TO: _ Sosnik
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_ Ucelli
_ Tramontano
✓ Reed
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FROM: Palmieri

Equal Pay

RE: per our meeting on equal pay

Today's debate: Women in sports

Female athletes are shortchanged

OUR VIEW **In soccer and volleyball, women's worth, talent are undervalued.**

Few may have noticed, but the sex-equity news from Australia, which will host the Summer Olympics later this year, has been none too promising this month.

In the first case, international officials in charge of the beach volleyball competition continue to insist that unlike the men, who wear baggy shorts, the women must wear either a bikini or a one-piece bathing suit. A spokesman for the sport's governing body says "shorts do not give an appropriate image of our athletic sport whose characteristics are power and speed." But what about the men?

"We are talking here," said the spokesman, "about high-level competition involving, most of the time, professional players who understand that the image of the sport is crucial for its development and durability."

Message received. The image of a man leaping across the sand in a pair of briefs just isn't the same, development-wise, as that of a leggy female in a bikini doing the same. The image just isn't as . . . durable.

On the soccer field, meanwhile, the U.S. women's team last week won the Australia Cup, a run-up tournament to the Olympics, despite the absence of top players from last year's champion World Cup team, who are sitting out Australia in a contract dispute.

The players sought a monthly stipend equal to $60,000 a year, plus $2,000 per player per game. U.S. Soccer, the national governing body, offered instead the 1996 salary: a stipend equal to $37,800 a year.

That drew attention to the sport's blatant inequities. Members of the men's 1998 World Cup team, for example, received $20,000 each for making the team and would have received almost $400,000 more for winning. Members of the women's 1999 World Cup team received $2,500 for making the cut and $12,500 for winning.

Officials at U.S. Soccer say this is because FIFA, the sport's international governing body, financed the men's bonuses and offered nothing for the women. But that doesn't explain other slights. The coach of the losing 1998 men's team earned a reported $235,000. The women's coach earned $99,600.

There are fair reasons for some disparities. Female basketball players are undervalued, but they can't expect equal earnings with men until their league generates equal revenues.

That's not soccer, though. The U.S. women have done more to promote the game in 10 years than the men have done in 20. This makes equity crucial. Otherwise, the message sent to millions of children is that no matter how good you are, your gender decides your value. U.S. Soccer has an obligation to battle that, regardless of venue or sponsorship.

So does the International Olympic Committee. The Olympics is the world's premier showcase for female athletes, and thus the premier showcase for equality.

Yet the IOC continues to tolerate governing bodies that exploit women by treating world-class volleyballers like beach babes and world-champion soccer players like minor leaguers. Even Down Under, that's low-down.

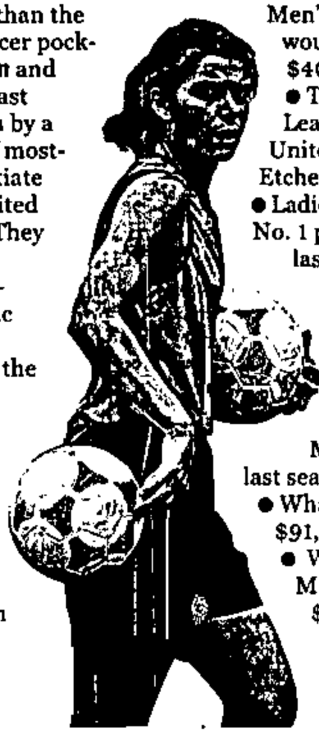
USA TODAY 1/19/00

"Unfit to stand trial"

STEVE PYKE – MATRIX

The frail general is set to go home. On orders of the British Home Office, a medical team examined former Chilean dictator **Augusto Pinochet** and found him "unfit to stand trial" last week. Britain's decision appears to end the long struggle to try the aging leader for human-rights crimes committed during his 17-year rule that ended a decade ago. Britain arrested the 84-year-old Pinochet at the request of a Spanish prosecutor in October 1998; he has suffered several strokes since. Last week's decision does not mean he will now escape punishment. Chile's government has argued that Pinochet should be judged at home—not in foreign courts. There are more than 50 lawsuits in Chile charging Pinochet with the disappearance, torture, and deaths of thousands of Chilean and foreign residents. But justice may not be pursued vigorously there. One reason? Pinochet still has many supporters in Chile. They praise the economic reforms and end to political turmoil that his harsh rule brought. Another is that the constitution Pinochet designed limits his opponents' sway in the courts and the legislature. The inconclusive ending to the battle to try the old general leaves the broader issue unsettled as well: Can leaders who commit human-rights abuses at home be tried abroad? Human-rights activists hope that the Pinochet precedent has made other strongmen less certain about remaining above the law after they relinquish power. *–Linda Robinson*

Who's got game?



Anything Mia can earn, Michael can earn better. And not just Michael. The average benchwarmer in basketball earns more in a game than the champions of women's soccer pocket in a season. So **Mia Hamm** and her teammates boycotted last week's Australia Cup—won by a second-string U.S. team of mostly college players—to negotiate new contracts with the United States Soccer Federation. They are asking for $5,000 a month—about $45,000 between now and the Olympic Games in Sydney this September. That's a hike from the $3,150 a month they made through last summer's victory. Are the soccer champs asking for too much? Here are the base salaries of other athletes. You be the judge:

- The bonus each player on the 1999 U.S. Women's World Cup team earned after placing first: $65,000.
- The bonus each player on the 1998 U.S. Men's last-place World Cup team would have made if they'd won: $400,000.
- The average salary in Major League Soccer: $89,474. D.C. United star midfielder Marco Etcheverry's MLS salary: $250,000.
- Ladies Professional Golf Association No. 1 player Karrie Webb's earnings last season: $1.59 million.
- The average salary in the National Hockey League: $1.3 million. In the National Basketball Association: $2.64 million. In the Women's NBA: $58,000. Michael Jordan's earnings his last season: $29 million.
- What Jordan earned per rebound: $91,000.
- What New York Mets catcher Mike Piazza makes in a game: $86,667. *–Mary Brophy Marcus*

Equal Pay

TRANSITIONS

- He would bring respect. That was players' reaction to news that **Michael Jordan** might join the Washington Wizards, not as a player but as management. The deal has the feel of a megamerger, down to the presence of an America Online executive at the table: AOL's Ted Leonsis is a team owner. Jordan would have power to trade and sign players. And to win.

- The father is not Brad Pitt. When it came time for singer Melissa Etheridge and her partner to select the father of their two children, they chose singer **David Crosby.** Enough said.
- Singer **Bob Dylan** and violinist **Isaac Stern** won Sweden's Polar award, music's equivalent of the Nobel Prize.
- Hall of Fame pitcher **Bob Lemon** died at age 79.
- They hit historic home runs on consecutive nights in 1975. Now **Carlton Fisk** and **Tony Perez** will enter baseball's Hall of Fame together. Fisk was rewarded for the length of his career—24 years, playing catcher—and for a solitary moment, when he hit the winning home run in the sixth game of the World Series between Boston and Cincinnati. Perez's homer, less remembered, helped win Game 7. He is the first Cuban-born player named to the hall.

CLOCKWISE, FROM TOP RIGHT: KHUE BUI – AP; HARRY CABLUCK – AP; REED SAXON –

THE PRESIDENT ANNOUNCES EQUAL PAY INITIATIVE AND URGES PASSAGE OF PAYCHECK FAIRNESS ACT

In his weekly radio address, the President will announce a new $14 million Equal Pay Initiative in his Fiscal Year 2000 budget and urge prompt passage of the Paycheck Fairness Act. The Initiative includes $10 million for the Equal Employment Opportunity Commission (EEOC) to increase compliance with equal pay laws by providing training to EEOC employees to identify and respond to wage discrimination, increasing technical assistance to businesses on how to meet legal requirements, and launching an equal pay public service announcement campaign to inform employers and employees alike of their rights and responsibilities. The Initiative also includes $4 million for the Department of Labor, primarily for a program to assist contractors in recruiting and retaining qualified women in non-traditional occupations. The President also will call on Congress again to pass the Paycheck Fairness Act, which would strengthen wage discrimination laws and provide for additional research, training, and public education efforts on this important subject.

