORIGINS OF THE WAGE GAP

One partial explanation for the wage gap is occupational segregation. According to AAUW research, women are still pigeonholed in "pink-collar" jobs that tend to

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[1] Jared Bernstein and Christina Romer. *The Job Impact of the American Recovery and Reinvestment Act.* Retrieved March 5, 2009, from *http://otrans.3cdn.net/ee40602f9a7d8172b8_ozm6bt5oi.pdf.*

[2] U.S. Census Bureau and the Bureau of Labor Statistics. (August 2008). *Annual Demographic Survey*. Retrieved December 11, 2008, from *http://pubdb3.census.gov/macro/032008/perinc/new05_000.htm.*

[3] National Committee on Pay Equity. (September 2007). *The Wage Gap Over Time: In Real Dollars, Women See a Continuing Gap*. Retrieved December 11, 2008, from *http://www.pay-equity.org/info-time.html.*

[4] U.S. Census Bureau and the Bureau of Labor Statistics. (August 2008). *Annual Demographic Survey*. Retrieved December 11, 2008, from *http://pubdb3.census.gov/macro/032008/perinc/new05_000.htm.*

[5] Institute for Women's Policy Research. (July 2008). *Improving Pay Equity Would Mean Great Gains for Women*. Retrieved December 11, 2008 from *http://www.iwpr.org/pdf/payequityrelease.pdf.*

depress their wages. AAUW's 2003 report, *Women at Work*, found that women are still concentrated in traditionally female-dominated professions, especially the health and education industries. The highest proportion of women with a college education work in traditionally female occupations: primary and secondary school teachers (8.7 percent) and registered nurses (6.9 percent).[6]

A 12-state analysis based on data from the Department of Education found that women tend to be overwhelmingly clustered in low-wage, low-skill fields. For example, women constitute 98 percent of students in the cosmetology industry, 87 percent in the child care industry, and 86 percent in the health aide industry. In high-wage, high-skill fields, women fall well below the 25 percent threshold to qualify as a "nontraditional field." For example, women account for 10 percent in the construction and repair industry, 9 percent of students in the automotive industry, 6 percent in the electrician industry, and 6 percent in the plumbing industry.[7]

Women's achievements in higher education during the past three decades are considered to be partly responsible for narrowing the wage gap.[8] But at every education level, women continue to earn less than similarly educated men. Educational gains have not yet translated into full equity for women in the workplace.

THE AAUW REPORT: BEHIND THE PAY GAP

In our report, *Behind the Pay Gap*, AAUW found that just one year after college graduation, women earn only 80 percent of what their male counterparts earn. Even women who make the same choices as men in terms of major and occupation earn less than their male counterparts. Ten years after graduation, women fall further behind, earning only 69 percent of what men earn. After controlling for factors known to affect earnings, a portion of these pay gaps remains unexplained and is likely due to discrimination.

The study is based on nationally representative surveys conducted by the Department of Education. AAUW's research uses the Baccalaureate and Beyond Longitudinal Study, a nationally representative data set of college graduates produced by the Department of Education. This data set is unique because it is designed to follow bachelor's degree recipients as they navigate the workplace, graduate school and other life changes such as having a family. The research examines two sets of college graduates: men and women who graduated in 1999–2000, and men and women who graduated in 1992–93; we also limited our analysis to those who earned their first bachelor's degree at age 35 or younger.

The 1999–2000 graduates were chosen because they were the most recent graduates interviewed in the year after graduation. By looking at earnings just one year out of college, we believe you have as level a playing field as possible. These employees don't have a lot of work experience and, for the most part, don't have caregiving obligations, so you'd expect there to be very little difference in the wages of men and women. The 1992–1993 graduates were chosen so that we could analyze earnings ten years after graduation.

The pay gap can only be partially explained by differences in personal choices. Despite some gains, many majors remain strongly dominated by one gender. Female students are concentrated in majors that are associated with lower earnings, such as education, health, and psychology. Male students dominate the higher-paying majors: engineering, mathematics, physical sciences, and business. Both women and men who majored in "male-dominated" majors earn more than those who majored in "female-dominated" or "mixed-gender" majors.

The choice of major is not the full story, however, as a pay gap between recently graduated women and men is found in nearly every field and in every occupation. Women full-time workers earn less than men full-time workers in nearly every major, although the size of the gap varies. In education, a female-dominated major and occupation, women earn 95 percent as much as their male colleagues earn. In biology, a mixed-gender field, women earn only 75 percent as much as men earn, just one year after graduation.

The kinds of jobs that women and men accept also account for a portion of the pay gap. While the choice of major is related to occupation, the relationship is not strict. For example, some mathematics majors teach, while others work in business or computer science. It is important to bear in mind that such choices themselves

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[6] AAUW Educational Foundation. (March 2003). *Women at Work*. Washington, DC.

[7] National Women's Law Center. (2005). *Tools of the Trade: Using the Law to Address Sex Segregation in High School Career and Technical Education*. Retrieved December 11, 2008, from *http://www.nw1c.org/pdf/NWLCToolsoftheTrade05.pdf*.

[8] See, for example, Blau, Francine and Lawrence Khan. *The Gender Pay Gap: Going, Going . . . But not Gone*. Paper presented at the Cornell University Inequality Symposium, October 2002.

can be constrained in part by biased assumptions regarding appropriate career paths for men and women. Other differences in type of jobs also affect earnings. For example, women are more likely than men to work in the nonprofit and public sectors, where wages are typically lower than in the for-profit sector.

AAUW's analysis showed that men and women's different choices can explain only some of the pay gap. After controlling for factors like major, occupation, industry, sector, hours worked, workplace flexibility, experience, educational attainment, enrollment status, GPA, institution selectivity, age, race/ethnicity, region, marital status and children, a five percent difference in the earnings of male and female college graduates is unexplained. It is reasonable to assume that this difference is the product of discrimination.

Discrimination is difficult to measure directly. It is illegal, and furthermore, most people don't recognize discriminatory behavior in themselves or others. This research asked a basic but important question: If a woman made the same choices as a man, would she earn the same pay? The answer is no.

Ten years after graduation, the pay gap widens. AAUW's analysis found that, ten years after graduation, the pay gap widened—so much so that female full-time workers earned only 69 percent of what their male peers earned.

Ten years out, the pay gap within occupations also increased. For example, in engineering and architecture, where wages were at parity one year out of college, we now see that women earn only 93 percent of what their male counterparts earn. In business and management, the pay gap widens, with women earning 69 percent of men's wages, compared to 81 percent one year out. Strikingly, women did not make gains in any fields compared to their male counterparts.

Similar to what we saw one year out of college, this pay gap can only partially be explained as a result of women's characteristics and choices. In terms of occupation, women and men remained segregated in the workforce over time, and the difference in earnings among occupations grew over this time period. Women also continued to be much more likely to work in the lower-paying non-profit sector. Among full-time workers, women reported working fewer hours than men, and their employment and experience continuity also differed from men. These choices were associated with wage penalties.

It is important to note that what we are calling women's "choices" are often constrained and need to be looked at in context. When women earn less most couples are likely to prioritize the higher-earning husband's well-being and career path in relation to child care, choice of residence, and other household decisions. When women are married, this trade-off may be worthwhile; however, nearly one half of women did not live with a husband in 2005.[9] While most women marry at some point, most also spend a large part of their lives on their own. Women are also much more likely than men to be single parents.[10] Therefore the presumption of the presence of a higher earning mate is often a false one. It is important for us to remember that lower pay for women means fewer resources for their children today and women's retirement tomorrow.

Women are investing in higher education, but not receiving the same salaries as men. Choices made in college affect earnings ten years later. College selectivity matters for men and women, but gender differences were more pronounced. Strikingly, a woman who earned a degree from a highly selective institution had lower earnings than men with degrees from highly selective institutions or moderately selective schools, and about the same pay as a man who attended a minimally selective college. Both women and men invest a great deal of financial resources in their college educations, and often graduate with substantial student loans. AAUW's research suggests that a woman's investment in attending a highly selective school—which is typically more expensive—does not pay off for her in the same way it does for her male counterparts.[11] Further, because of the pay gap, women often have a harder time paying off their student loans.

Ten years out, the unexplained portion of the pay gap widens. AAUW's analysis showed that while choices mattered, they explained even less of the pay gap ten years after graduation. Controlling for a similar set of factors, we found that ten years after graduation, a twelve percent difference in the earnings of male and female college graduates is unexplained and attributable only to gender.