Equal Pay Initiative

The President's FY2000 budget includes funding for a $14 million equal pay initiative for the EEOC and the DOL's Office of Federal Contractor Compliance (OFCCP):

<u>Equal Employment Opportunity Commission</u>
The President's FY2000 budget includes $10 million for the EEOC to:

- triple the number of EEOC enforcement staff who receive training in identifying and responding to wage discrimination;
- provide, for the first time ever, training and technical assistance to employers (about 3,000 in total) on how to comply with equal pay requirements; and
- develop public service announcements to educate employees and employers on their rights and responsibilities under equal pay laws.

<u>The Department of Labor</u>
The President's FY 2000 budget includes $4 million for the Labor Department's OFCCP to:

- help women obtain and retain employment in non-traditional jobs by identifying and disseminating model employer practices and assisting contractors to finding qualified women employees, including through the new nationwide network of One-Stop Career Centers established by last year's Workforce Investment Act; and
- increase outreach, education, and technical assistance to federal contractors on equal pay issues, by providing legal guidelines and industry best practices.

Paycheck Fairness Act

The President again will urge Congress to pass legislation called the "The Paycheck Fairness Act," introduced by Senator Daschle and Congressman DeLauro, to strengthen laws prohibiting wage discrimination. The highlights of this legislation include:

- Increased Penalties for the Equal Pay Act (EPA). The legislation would provide full compensatory and punitive damages as remedies for equal pay violations, in addition to the liquidated damages and back pay awards currently available under the EPA. This proposal would put gender-based wage discrimination on equal footing with wage discrimination based on race or ethnicity, for which uncapped compensatory and punitive damages are already available.

- Non-retaliation provision. The bill would prohibit employers from punishing employees for sharing salary information with their co-workers. Many employers are currently free to take action against employees who share wage information. Without the ability to learn about wage disparities, it is difficult for employees to evaluate whether there is wage discrimination.

- Training, Research, and Pay Equity Award. The bill would provide for increased training for Equal Employment Opportunity Commission employees to identify and respond to wage discrimination claims; research on discrimination in the payment of wages; and the establishment of an award to recognize and promote the achievements of employers in eliminating pay disparities.

THE WHITE HOUSE

WASHINGTON

Equal Pay

February 24, 1999

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: BRUCE REED
LARRY STEIN

SUBJECT: Meeting with Senator Harkin and Pay Equity Advocates

The President and Vice-President have spoken out in favor of equal pay and supported Senator Daschle's Paycheck Fairness Act which strengthens the remedies available to women under the Equal Pay Act. The Administration has not supported Senator Harkin's bill which provides for comparable worth, a more controversial approach that requires companies to equalize wages between "equivalent" jobs. You will be meeting with Senator Harkin and representatives of groups that favor comparable worth and will likely encourage the Administration to endorse that concept. As a fallback, the groups will push for strengthening the Daschle bill and may seek reinsertion of a provision on pay disclosure that was dropped last year at the Administration's request. This memorandum provides background on the Administration's strategy on the equal pay issue, compares Daschle's and Harkin's bills, discusses the legislative outlook for each bill, and offers some recommendations.

I. Background

In the last few years, the Administration has gained strong public support by taking steps to promote equal pay, while not endorsing comparable worth. In the last two years, the Administration has: endorsed of the Daschle bill to strengthen the Equal Pay Act (see below); included a $14 million equal pay initiative in the FY 2000 budget for the EEOC and the DOL's Office of Federal Contract Compliance Programs (OFCCP); published a CEA report that shows a significant wage gap between male and female workers; and created an annual report on pay differences to be published by DOL. The President and Vice-President have held a variety of events to announce these steps and raise public awareness of the issue, including mentioning equal pay in the State of the Union, conducting a radio address on the topic this year, and hosting two events last year.

One issue aside from Senator Harkin's bill may arise at your meeting concerns the disclosure of pay data by employers. OFCCP wishes to request pay information by letter from some 5000 contractors selected for compliance reviews. OFCCP currently collects this data onsite at a later stage of the compliance process. OMB has balked at this request, primarily on the ground that it will impose an undue burden on employers. At a meeting this week with pay equity groups, Josh Gotbaum promised to re-examine this matter. In addition, he noted that the Administration had a variety of potential mechanisms for obtaining wage data from employers, including the EEOC and the Bureau of Labor Statistics, and we wanted to fashion the best overall plan for obtaining useful data. The DPC, NEC, OMB, OPL (women's office), EEOC, and DOL held a meeting on Friday to begin this process of determining what are the most effective and politically viable means for improving data collection from employers.

II. The Daschle Bill

The Administration has endorsed "The Paycheck Fairness Act," introduced by Senator Daschle and Congresswoman DeLauro, to strengthen laws prohibiting wage discrimination. The measure is included this year as one of the Democratic Leadership Initiatives. Key aspects of the bill include:

- Increased Penalties. The legislation would provide full compensatory and punitive damages as remedies for equal pay violations, in addition to the liquidated damages and backpay awards currently available under the Equal Pay Act.

- Non-retaliation provision. The bill would prohibit employers from punishing employees for sharing salary information with their co-workers. Without the ability to learn about wage disparities, it is difficult for employees to evaluate whether there is wage discrimination.

- Training, Research, and Pay Equity Award. The bill would provide for increased training for EEOC staff; more research on wage discrimination; and a new award for employers who have worked to eliminate pay disparities.

Senator Daschle's bill originally included a provision requiring the EEOC to collect reports from employers with 100 or more employees about the wages they pay, analyzed by the race, sex, and national origin of employees. The Administration informed Daschle that this provision would raise very strong -- and perhaps justified -- objections from the business community. Daschle removed the measure from the bill.

III. The Harkin Bill

Last year, Senator Harkin introduced a comparable worth bill called the "Fair Pay Act of 1997." (It doesn't appear that he has reintroduced the bill this year.) The highlights of this legislation include:

- Comparable Worth. Harkin's bill amends the Fair Labor Standards Act to prohibit the paying of unequal wages for work on "equivalent jobs" dominated by employees of different sex, race, or national origins. The legislation defines "equivalent jobs" as "jobs that may be dissimilar, but whose requirements are equivalent, when viewed as a composite of skills, effort, responsibility, and working conditions." It exempts from this provision wage differences based on seniority, a merit system, or a quality/quantity system.

- <u>Data Collection.</u> The bill requires employers to submit wage data to the EEOC, broken down by job category and then by sex, race, and national origin. The EEOC is authorized to disseminate this data to the public.

- <u>Non-Retaliation Provision.</u> Harkin's bill contains a non-retaliation provision similar to that in Senator Daschle's bill.

- <u>Education, Training, and Technical Assistance.</u> The bill also provides for research, education, and technical assistance.

IV. <u>Legislative Outlook</u>

Senator Daschle's bill currently has 20 cosponsors (Sen. Harkin has yet to cosponsor, although he has in the past). On the House side, Congresswoman DeLauro's bill, H. R. 541, has 34 cosponsors. Both of these bills are part of the "Democratic Leadership" package of bills. Senator Harkin's bill had 8 cosponsors in the last Congress, while the House version, which Congresswoman Norton sponsored, garnered 64 cosponsors. (By contrast, last Congress, Senator Daschle brought 23 Democrats on board, while Congresswoman DeLauro's bill had 95.) The Harkin-Norton bill is unlikely to attract additional cosponsors because of its controversial nature and its lack of support from the leadership. The Daschle-DeLauro bill has a much better chance of drawing some bipartisan support ultimately of passing.

As a political matter, the Daschle bill offers Democrats the ability to raise the issue on the floor, highlight our commitment to the issue, and spotlight differences between supporters and opponents. If the bill fails to pass, the vote would give members a record of fighting the wage gap in a reasonable, moderate way. Whether the bill passes or not, the attention such a fight would receive would focus attention on the problem and broaden the constituency for further measures, including, possibly, for Senator Harkin's bill. In contrast, endorsement of the Harkin bill at this time would likely drive members away from the issue altogether in fear that they will be tarred as supporting government wage-setting and radical interference in the labor market.

It is also clear that interest groups, members, and the Administration must work together on legislation to raise the profile of this issue in any fashion. It is worth remembering that no one tried to raise this issue on the floor last year. Without consensus support for a single legislative strategy, the issue may fall off the political radar screen altogether.

V. Recommendation

By backing Senator Daschle's bill as a first step, the Administration has gained an excellent position from which to lead a national debate on the wage gap and support policies that will lead to greater fairness in the workplace. In contrast, endorsing comparable worth at this point would decrease our chance of building momentum on the issue, by sparking a debate about government interference with the market. We believe that the Administration should keep opponents of equal pay on the griddle by keeping the nation's attention focused on the existence of the wage gap and the common-sense steps we all should be able to agree upon to attack it.

This message will undoubtedly be awkward to deliver. (We are looking at ways to strengthen the Daschle bill -- including through a new wage disclosure provision -- but while the groups may appreciate these efforts, we do not expect them to pacify Senator Harkin.) We nonetheless believe that we should not give false hope to participants at the meeting that we will endorse or otherwise work for passage of the Harkin bill. Indeed, we believe we should emphasize the importance of a unified push for the legislative proposal with the greatest chance of passing.

Mary L. Smith
02/23/99 01:40:04 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP

cc: Thomas L. Freedman/OPD/EOP, Nicole R. Rabner/WHO/EOP, Laura Emmett/WHO/EOP
Subject: AFL Equal Pay Report

Tomorrow the AFL-CIO is releasing a report that says that America's working families lose $200 billion of income annually because of the wage gap and that on average each family loses $4000 each year, even after accounting for differences in education, age, location, and the number of hours worked. I will send you a copy of the report.

The First Lady had been interested in numbers like these for a possible event, and we have CEA working on trying to come up with how much a family loses because of the wage gap, and how much a women entering the workforce today would lose over her lifetime.

EQUAL PAY WORKING FAMILIES

NATIONAL AND STATE DATA ON THE PAY GAP AND ITS COSTS

A Joint Research Project of the
AFL-CIO and the
Institute for Women's Policy Research

EQUAL PAY FOR WORKING FAMILIES

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Executive Summar

Equal pay is a bread-and-butter issue for working families. More than two-thirds of all mothers in the United States work for pay. Two-earner families are today's norm among married couples, and a growing number of single women provide most or all of their families' support. Altogether, almost two-thirds of all working women and slightly more than half of married women responding to the AFL-CIO's 1997 *Ask A Working Woman* survey said they provide half or more of their families' incomes.

Little wonder, then, that 94 percent of working women in the *Ask A Working Woman* survey—almost every one—described equal pay as "very important;" that two of every five cited pay as the "biggest" problem women face at work; and that one-third of all women and half of African American women said that, despite its importance, they do not have equal pay in their jobs.

To better understand the wage gap for women and people of color in the United States and to better measure the price that wage inequality exacts from families and individual workers, the AFL-CIO and the Institute for Women's Policy Research (IWPR) jointly undertook a national study, including state-by-state breakouts, to analyze recent data from the Census Bureau and the Bureau of Labor Statistics.

The study confirms many recent analyses, finding that women who work full-time are paid only 74 cents for every dollar men earn—or $148 less each week. Women of color who work full-time are paid only 64 cents for every dollar men overall earn—or $210 less each week. Going further, the study uses more refined techniques to explore the dimensions, and the full cost, of unequal pay.

Working Families Pay a Steep Price for Unequal Pay

America's working families lose a staggering $200 billion of income annually to the wage gap—an average loss of more than $4,000 each for working women's families every year because of unequal pay, even after accounting for differences in education, age, location and the number of hours worked.

- If married women were paid the same as comparable men, their family incomes would rise by nearly 6 percent, and their families' poverty rates would fall from 2.1 percent to 0.8 percent.
- If single working mothers earned as much as comparable men, their family incomes would increase by nearly 17 percent, and their poverty rates would be cut in half, from 25.3 percent to 12.6 percent
- If single women earned as much as comparable men, their incomes would rise by 13.4 percent, and their poverty rates would be reduced from 6.3 percent to 1 percent.

- Working families in Ohio, Michigan, Vermont, Indiana, Illinois, Montana, Wisconsin and Alabama pay the heaviest price for unequal pay to working women, losing an average of roughly $5,000 in family income each year.

- Family income losses due to unequal pay for women range from $326 million in Alaska to $21.8 billion in California.

The Size of the Pay Gap Varies by State

While the wage gap is much smaller than the national average in some states, the numbers do not automatically signal improved economic status for women. The primary reason for women's relatively improved status in many states is that the wages of minority men are so low. This is particularly true for the District of Columbia, Arizona, California, New York, North Carolina, Texas and Virginia.

- Women who work full-time are paid the least, compared with men, in Indiana, Louisiana, Michigan, Montana, North Dakota, Wisconsin and Wyoming, where women earn less than 70 percent of men's weekly earnings.

- Women of color fare especially poorly in Louisiana, Montana, Nebraska, Oregon, Rhode Island, Utah, Wisconsin and Wyoming, earning less than 60 percent of what men earn.

- Even where women fare best compared with men—in Arizona, California, Florida, Hawaii, Massachusetts, New York and Rhode Island—women earn little more than 80 percent as much as men.

- Women earn the most in comparison to men—97 percent—in Washington, D.C., but the primary reason women appear to fare so well is the very low wages of minority men.

- For women of color, the gender pay gap is smallest in the District of Columbia, Hawaii, Florida, New York and Tennessee, where they earn more than 70 percent of what men overall in those states earn.

Unequal Pay Hurts Men, Too

As the percentage of women in an occupation rises, wages tend to fall. Workers who do what traditionally has been viewed as "women's work"—clerical workers, cashiers, librarians, child care workers and others in jobs in which 70 percent or more of the workers are women—typically earn less than workers in jobs that are predominately male or are integrated by gender.

- Both women *and* men pay a steep price for unequal pay when they do "women's work": The 25.6 million women who work in these jobs lose an average of $3,446 each per year; the 4 million men who work in predominately female occupations lose an average of $6,259 each per year—for a whopping $114 billion loss for men and women in predominately female jobs.

- At the state level, women who work in female-dominated jobs could increase their salaries from $2,112 per year in Missouri to a high of $4,707 in Delaware if they had equal pay. Annual wage gains for women in these jobs would exceed $3,000 on average in 36 states. In 34 states, wages would increase by at least $2,500 for women of color in female-dominated jobs.

- For men in female-dominated jobs, state average increases would range from $3,533 annually in the District of Columbia to $8,958 in Delaware if pay inequality was eliminated. Minority men would see increases ranging from $1,918 in Colorado to $7,996 in Alaska.

Unions Mean Big Pay Gains, Smaller Pay Gaps

Union representation is a proven and powerful tool for raising workers' wages, particularly for those most subject to labor market discrimination: women and minorities.

- The typical female union member earns 38 percent more per week—$157—than a woman who does not belong to a union.

- Unionized women of color earn almost 39 percent more—$135—than nonunion women of color. In fact, minority union women earn $45 a week more than nonunion white women.

- Minority men who belong to unions bring home 44 percent more—$177—each week than nonunion men of color.

- Unions also help close the wage gaps based on gender and minority status for their members. Women represented by unions earn almost 84 percent as much as union men, while unionized workers of color make about 81 percent as much as unionized white workers.

In the 35 years since the equal employment laws passed, women and people of color have made significant strides into the mainstream of the American workplace. But lingering unequal pay robs women and their families of economic security, doubling poverty rates for today's workers and threatening reduced retirement income and greater poverty tomorrow.

There are three clear routes to ensuring that women receive equal pay: vigorous enforcement of current equal pay laws, passage of stronger and better equal pay laws and greater protections for workers' right to organize together into unions.

Introduction

In the 1960s, Congress passed two landmark laws designed to remove discrimination from employment relations. The first, the Equal Pay Act of 1963, outlawed the long-established and standard business practice of paying women less than men even when they were doing exactly the same work. Its mandate was straightforward: equal pay for equal work. The next year, Congress enacted the Civil Rights Act of 1964, which included, among other things, a comprehensive fair employment section (Title VII) that banned discrimination against women and minorities in all terms and conditions of employment (hiring, promotions, terminations and the like), including pay. Read together, the Equal Pay Act and Title VII establish the principle that employers may not pay women and people of color less for the work they do because of their race, gender or ethnicity. Simply put, employers may not deny women and minorities equal pay because of sex or race discrimination.