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[9] AAUW Educational Foundation. (2007). *Behind the Pay Gap*, by Catherine Hill and Judy Goldberg Dey. Washington, DC.

[10] American Community Survey; *http://factfinder.census.gov/servlet/STTable?_bm=y&-geo_id=01000US&-qr_name=ACS_2005_EST_G00_S1101&-ds_name=ACS_2005_EST_G00_*

[11] AAUW Educational Foundation. (2007). *Behind the Pay Gap*, by Catherine Hill and Judy Goldberg Dey. Washington, DC.

The pay gap among full-time workers understates the lifetime difference in the earnings of women and men. The impact of personal choices such as parenting has profoundly different effects on men and women. Ten years after graduation, 23 percent of mothers in this sample were out of the work force, and 17 percent worked part-time. Among fathers, only 1 percent were out of the work force, and only 2 percent worked part-time. Stay-at-home dads in this study appear to be a rare breed. We know that most mothers return to the workforce, and hence it is reasonable to assume that the pay gap between men and women will widen as mothers return to full-time employment, driving down average earnings for women.

Interestingly, motherhood is not the driving factor behind the wage gap among women working full-time ten years after graduation.[12] That is, mothers who were in the workforce full-time did not earn less than other women also working full-time, controlling for other factors such as occupation and major.

THE SEARCH FOR SOLUTIONS TO THE PAY GAP

First, it must be publicly recognized as a serious problem. Too often, both women and men dismiss the pay gap as simply a matter of differing personal choices. While choices about college major and jobs can make a difference, individuals cannot simply avoid the pay gap by making different choices. Even women who make the same occupational choices as men will not end up with the same earnings. If "too many" women make the same occupational choice, resulting in job segregation, earnings can be expected to decline.

Women's progress throughout the past 30 years attests to the possibility of change. Before the Equal Pay Act of 1963, Title IX of the Education Amendments of 1972, Title VII of the Civil Rights Act of 1964, and the Pregnancy Discrimination Act of 1978, employers could—and did—refuse to hire women for occupations deemed "unsuitable," fire women when they became pregnant, openly pay differently based on sex, or limit women's work schedules simply because they were female. Schools could—and did—set quotas for the number of women admitted or refuse women admission altogether. In the decades since these civil rights laws were enacted, women have made remarkable progress in fields such as law, medicine, and business. Thirty years ago the pay gap was attributed to the notion that women's education and skills just didn't "measure up." If that was ever the case, it certainly isn't true now.

Unfortunately, women's educational gains—ironically likely motivated in part by women's desire for economic security[13]—have not translated into equal pay for women in the workforce. In fact, while a college degree does absolutely increase women's earnings, the pay gap remains larger for college graduates than the population as a whole.[14]

AAUW's research report provides strong evidence that sex discrimination still exists in the workplace and that this discrimination is not disappearing on its own. It's clear that existing laws have failed to end the inequities that women face in the workplace. AAUW believes we must take stronger steps to address this critical issue. While enactment of the Lilly Ledbetter Fair Pay Act was a critical first step, restoring the ability of working women to have their day in court to combat wage discrimination, additional legislation is needed to truly make real progress on pay equity.

THE PAYCHECK FAIRNESS ACT

AAUW applauds Congress and the Obama Administration for moving quickly to pass the Ledbetter Fair Pay Act. However, the Ledbetter bill is only a down payment on the real change needed to close the pay gap. The next critical step is for the Senate to pass the Paycheck Fairness Act (S. 182/H.R. 12); the House already passed the measure in January 2009 by an even stronger vote (256–163) than the Ledbetter bill (247–171).

Passing both bills is critical to the overall goal of achieving pay equity for all. The Lilly Ledbetter Fair Pay Act amended Title VII of the Civil Rights Act of 1964 and righted the wrongs done by the Supreme Court, regaining ground we'd lost.

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[12] This is in keeping with research that shows that a "motherhood penalty" applies to most women but less to women who maintain continuous work force attachment (Lundberg & Rose, 2000).

[13] DiPrete, Thomas A., & Claudia Buchmann. (2006, February). Gender-specific trends in the value of education and the emerging gender gap in college completion. *Demography*, 43(1), 1–24.