In the 35 years since the equal employment laws passed, women and people of color have made significant strides into the mainstream of the American workplace. Nevertheless, despite undeniable gains, pay bias and other discriminatory practices continue to impede progress, all too often placing glass ceilings in the way of workers moving up and relegating too many others to second-class workplace status on the sticky floor. Consider, for example:

- In January 1999, the Department of Labor announced that Texaco had agreed to give 186 women more than $3 million in back wages and pay adjustments to settle findings that the company consistently had paid women in professional and executive positions less than their male counterparts.

- In 1998, major corporations, including US Airways, the pharmaceutical division of Bayer Corp., publishing giant R.R. Donnelly, Pepsi-Cola, desktop computer manufacturer Gateway 2000, insurer Highmark, Inc. (formerly Blue Cross/Blue Shield of Western Pennsylvania), Allison Engine Company of Indianapolis and CoreStates Financial Institution, agreed to payments totaling about $3.5 million altogether to resolve Labor Department findings of pay bias and other discrimination against women and minorities.

- In 1997, two major national chains—Home Depot and Publix Supermarkets—agreed to pay out more than $80 million each to settle lawsuits charging them with sex discrimination, including discrimination in pay, against thousands of women workers.

- In recent months, Boeing, Pennzoil Company and United Parcel Service have agreed to employment discrimination settlements totaling more than $30 million altogether and potentially benefiting thousands of African American workers and former employees.

- According to the *1998 Catalyst Census of Women Corporate Officers and Top Earners*, less than 3 percent (or only 63 of 2,320 individuals) of the top-earning corporate officers in Fortune 500 companies are women, and their earnings (salaries and bonuses) are only two-thirds those of top-earning men.

- African American and Hispanic workers are more than twice as likely as white workers to be "working poor"—that is, to be employed but, nevertheless, to live in poverty. Minority women workers, who confront the dual problems of gender and race bias, have especially high poverty rates: One in seven African American and Hispanic women workers lives below the poverty line compared with one in 20 white working women and men.[1]

Not surprisingly—considering these examples—wage gaps persist between women and men and between minority and nonminority workers as enduring reminders of gender and racial inequality in the workplace.

What Do Wage Gaps Tell Us?

"Wage gaps" are commonly cited measures of earnings inequality between different groups of workers. A "wage gap" is derived from a "wage ratio," the figure expressing the percentage of one group's earnings (for example, women or minorities) compared with another group's (men or nonminorities). As used in this study, "gender wage gaps" are percentage or actual dollar differences between the earnings of men and women, and "minority wage gaps" are differences between earnings of people of color and white workers.[2]

Since earnings are the main source of income for most American families, wage gaps are important indicators of differences in economic status among groups of working families. Economists disagree, however, about the extent to which wage gaps reflect labor market discrimination or other considerations such as "human capital" differences among workers (that is, differences in education, training and experience). Higher earnings for white men, for example, do not necessarily reflect discrimination against women and minorities if white men, on average, have more human capital.[3] Analyses attempting to tease out the reasons for wage differences between women and men typically separate the gender wage gap into a portion explained by human capital differences and a portion that remains unexplained even after taking such differences into account. Recent studies indicate that between one-quarter and one-half of the gender wage gap remains unexplained, and some economists attribute some or all of this unexplained portion to discrimination.[4]

Economists also differ as to whether and how to consider additional factors in explaining wage gaps. For example, pay differences associated with work in specific occupations and industries may simply reflect legitimate consumer and worker preferences or supply and demand for goods and services; or they may suggest something far more sinister—discriminatory barriers locking workers *in* some jobs and *out* of others, or bias in setting wages for jobs with heavy concentrations of women and minority workers. Marriage and the presence of children typically affect women's and men's wages differently: Is that because employers tend to discriminate *against* child-bearing women (and in favor of fathers)? Because women prefer to spend more time caring for children, hence accumulating less human capital? Or because the nation lacks infrastructure,

[1] Quan, Samantha. "A Profile of the Working Poor, 1996." U.S. Department of Labor: Bureau of Labor Statistics. Report No. 918. December 1997.

[2] Wage ratio and corresponding wage gap calculations compare average (mean) wages of one group with those of another or wages of the typical worker (the worker at the median) in each group. The median worker is the worker in the middle of the earnings range; there are just as many workers earning more than the median worker as are earning less. Median earnings (or earnings of the median worker) are often considered more accurate than mean earnings because the mean (or average) is often skewed upward by a few very high earners at the top of the earnings range. Wage gaps or ratios are usually calculated for full-time workers, all of whom by definition work 35 hours or more each week. The gender wage gap is even greater when total earnings for women and men are compared, because women average fewer hours than men.

[3] Of course, even differences in human capital may be affected by discrimination in the labor market or elsewhere, as well as by conditions, such as poverty, that disproportionately affect women and people of color. Discriminatory exclusion of women and people of color from training

such as universally accessible and affordable child care, to make meeting both work and family needs easier?

Recognizing these differences among economists, this study employs three separate and increasingly refined approaches to measure and report on wage gaps: Section I describes results of the simplest and most straightforward analysis, a comparison of median weekly earnings of men and women and of minorities and nonminorities; Section II reports on an assessment that considers several factors, including workers' ages and education levels, to determine the effect that paying women as much as comparable men would have on women's earnings and their families' incomes and poverty rates; and Section III presents findings from an even more finely honed test that controls for multiple individual and job characteristics to measure the wage penalty workers—men as well as women—suffer when they work in "female-dominated" jobs (those in which at least 70 percent of the workers are women). Section IV reviews the considerable advantage unionized workers enjoy, both in the form of higher wages and smaller wage gaps.

This research project was undertaken jointly by the AFL-CIO and the Institute for Women's Policy Research to better understand the wage gap in the United States, as well as each of the 50 states and the District of Columbia, and to better measure the costs of wage inequality for families and individuals.

programs, for example, will limit their acquisition of human capital and affect their ability to earn higher wages. In general, the opportunities and obstacles that individuals face (or believe they face) and forces such as culture, tradition, discrimination and poverty condition most choices—how much schooling to get, what fields to study, whether and when to have children. As a consequence, even though human capital is often thought to result from individuals' "choices" or "preferences," it is important to remember that not every "choice" is freely made, nor every "preference" truly preferred.

[4] Altonji, Joseph G., and Rebecca M. Blank. "Race and Gender in the Labor Market." Prepublication manuscript. Institute for Policy Research and Department of Economics, Northwestern University. June 1998; Blau, Francine D., and Lawrence M. Kahn. "Swimming Upstream: Trends in the Gender Wage Differential in the 1980s." *Journal of Labor Economics*. Vol. 15:1, part 1, pp. 1-42. 1997; MacPherson, David A., and Barry T. Hirsch. "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*. Vol. 13:3, pp. 426-71. Economists also attribute at least some of the unexplained portion to unobserved differences in productivity or other factors that are, nonetheless, legitimate considerations.

SECTION I.

Large Wage Gaps Persist for Women and Minority Workers

This section evaluates the overall wage gap and the wage ratio between women and men of all races and between minorities and whites, as reflected by differences in *median weekly earnings of full-time workers* in each group.[5] The analysis groups Hispanics, who may be of any race, with racial minorities, which include African Americans, Asian Americans, Pacific Islanders, Native Americans, Aleut Eskimos and others. Tables 1 and 2 detail the relevant earnings for each group.[6] As shown in these tables, gender-based earnings differences and corresponding gender

TABLE 1. THE GENDER WAGE GAP

Median Weekly Earnings by Gender and Minority Status for Full-Time Workers, 1997

	WOMEN	MEN	GENDER WAGE GAP	FEMALE/MALE WAGE RATIO
All Races	$431	$579	$148	74.4%
Whites (Non-Hispanic)	$462	$631	$169	73.2%
Minorities*	$369	$415	$46	88.9%

*Minority workers include those who are African American, Asian American, Pacific Islander, Native American, Aleut Eskimo or other race and Hispanics who may be of any race.

Source: U.S. Department of Labor, Bureau of Labor Statistics, Employment and Earnings, January 1998, Table 39; Institute for Women's Policy Research calculations based on the Current Population Survey Outgoing Rotation Group File, 1997.

TABLE 2. THE MINORITY WAGE GAP

Median Weekly Earnings by Minority Status for Full-Time Workers, 1997

	MINORITIES*	WHITES (NON-HISPANICS)	MINORITY WAGE GAP	MINORITY/WHITE WAGE RATIO
Both Sexes	$400	$554	$154	72.2%
Women	$369	$462	$93	79.9%
Men	$415	$631	$216	65.8%

*Minority workers include those who are African American, Asian American, Pacific Islander, Native American, Aleut Eskimo or other race and Hispanics who may be of any race.

Source: Institute for Women's Policy Research calculations based on the Current Population Survey Outgoing Rotation Group File, 1997.

[5] Wage gaps also can be expressed as differences in hourly earnings, in which case part-time workers would also be included in computing gender and minority differences. Federal data sources generally do not provide hourly earnings data, though hourly figures can be calculated either from data on hours worked per week and weekly earnings or from hours worked per year and annual earnings. This report uses both weekly and annual earnings data.

[6] These calculations use two sources. Where possible, they rely on 1997 year-end Current Population Survey data reported in the Department of Labor's January 1998 edition of *Employment and Earnings*. For figures not officially reported in *Employment and Earnings*, IWPR calculations from the raw Outgoing Rotation Group files of the 1997 Current Population Survey (CPS) are used.

wage gaps are large for all women compared with all men and especially large for minority women compared with all men.

- Overall, women earn just $431 per week compared with men's $579 weekly earnings, for a wage gap of $148. White women do better than women overall, earning $462 per week—but since white men's weekly earnings of $631 are also greater than those for men overall, the $169 wage gap between white women and white men is larger than for all women and all men.

- Minority women have lower earnings—just $369 a week—but because minority men's $415 weekly earnings are also lower than men's overall, the $46 distance between minority women and men is the smallest gender gap. The low wages of both minority women and men and their smaller gender gap reflect systematic disadvantages that minorities face in and out of the workplace. When compared with all men rather than only with minority men, the wage gap for minority women—$210—is almost five times greater.

- For all race groups, full-time women workers earn just 74.4 percent of what men earn on a weekly basis. White women earn 73.2 percent of what white men earn, while minority women earn 88.9 percent of what minority men earn. However, minority women earn just 63.7 percent of what all men earn.

- The ratio of women's wages to men's is lower, and hence the wage gap is greater than corresponding national rates, in half of the states. Overall gender gaps are worst in Indiana, Louisiana, Michigan, Montana, North Dakota, Wisconsin and Wyoming, where women's median weekly wages are less than 70 percent those of men. At the other end of the spectrum, women fare best in Arizona, California, Florida, Hawaii, Massachusetts, New York, Rhode Island and the District of Columbia, where they earn at least 80 percent as much as men.

- More favorable gender wage gaps at the state level, however, do not automatically signal improved economic status for women. To the contrary, in the District of Columbia and six states where the gender wage gap is less than the national rate—Arizona, California, New York, North Carolina, Texas and Virginia—a primary reason for women's relatively improved status is that the wages of minority men are so low. (See the National Summary Table for state-by-state breakdowns.)

Wage gaps between men and women have declined steadily in recent decades, though progress has slowed in the 1990s, and gender-based wage differentials in the United States remain large relative to those in many other industrialized countries. Today's 26 percent gender wage gap is 11 percentage points lower than it was in 1979, when women earned only 63 cents for every dollar men earned, and the gender wage gap was 37 percent.[7] Several factors contribute to the rise in women's wages, including increased educational attainment (today, women's college graduation rates are actually higher than men's, although they lagged behind for several decades), greater labor force attachment and work experience (more women are working, and women are working more), fairer treatment in the labor market (in large part because of laws such as Title VII) and movement into traditional men's jobs (for example, telecommunications specialists, mail carriers and professions such as lawyers and doctors).

[7] The wage gap is actually the difference between 100 percent (what the wage ratio would be if there were equality between women and men) and the wage ratio. The current wage gap is about 26 percent.

Nevertheless, the narrowing of the gender wage gap since 1979 connotes less progress than might appear. Over the past two decades, most of the reduction in the gender wage gap was because *men's real wages were falling*—not because women's were rising.[8] An earlier IWPR study estimated that the growth in women's wages explained only about two-fifths of the decrease in the wage gap between 1979 and 1997; three-fifths of the narrowing of the gap resulted from the decline in men's real wages.[9] Falling men's wages accounted for roughly half of the decline in the gender wage gap between 1979 and 1989 and for a stunning four-fifths of the decline between 1989 and 1997. Had men's real wages not fallen—in other words, had they remained at their 1979 inflation-adjusted level—women's earnings today would be only about 66 percent of men's, representing a remarkably small overall decline in the gender wage gap.

Like gender-based wage differentials, minority-based wage gaps are substantial. Minority men fare less well than minority women relative to their white counterparts, though this result, in part, reflects white women's low wages compared with those of white men.

- The minority wage gap for both sexes considered together is quite large ($154) and especially large for minority men compared with white men ($216). Indeed, the overall minority wage gap of $154 is larger than the overall gender-based wage gap of $148.

- Taking women and men together, minorities earn only 72.2 percent of what whites earn for full-time weekly work. Minority women earn 79.9 percent of what white women earn, while minority men earn only 65.8 percent of what white men earn. At earnings of $415 per week, minority men also earn $47 less than white women.

- Minority women's median weekly earnings are greatest in relation to white women's in Alaska (95 percent), Tennessee (94 percent), Indiana (93 percent), Pennsylvania (89 percent) and South Dakota (89 percent). Women of color fare least well in relation to white women in Rhode Island (62 percent), the District of Columbia (65 percent), Texas (67 percent), California (69 percent) and New Mexico (70 percent). Minority men's earnings are highest in relation to white men's in Kentucky (90 percent), Montana (86 percent), Hawaii (84 percent) and Missouri and Ohio (83 percent for each); and lowest in relation to white men's in the District of Columbia (51 percent), California (52 percent), Rhode Island (57 percent) and Arizona, Idaho, Mississippi and Oregon (58 percent for each).

Unlike the gender wage gap, which has shown slight but steady improvement, the pattern of change in minority wage gaps has been uneven and generally negative. The wage gap between African American and white men narrowed until 1978 but then widened during the 1980s and has not moved in a clear direction in the 1990s. African American and white women achieved near-parity in wages by the mid-1970s, but since then the race-based wage gap between them has widened. Differences based on race in the earnings of college-educated workers have grown since 1978 for both women and men.[10] Earnings data for Hispanic men and women also show growing earnings inequality between non-Hispanic whites and Hispanics for both genders.

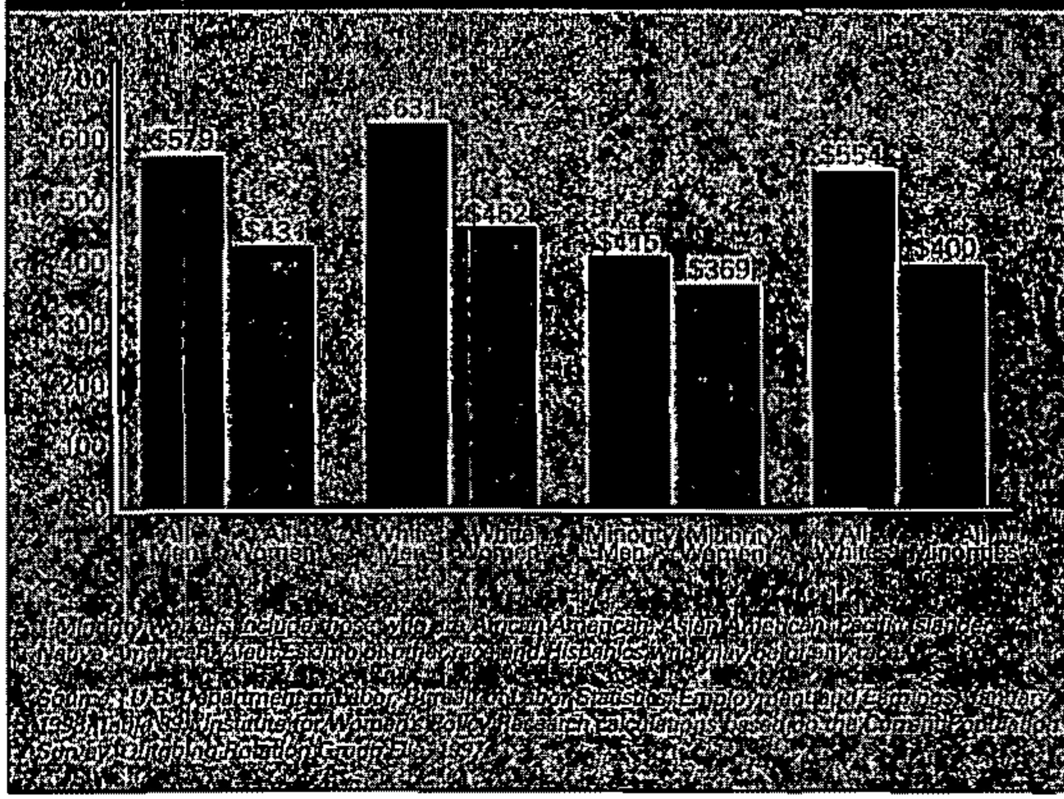
[8] The concept of "real wages" reflects the actual value of wages once inflation is taken into account. Between 1979 and 1997, men's "real" hourly wages fell from $14.39 to $12.19, while women's rose slightly, from $9.03 to $9.63. Mishel, Lawrence, Jared Bernstein and John Schmitt. *The State of Working America, 1998-99*. Economic Policy Institute and Cornell University Press, January 1999.