[14] Authors calculation from tables produced by the U.S. Department of Labor, Bureau of Labor Statistics. (2006). Median Usual Weekly Earnings, Employed Full Time, Wage and Salary Workers, 25 Years and Older. Retrieved April 16, 2007, from *http://www.bls.gov/cps/*.

Ledbetter was a narrow fix that simply returned legal practices and EEOC policies to what they were the day before the *Ledbetter* decision was issued in 2007—nothing more, nothing less. The Paycheck Fairness Act is a much needed update of the 45-year-old Equal Pay Act, closing longstanding loopholes and strengthening incentives to prevent pay discrimination. Together, these bills can help to create a climate where wage discrimination is not tolerated, and give the administration the enforcement tools it needs to make real progress on pay equity.

BACKGROUND ON THE EQUAL PAY ACT OF 1963

This law requires that men and women be given equal pay for equal work in the same place of business or establishment. The jobs do not have to be identical, but they must be substantially equal. It is job content—*not* job titles—that determines whether jobs are substantially equal. Pay differentials are permitted only when they are based on seniority, merit, quantity or quality of production, or a factor other than sex. It is important to note that when correcting a pay differential, no employee's pay may be reduced. Instead, the pay of the lower paid employee(s) must be increased. While laudable in its goals, the Equal Pay Act of 1963 has never lived up to its promise to provide "equal pay for equal work."

WHAT WILL THE PAYCHECK FAIRNESS ACT DO?

The Paycheck Fairness Act is a comprehensive bill that strengthens the Equal Pay Act by taking meaningful steps to create incentives for employers to follow the law, empower women to negotiate for equal pay, and strengthen federal outreach and enforcement efforts. The bill would also deter wage discrimination by strengthening penalties for equal pay violations, and by prohibiting retaliation against workers who inquire about employers' wage practices or disclose their own wages. The Paycheck Fairness Act would:

- **Close a Loophole in Affirmative Defenses for Employers:** The legislation clarifies acceptable reasons for differences in pay by requiring employers to demonstrate that wage gaps between men and women doing the same work have a business justification and are truly a result of factors other than sex.
- **Fix the "Establishment" Requirement:** The bill would clarify the establishment provision under the Equal Pay Act, which would allow for reasonable comparisons between employees within clearly defined geographical areas to determine fair wages. This provision is based on a similar plan successfully used in the state of Illinois.
- **Prohibit Employer Retaliation:** The legislation would deter wage discrimination by prohibiting retaliation against workers who inquire about employers' wage practices or disclose their own wages. (NOTE: Employees with access to colleagues' wage information in the course of their work, such as human resources employees, may still be prohibited from sharing that information.) This non-retaliation provision would have been particularly helpful to Lilly Ledbetter, because Goodyear prohibited employees from discussing or sharing their wages. This policy delayed her discovery of the discrimination against her by more than a decade.
- **Improve Equal Pay Remedies:** The bill would deter wage discrimination by strengthening penalties for equal pay violations by providing women with a fair option to proceed in an opt-out class action suit under the Equal Pay Act, and allowing women to receive punitive and compensatory damages for pay discrimination. The bill's measured approach levels the playing field by ensuring that women can obtain the same remedies as those subject to discrimination on the basis of race or national origin.
- **Increase Training, Research and Education:** The legislation would authorize additional training for Equal Employment Opportunity Commission staff to better identify and handle wage disputes. It would also aid in the efficient and effective enforcement of federal anti-pay discrimination laws by requiring the EEOC to develop regulations directing employers to collect wage data, reported by the race, sex, and national origin of employees. The bill would also require the U.S. Department of Labor to reinstate activities that promote equal pay, such as: directing educational programs, providing technical assistance to employers, recognizing businesses that address the wage gap, and conducting and promoting research about pay disparities between men and women.
- **Establish Salary Negotiation Skills Training:** The bill would create a competitive grant program to develop salary negotiation training for women and girls.
- **Improve Collection of Pay Information:** The bill would also reinstate the Equal Opportunity Survey, to enable targeting of the Labor Department's en-

forcement efforts by requiring all federal contractors to submit data on employment practices such as hiring, promotions, terminations and pay. This survey was developed over two decades and three presidential administrations, was first used in 2000, but was rescinded by the Department of Labor in 2006.