[9] Hartmann, Heidi, and Julie Whittaker. "Stall in Women's Real Wage Growth Slows Progress in Closing the Wage Gap." Briefing paper. Institute for Women's Policy Research, February 1998. See also Mishel, Bernstein and Scmitt at 134.

[10] Council of Economic Advisors for the President's Initiative on Race. *Changing America: Indicators of Social and Economic Well-Being by Race and Hispanic Origin*. September 1998.

Figure 1 depicts in graphic form the weekly wages of full-time workers for various demographic groups. Earnings disparities are large, with white men earning the most per week at $631, while minority women earn the least at $369. These gross wage differences, of course, in part reflect differences among demographic groups in average qualifications and tendencies to work in certain occupations and industries. But they also are meaningful indicators of inequality attributable, at least in part, to discrimination in the labor market or elsewhere, since wage gaps likely would dwindle or disappear if everyone had tru equal opportunity from birth. Averag differences among groups in health, educa tion and time spent on family care woul not exist, since it is unlikely that prefer ences regarding these activities woul differ substantially among groups if eco nomic, discriminatory and other barrier fell and the forces of tradition dissolved Workers from all demographic group would have access to the same types of job and, having few differences among then (on average), would tend to earn equa wages.

FIGURE 1. MEDIAN WEEKLY EARNINGS FOR FULL-TIME WORKERS, 1997



SECTION II.

Unequal Pay for Women Lowers Family Incomes and Increases Poverty

Because existing differences among groups of workers due to legitimate factors such as education and family status contribute to wage gaps, this study also makes use of two additional, more refined measures better able to isolate the effects of labor market discrimination on gender wage gaps. The first, described in this section, controls for certain human capital differences between male and female workers and for selected differences in labor markets. The objective is to estimate how much women and their families lose because women earn less than similarly qualified men or, correspondingly, how much women's earnings and family incomes would rise with equal pay.

Lower earnings for women are of no small consequence to working families. More than two-thirds of all mothers in the United States work for pay. Of these, about three-fourths are married and have access to men's incomes, but their earnings are nevertheless crucial to family support. One-fourth are single and often the sole support of their families. And many women without children, both single and married, work to support themselves and other family members.

Table 3 shows women's annual earnings, hours worked and annual family incomes in three different types of families with women workers: married working women, working single mothers and self-supporting single women. The table reflects gains to family incomes and reductions in poverty levels that would result from boosting women's pay.[11] Estimated added income for the average family of each type is calculated from the earnings gains working women would enjoy if they earned as much as men who work the same number of hours, are the same age, have the same educational attainment and urban/rural status and live

[11] IWPR researchers used annual earnings and employment information reported in the CPS for the years 1995-1997 to estimate women's and men's earnings. Refer to the Data Description section of the Technical Appendix for more detailed information about the data set.

TABLE 3. MEAN ANNUAL EARNINGS, MEAN FAMILY INCOME AND POVERTY RATES IF WORKING WOMEN EARNED THE SAME AS MEN, 1994-1996 AVERAGE, IN 1997 DOLLARS

	SINGLE MOTHERS AGED 18+	OTHER SINGLE WOMEN AGED 25+	MARRIED WOMEN AGED 18+
Population Size	6,400,000	9,200,000	32,800,000
Women's Annual Earnings	$19,573	$27,703	$23,114
Annual Hours Worked	1,775	1,975	1,761
Annual Family Income			
Current	$26,372	$30,849	$69,676
After Pay Adjustment	$30,831	$35,000	$73,881
Increase per Family	$4,459	$4,151	$4,205
Percent Increase	16.9%	13.4%	6.0%
Total Family Income Gains	$24.1 billion	$38.2 billion	$137.9 billion
Poverty Rate			
Current	25.3%	5.3%	2.1%
After Pay Adjustment	12.6%	1.0%	0.8%

Note: Refers to families with employed woman.

Source: Institute for Women's Policy Research calculations based on the Current Population Survey March Demographic Supplements, 1995-1997 (for calendar years 1994-1996), in 1997 dollars.

in the same region of the country.[12] As shown in the table, raising women's pay would have a dramatic impact on their families:

- Paying the 32.8 million married women the same as comparable men would boost their earnings by about one-fifth and raise family incomes for married couples by 6 percent. This translates into an average of $4,205 more income per year for each married-couple family, or a total of $137.9 billion nationwide. Poverty rates for married working women's families would fall by more than half, from 2.1 percent to 0.8 percent.

- If the 5.4 million working single mothers earned as much as comparable men, their annual family incomes would increase $4,459 on average, or nearly 17 percent. Total income gains for this group of families would be $24.1 billion, and the very high poverty rates for working single mothers would fall by half, from 25.3 percent to 12.6 percent.

- The 9.2 million working single women who live alone,[13] including divorced, widowed, separated and never-married women, would earn a total of $38.2 billion more if they were paid the same as comparable men. These single working women each would earn an average of $4,151 more per year. Single working women also would experience a significant drop in poverty—in fact, the steepest drop—from 6.3 percent to 1.0 percent.

- Working women in every state would receive wage hikes if they earned as much as comparable men in their states. The potential wage hikes range from a low of $2,815, on average, in Alaska to a high of $5,160 in Ohio. Family income would grow, on average, by about $326 million in Alaska up to roughly $21.8 billion in California. Family income in half of the states would grow by more than $2.5 billion. Poverty rates would fall dramatically in all states, and poverty rates for families headed by single mothers would drop to less than 10 percent in 14 states.

[12]For a more detailed discussion of the methodology used for this analysis, please see the Technical Appendix.

[13]The analysis of earnings gains is limited to single women older than 25 who live alone in order to include only those who are likely to be supporting themselves on their own and whose family income is relatively easy to identify. Many younger single women and single women living in other family configurations also are earning less because of discrimination, but the impact on their family earnings would be more difficult to identify. See the Technical Appendix for additional details.

SECTION III.

Men and Women in Female-Dominated Jobs Suffer Wage Penalties

One phenomenon contributing to the gender wage gap is the tendency of wages to fall as the percentage of women in an occupation rises. In particular, workers in "female-dominated" or "predominately female" jobs—jobs such as clerical workers, cashiers, librarians and child care workers, for example, in which 70 percent or more of the workers are women[14]—typically earn less than workers in jobs that are predominately male or that are integrated by gender.[15] This section reports on findings of an analysis designed to capture the "pay inequity" effect of working in female-dominated jobs—that is, the wage penalty women *and* men incur for working in predominately female jobs.