The Paycheck Fairness Act maintains the protections currently provided to small businesses under the Equal Pay Act, and updates its remedies and protections using familiar principles and concepts from other civil rights laws. These new provisions are not onerous and are well-known to employers, the legal community, and the courts. As a result, the legislation will enhance women's civil rights protections while simultaneously protecting the job-creating capacity of small businesses. That's why—in addition to AAUW and almost 300 other organizations—groups such as Business and Professional Women/USA and the U.S. Women's Chamber of Commerce support the Paycheck Fairness Act.

DESPITE PROGRESS, THE PAY GAP REMAINS

Despite the progress that women have made, pay equity still remains out of reach and partly unexplained. Even government economists say that a portion of the pay gap remains a mystery even after adjusting for women's life choices. Skeptics like to claim that there is no real pay gap—that somehow it's all a product of our imaginations. Worse, these critics prefer to blame women for any pay disparities, saying that the pay gap is due to the "choices" that women make. But excuses are excuses, and facts are facts.

Women are working harder than ever to balance the roles of work and family. They've developed and supported successful legislation that has opened doors and helped to keep them in the workforce while they raise their children. When women don't earn equal pay, they're not the only ones to suffer—their families do, too. In these days when two incomes are needed to make ends meet, and where female-headed households are so much more likely to be poor, it is disturbing how maternal profiling is used to undercut women's wages because of their caregiving roles. It is also ironic and short sighted in a nation that needs women's labor to be competitive in a global economy.

One popular argument is that motherhood (and the choices it engenders)—rather than discrimination—is the real culprit behind the pay gap. If that's the case, then we have much larger problems than the pay gap to deal with. If that's true, then this country—including its policy makers—needs to take a long, hard look at why the marketplace punishes women for being mothers—or as AAUW's research has showed, for simply their potential to be mothers—while fatherhood carries no financial risk when it comes to wages and may in fact carry financial benefits.

Here's the bottom line: There's a pay gap that most economists agree can't be explained away completely by women's choices—no matter how convenient, no matter how comfortable, no matter how much easier it would be for the critics if they could do so. And we ignore it at our peril.

AAUW plans to continue to take an active role in challenging the persistent inequity in women's paychecks, by unmasking the real root causes of the issue, relying on facts over inflated rhetoric, and by urging the creation of more workplaces that are supportive of all employees with family responsibilities, regardless of gender. We also, quite strongly, urge the Senate to join the House and pass the Paycheck Fairness Act.

Collectively, women have demonstrated that they have the skills and the intelligence to do any job. Women have also shown they can do these jobs while minding the home front and raising the next generation. No one is disputing that women have made significant gains in education and labor force participation. In fact, AAUW revels in them and our role in making them happen. But our work is not done, and pay equity remains a pernicious problem with both daily and long term consequences. It's past time for women's paychecks to catch up with our achievements.

PREPARED STATEMENT OF DIANA FURCHTGOTT-ROTH

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 coauthor of two books on women in the labor force, "Women's Figures: An Illustrated Guide to the Economic Progress of Women in America," and "The Feminist Dilemma: When Success Is Not Enough."

Currently I am a senior fellow at the 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.

One of the concerns of working women is the "pay gap"—the alleged payment to women of 78 cents for every dollar earned by a man. However, men and women generally have equal pay for equal work now—if they have the same jobs, responsibilities, and skills. Members of Congress are paid identically regardless of gender, as are many other men and women with the same job. Two entry-level cashiers at a supermarket, one male and one female, are usually paid the same, as are male and female first-year associates at law firms. If they believe they are underpaid, they can sue for discrimination under current law.

The 78 percent figure comes from comparing the 2007 full-time median annual earnings of women with men, the latest year available from the Census Bureau.[1] The 2007 Department of Labor data show that women's full-time median weekly earnings are 80 percent of men's.[2,3] Just comparing men and women who work 40 hours weekly, without accounting for differences in jobs, training, or time in the labor force, yields a ratio of 87.2 percent.[4]

These wage ratios are computed from aggregate government data and do not take into account differences in education, job title and responsibility, regional labor markets, work experience, occupation, and time in the workforce. When economic studies include these major determinants of income, rather than simple averages of all men and women's salaries, the pay gap shrinks even more. A report by Jody Feder and Linda Levine of the Congressional Research Service entitled "Pay Equity Legislation in the 110th Congress,"[5] declared that "Although these disparities between seemingly comparable men and women sometimes are taken as proof of sex-based wage inequities, the data have not been adjusted to reflect gender differences in all characteristics that can legitimately affect relative wages (e.g. college major or uninterrupted years of employment)."