To develop an estimate of the earnings costs for workers in female-dominated jobs, the analysis compares earnings of workers in these occupations with those of comparable workers who are not in predominately female jobs.[16] In other words, workers (women and men) in female-

TABLE 4. MEAN ANNUAL EARNINGS OF WOMEN AND MEN AGED 18 AND OLDER IN FEMALE-DOMINATED OCCUPATIONS*

If Pay Equity Prevailed, 1994-1996 Average, 1997 Dollars

	WOMEN			MEN		
	WHITE NON-HISPANIC	MINORITY*	ALL RACES	WHITE NON-HISPANIC	MINORITY*	ALL RACES
Population Size	18,690,000	6,910,000	25,600,000	2,667,000	1,346,000	4,013,000
Mean Annual Earnings: Current	$19,482	$18,369	$19,211	$26,926	$20,632	$25,028
After Pay Adjustment	$22,938	$21,775	$22,657	$33,826	$25,410	$31,287
Increase Per Worker	$3,456	$3,412	$3,446	$6,900	$4,778	$6,259
Average Annual Hours	1,670	1,730	1,685	1,845	1,831	1,841
Labor Force Wide Pay Increase	$65 billion	$24 billion	$89 billion	$18 billion	$6 billion	$25 billion

*Female-dominated occupations are those in which 70 percent or more of the [illegible] are women. Minority [illegible] African American, Asian American, Pacific Islander, [illegible] American, Aleut/Eskimo, other race and Hispanics who may be of any race.

Source: Institute for Women's Policy Research calculations based on the Current Population Survey, March Demographic Supplements, 1995-1997 [illegible] 1994-1996 [illegible] dollars.

[14]Defining a female-dominated occupation as one in which women make up 70 percent or more of the workers is standard practice in this field. The 70 percent figure represents women's share of the labor force plus 25 percent. A male-dominated occupation is generally held to be one in which 80 percent or more of the workers are men, since 80 percent represents men's share of the labor force (55 percent) plus 25 percent.

[15]Treiman, Donald J., and Heidi I. Hartmann (eds.). *Women, Work and Wages: Equal Pay for Jobs of Equal Value*. National Research Council: Committee on Occupational Classification and Analysis, Assembly of Behavioral and Social Sciences. Washington, D.C.: National Academy Press, 1981.

[16]Occupations that are not female-dominated are those in which fewer than 70 percent of the workers are women. These include integrated occupations in which female and male workers are present in relatively equal proportions, as well as occupations that are disproportionately male.

dominated jobs are compared with workers in nonfemale-dominated jobs who are otherwise of the same gender, age, race, educational level, marital and parental status, urban/rural status, who live in the same region of the country and who work the same number of hours per year in a firm of the same size in the same industry.[17] This strategy, comparing women in female-dominated jobs with women in all other occupations and men in female-dominated occupations with men in all other occupations, has the effect of isolating pay differentials due to job class from all other gender-based discrimination. As a result, this approach may actually understate the extent to which pay equity would boost wages for women workers in female-dominated jobs.[18] Yet even so, as reported in Table 4, the analysis finds very large earnings losses due to the lower pay associated with working in female-dominated jobs:

- Nearly 26 million women of all races who work in female-dominated occupations would earn about 18 percent more per year if they earned as much as comparable women in nonfemale-dominated jobs. For the number of hours these women worked, each would have earned an average of $3,446 more per year, translating into $89 billion in income gains for women in predominately female jobs throughout the United States.

- Among the nearly 7 million minority women working in female-dominated jobs, earnings would rise 18.6 percent, for average individual increases of $3,412 per year. Altogether, pay equity adjustments based on job class would yield a total of $24 billion in annual earnings for minority women.

- Likewise, the 18.7 million white women working in female-dominated occupations would receive 17.7 percent more in earnings per year, or an average of $3,456 each, for total earnings gains of $65 billion per year.

- At the state level, increases for women of all races would range from a low of $2,112 per year in Missouri to a high of $4,707 in Delaware. Annual wage gains for women in predominately female jobs would exceed $3,000, on average, in 36 of the states. In 34 states, wages would increase by at least $2,500 for women of color in female-dominated jobs.

Men working in female-dominated occupations also would earn more if they did not suffer inequities based on job class. However, only 8.5 percent of men work in female-dominated occupations compared with more than 55 percent of women. Men in female-dominated jobs earn about 20 percent more per hour than women in these same jobs. Because they work more hours and have higher rates of pay than women in both the female-dominated occupations and nonfemale-dominated jobs, pay equity adjustments for men in female-dominated jobs would actually produce even larger individual gains than for women. Each of the 4 million men of all races working in predominately female occupations would receive an average of $6,259 more per year. This represents $25 billion in additional income for male workers throughout the United States. The 1.3 million minority men who work in female-dominated occupations would receive an average of $4,778 more per year, bringing their annual earnings up from $20,632 to $25,410.[19] For all men in female-dominated jobs, state-level increases would range from $3,533 annually in the District of Columbia to $8,958 in Delaware; and for minority men, from $1,918 in Colorado to $7,996 in Alaska.

[17] Please see the Technical Appendix for more detailed information about the methodology used for the statistical model. Since no data on the content of jobs (the skill, effort and responsibility required by workers who hold them nor the working conditions in which they work) are available in the CPS, "jobs of equal value" to the female-dominated jobs being studied are approximated by investigating what these same workers would earn in jobs that are not female-dominated.

[18] This strategy also has the effect of reducing some of the weaknesses in the data available. For example, the gender differences in the value of age as a proxy for work experience matter less if women are being compared to women and men are being compared to men. Other models were tested, but all resulted in the same magnitude and relative findings among women and men.

[19] Minority men would especially benefit from pay equity adjustments, since they are more likely to work in female-dominated occupations than white men are; minority men are 34 percent of the male workers in female-dominated jobs compared with 26 percent of male workers overall.

SECTION IV.

Union Membership Means Big Pay Gains, Smaller Pay Gaps

As the preceding sections reflect, equal pay would boost workers' pay and working families' incomes. Union representation is another proven and powerful tool for raising workers' wages, particularly for those most subject to labor market discrimination: women and minorities. Unions spell higher pay and more equitable wages for women and workers of color for several reasons:

- Unions routinely bargain for wage increases and related benefits for workers they represent.
- Unions have played a central role in fighting for equal opportunity and combating discrimination. A number of public- and private-sector unions have led the campaign to bring pay equity to the workplace, combining organizing, bargaining, lobbying and lawsuits to win pay equity adjustments totaling hundreds of millions of dollars.
- Unions bring wage setting into the open, making it more difficult for employers to discriminate and helping ensure a stronger voice for *all* workers.
- Unionization also tends to compress wage differentials between jobs at the top and the bottom of pay scales, further mitigating the effects of race- or sex-based bias.

Table 5 reports median weekly earnings for workers represented by unions[20] and nonunion workers by gender and minority status. For every group represented, median weekly earnings are substantially higher for union workers than for their nonunion counterparts:

- Union women earn $157 more per week than nonunion women ($568, compared with $411).

[20]Union workers are defined as those who are members of a union or whose job is covered by a union or employee association collective bargaining agreement.

TABLE 5. THE UNION WAGE ADVANTAGE

Median Weekly Earnings for Union and Nonunion Workers by Gender and Minority Status for Full-Time Workers, 1997

	UNION	NONUNION	UNION WAGE ADVANTAGE	UNION/NON-UNION WAGE RATIO	UNION PERCENT INCREASE
Women	$568	$411	$157	138.2%	38.2%
White (Non-Hispanic)	$596	$440	$156	135.5%	35.5%
Minority[21]	$485	$350	$135	138.6%	38.6%
Men	$679	$539	$140	126.0%	26.0%
White (Non-Hispanic)	$715	$600	$115	119.2%	19.2%
Minority[21]	$577	$400	$177	144.3%	44.3%

[21]Minority workers include those who are African American, Asian American, Pacific Islander, Native American, Aleut Eskimo or other race, and Hispanics, who may be of any race.

Source: U.S. Department of Labor, Bureau of Labor Statistics, Employment and Earnings, January 1998, table 43; Institute for Women's Policy Research calculations based on the Current Population Survey Outgoing Rotation Group file, 1997.

- Likewise, minority women represented by unions earn $135 more than minority women who are not in unions ($485 compared with $350). Indeed, minority union women out-earn nonunion white women ($485 compared with $440).

- The union wage advantage is largest for minority men, at $177, and smallest for white men, at $115.