Many academic studies of gender discrimination focus on the measurement of the wage gap. Dozens of studies have been published in academic journals over the past two decades. These studies attempt to measure the contributing effects of all the factors that could plausibly explain the wage gap through an econometric technique called regression analysis. The remaining portion of the wage gap that cannot be explained by measurable variables is frequently termed "discrimination." Generally, the more explanatory variables that are included in the econometric regression analysis, the more of the wage gap that can be explained, and the less is the residual portion attributable to "discrimination." An analysis that omits relevant variables finds a greater unexplained residual.

However, simple wage ratios do not take into account other determinants of income. They are computed using purely mathematical calculations of U.S. labor market data published by the Bureau of Labor Statistics of the U.S. Department of Labor. Comparisons of men's and women's wages need to be made carefully, because there are differences in hours worked by men and women.

Let's take an example of how regression analysis allows us to distinguish different factors that affect earnings. A female nurse might earn less than a male orthopedic surgeon. But this would not be termed "unfair" or "discrimination" because the profession of surgeon requires more years of education, the surgeon might work different hours from the nurse, and the nurse might have fewer continuous years of work experience due to family considerations.

The standard literature in analyzing wage gaps between men and women is centered on measuring these varying factors. Professors such as Francine Blau and

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[1] DeNavas-Walt, Carmen, Bernadette D Proctor, and Jessica C Smith, U.S. Census Bureau, "Table A-2. Real Median Earnings of Full-Time, Year-Round Workers by Sex and Female-to-Male Earnings Ratio: 1960 to 2007", *Income, Poverty, and Health Insurance Coverage in the United States: 2007*, Washington, DC: U.S. Government Printing Office, 2008, p. 38.

[2] U.S. Department of Labor Bureau of Labor Statistics, *Women in the Labor Force: A Databook*, Washington, DC, December 2008, p. 1.

[3] BLS uncompiled 2008 data on weekly earnings yield an earnings ratio of 79.9 percent.

[4] 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 2007*, Washington, DC, October 2008, p. 41. Statistic refers to workers who usually work exactly 40 hours a week.

[5] Jody Feder and Linda Levine, "Pay Equity Legislation in the 110th Congress," *CRS Report for Congress RL31867*, Washington, DC: Congressional Research Service, Updated January 5, 2007.

Lawrence Kahn,[6] Charles Brown and Mary Corcoran,[7] David Macpherson and Barry Hirsch,[8] and Jane Waldfogel[9] all take these factors into account to a greater or lesser degree. There are no peer-reviewed academic studies that measure the wage gap between men and women without using regression analysis to account for the major factors affecting wages.

To take one study as an example, Professor June O'Neill, in an article published in 2003 in the economics profession's flagship journal *The American Economic Review*,[10] shows that the observed unadjusted wage ratio between women and men in 2000 is 78.2 percent. When data on demographics, education, scores on the Armed Forces Qualification Test, and work experience are added, the wage ratio rises to 91.4. The addition of variables measuring workplace and occupational characteristics, as well as child-related factors, causes the wage ratio to rise to 95.1 percent. When the percentage female in the occupation is added, the wage ratio becomes 97.5 percent, an insignificant difference.

In another study, Professors Marianne Bertrand of the University of Chicago and Kevin Hallock of Cornell University found almost no difference in the pay of male and female top corporate executives when accounting for size of firm, position in the company, age, seniority, and experience.[11]

Lower pay can reflect decisions—by men and women—about field of study, occupation, and time in the workforce. Those who don't finish high school earn less. College graduates who major in humanities rather than the sciences have lower incomes. More women than men choose humanities majors.

Employers pay workers who have taken time out of the work force less than those with more experience on the job, and many women work less for family reasons. A choice of more time out of the workforce with less money rather than more time in the workforce with more income is not a social problem. A society that gives men and women these choices, as does ours, is something to applaud.

Nevertheless, we need to do all we can to level the playing field so that women are not discouraged by our institutions from dropping out of the workforce. One change that has been proposed is to allow the top tax rate to rise. This would adversely affect married women because their incomes are frequently secondary. It would not only discourage marriage, but also discourage married women from working.

Take a nurse, Amanda, with taxable income of $50,000, who wants to marry Henry, who owns an electrical supply store and has taxable income of $160,000. Amanda's taxable income as a nurse is $50,000. Unmarried, he is in the 28% bracket and she is in the 25% bracket. When they get married, they will be taxed at 33%—rising to 36% in 2011 if Congress allows taxes to rise in 2011.

By raising taxes on upper-income Americans, Congress would worsen our tax system's marriage penalty on two-earner married couples, and Amanda and Henry would pay even more tax married than single.

In President Obama's new budget for 2010, he outlined plans to allow the top two tax rates to rise from 33% to 36% and from 35% to 39.6% in 2011. In addition, taxpayers in these brackets would not receive the full value of their itemized deductions, further exacerbating the fiscal disadvantages of marriage for some couples.

Taxes would rise for singles with taxable income over $172,000 and married couples over $209,000. Even if Amanda and Henry were not immediately affected by higher rates, those rates might well affect Amanda when she earned more.

Unless, of course, Amanda and Henry decide to have children, and Amanda left the workforce to care for them. Say that Amanda's taxable income rose to $60,000, so she and Henry had a combined income of $220,000, placing them in the new 36% bracket. But with Amanda at home looking after the children, their federal tax rate would be 28%.

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[6] Francine D. Blau and Lawrence M. Kahn, "The US Gender Pay Gap in the 1990s: Slowing Convergence," *National Bureau of Economic Research*, Working Paper 10853, October 2004.

[7] Charles Brown and Mary Corcoran, "Sex-Based Differences in School Content and the Male/Female Wage Gap," *Journal of Labor Economics* 15 (July 1997 Part 1): 431–65.

[8] David A. Macpherson and Barry T. Hirsh, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics* 13 (July 1995): 426–71.

[9] Jane Waldfogel, "Working Mothers Then and Now: A Cross-Cohort Analysis of the Effects of Maternity Leave on Women's Pay," in *Gender and Family Issues in the Workplace*, edited by Francine D. Blau and Ronald G. Ehrenberg (New York: Russell Sage Foundation, 1997).

[10] June O'Neill, "The Gender Gap in Wages, Circa 2000," *American Economic Review*, Vol. 93, No.2, Papers and Proceedings of the One Hundred Fifteenth Annual Meeting of the American Economic Association, Washington, D.C., January 3–5, 2003 (May 2003), 309–314.

[11] Marianne Bertrand and Kevin Hallock, "The Gender Gap in Top Corporate Jobs," *Industrial and Labor Relations Review*, October 2001.

And federal taxes are not the whole story. State taxes would take another 9% of Henry and Amanda's income in states such as Oregon, Vermont and Iowa; Medicare would take another 1.45%; and Social Security taxes would add another 6.2% up to $107,000.

Our tax system should not make it harder for women to work. The penalty falls most heavily on married women who have invested in education, hoping to shatter glass ceilings and compete with men for managerial jobs, and the higher taxes would exacerbate the penalty.

When mothers take jobs, earnings are reduced by taxes paid at their husbands' higher rates, in addition to costs for childcare and transportation. This discourages married women not just from working, but also from striving for promotions, from pursuing upwardly-mobile careers. Mothers are more affected by the marriage penalty than other women because they are more likely to move out of the labor force to look after newborn children and toddlers, and then to return to work when their children are in school.

It does not have to be this way. Congress could leave taxes as they are now, with a flatter structure of rates, so that couples do not face higher rates upon marriage.

Labor Department data show that as average number of earners per household rise, so do income levels. One characteristic of the highest-earning one-fifth of households is that they have an average of two earners per household. The middle fifth averages 1.4 earners per household, and the lowestearning fifth averages half an earner per household—more part-time and unemployed workers, or retirees.

Therefore, when workers marry, more households move into the top fifth of the income distribution. When Congress tries to raise taxes on top earners then working women are disproportionately affected, even if, like Amanda, they do not earn much by themselves. For Congress to announce that taxes on those at the top end of the scale will rise is an explicit attack on married working women.

Thank you for giving me the opportunity to appear before you today. I would be glad to answer any questions.

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