Table 5 also shows the percentage increase in the weekly wages for each group, comparing union workers with nonunion workers. These percentage increases are largest for minority workers, larger for women than for men overall and smallest but still substantial for white men. Minority women who are represented by unions earn 38.6 percent more than minority women who are not represented by unions. Likewise, minority union men earn 44.3 percent more than those who are not in unions. White women also benefit substantially from union representation, earning 35.5 percent more than those who are not represented by a union. The gain for white men, 19.2 percent, is less, but still a substantial increase.

Union workers enjoy a wage advantage over nonunion workers in *every* state. Union women receive a wage premium of 30 percent or more relative to nonunion women in 34 states, and the union wage advantage for women is at least 20 percent in all but four states. Because of sample

TABLE 6. THE GENDER GAP FOR UNION AND NONUNION WORKERS

Median Weekly Earnings for Women and Men by Union Status for Full-Time Workers, 1997

	WOMEN	MEN	GENDER WAGE GAP	FEMALE/MALE WAGE RATIO
[illegible]				
Nonunion	[illegible]	$559	$123	[illegible]
Union	[illegible]	$579	[illegible]	[illegible]

Source: U.S. Department of Labor, [illegible] constraints, union wage advantages can be computed for women of color in only 27 states (including the District of Columbia); the union wage advantage for minority women is 25 percent or more in 19 of these. Minority men represented by unions enjoy a union wage advantage of 35 percent or more in 25 of the 31 states for which computations are possible. Among men of all races, men represented by unions have a union wage advantage of 35 percent or more in eight states.

Wage *gaps* are also smaller among workers represented by unions than among their nonunion counterparts. As Table 6 shows, among workers represented by unions, women's wages relative to men's are more than 7 percentage points higher than among nonunion women and men (a female/male wage ratio of 83.7 percent among union members compared with 76.3 percent among nonunion workers). In other words, the gender-based wage gap is *one-third smaller* among union workers than among nonunion workers. Table 7 shows that the minority wage gap is also smaller among union workers than their nonunion counterparts and especially so among men. The minority/white wage ratio for women is about 2 percentage points larger among union workers than among nonunion workers. Among men, the minority/white wage ratio is 14 percentage points larger. In other words, the minority/white wage gap for men is about two-fifths smaller among union workers relative to nonunion employees.

TABLE 7. THE MINORITY WAGE GAP FOR UNION/ NONUNION WORKERS

Median Weekly Earnings for Minorities and Whites by Gender and Union Status for Full-Time Workers, 1997

	Minorities	Whites	Minority/ Wage Gap	Minority/White Wage Ratio
Women				
Nonunion	$350	$440	$90	[illegible]
Union	$485	$596	[illegible]	[illegible]
Men				
Nonunion	$400	$600	$200	[illegible]
Union	$577	$745	[illegible]	[illegible]

Minority workers include those who are African American, Asian American/Pacific Islander, Native American, Aleut, Eskimo or other race, and Hispanics who may be of any race.

Source: Institute for Women's Policy Research calculations based on the Current Population Survey, Outgoing Rotation Group files, 1997.

Conclusion

Persistent wage gaps for working women and people of color and the earnings inequality these gaps connote translate into lower pay, less family income and more poverty for working families. The solution, long overdue, is equal pay for women and minority workers.

As the analyses reported above show, paying working women the wages of comparable men would increase family incomes substantially and cut family poverty rates markedly—at least by half for all family types in the study. Moreover, paying women *and* men in female-dominated jobs wages equal to those of comparable workers in other jobs would significantly boost these workers' incomes.

Unions are crucial weapons in the equal pay fight. Unions play an especially important role for workers most affected by race- and gender-based wage discrimination—women and minorities—as well as for men who work in female-dominated jobs. Wages are higher for union-represented workers, and the gender- and minority-based wage gaps are smaller. Hence, strengthening labor laws and boosting support for workers' rights to organize and bargain would raise wages for women and people of color, helping to reduce inequality.

Equally important, steps to ensure greater compliance with existing equal pay and employment discrimination requirements, coupled with passage and enforcement of new and tougher laws, also would boost wages for women and minorities significantly. In short, tough enforcement of strong equal pay laws would go a long way toward erasing inequality and closing wage gaps that imperil economic security for millions of working families.

National Summary Table

STATE	MEDIAN WEEKLY EARNINGS		SHARE OF WEEKLY EARNINGS OF ALL MEN		EARNING AS MUCH AS COMPARABLE MEN WOULD			
	ALL MEN	ALL WOMEN	PERCENT ALL WOMEN	PERCENT MINORITY WOMEN	RAISE WOMEN'S ANNUAL WAGES ON AVERAGE	REDUCE POVERTY IN SINGLE-MOTHER HOUSEHOLDS		RAISE TOTAL FAMILY EARNINGS IN EACH STATE (IN MILLIONS)
						FROM	TO	
U.S.	$579	$431	74.4%	63.7%	$4,229	25.3%	12.6%	$200,592
Alabama	493	362	73.4%	60.9%	$4,829	33.0	16.3	$3,718
Alaska	762	557	73.1%	69.8%	$2,815	9.7	3.5	$326
Arizona	487	399	81.9%	65.7%	$4,437	37.9	24.7	$3,256
Arkansas	439	329	74.9%	63.3%	$3,602	35.8	17.5	$1,585
California	589	497	84.4%	67.9%	$4,129	19.2	9.2	$21,829
Colorado	617	460	74.6%	64.8%	$4,650	24.7	11.1	$3,480
Connecticut	692	513	74.1%	61.1%	$3,316	22.2	11.8	$2,090
Delaware	598	443	74.1%	65.9%	$4,415	19.7	8.4	$616
Dist.of Col.	584	567	97.1%	82.4%	$3,933	25.8	14.2	$349
Florida	492	407	82.7%	70.3%	$4,490	23.6	11.5	$11,201
Georgia	567	427	75.3%	65.3%	$3,665	24.4	12.5	$5,121
Hawaii	562	463	82.4%	79.9%	$4,692	21.1	4.1	$969
Idaho	509	382	75.0%	66.8%	$4,313	34.4	15.7	$949
Illinois	639	460	72.0%	62.6%	$4,913	25.4	9.9	$10,306
Indiana	590	389	65.9%	62.7%	$5,011	21.0	12.7	$5,563
Iowa	538	398	74.0%	64.3%	$3,647	16.7	11.5	$2,127
Kansas	553	410	74.1%	60.8%	$3,973	31.5	17.8	$1,982
Kentucky	539	386	71.6%	61.2%	$3,565	31.8	16.8	$2,489
Louisiana	509	339	66.6%	55.0%	$3,814	34.2	19.1	$2,626
Maine	521	397	76.2%	N/A	$4,616	23.3	16.0	$1,128
Maryland	676	503	74.4%	63.9%	$4,398	22.4	6.1	$4,410
Mass.	640	512	80.0%	62.8%	$4,097	20.3	8.6	$4,851
Michigan	654	457	69.9%	61.2%	$5,130	31.1	12.9	$9,016

	PAY EQUITY FOR FEMALE-DOMINATED JOBS WOULD RAISE ANNUAL WAGES, ON AVERAGE:				UNION WAGE ADVANTAGE			
	ALL WOMEN	MINORITY WOMEN	ALL MEN	MINORITY MEN	ALL WOMEN	MINORITY WOMEN	ALL MEN	MINORITY MEN
	$3,446	$3,412	$6,259	$4,778	138.2%	138.6%	126.0%	144.3%
	$3,177	$2,459	$5,323	$5,139	148.9%	149.0%	137.5%	137.0%
	$3,320	$1,872	$8,318	$7,996	136.8%	135.1%	135.9%	163.5%
	$3,169	$3,309	$5,655	$4,033	123.0%	N/A	132.6%	153.8%
	$2,830	$2,358	$7,426	N/A	143.4%	N/A	115.4%	N/A
	$4,280	$4,125	$6,519	$5,462	139.4%	160.3%	136.9%	159.7%
	$3,260	$2,915	$6,188	$1,918	128.2%	153.1%	125.7%	136.4%
	$2,839	$2,751	$5,349	$6,456	139.8%	150.0%	112.6%	145.9%
	$4,707	$6,796	$8,958	N/A	130.6%	120.0%	128.7%	166.7%
	$3,637	$3,299	$3,533	$3,329	112.2%	122.5%	112.3%	140.8%
	$4,135	$2,899	$5,815	$3,936	144.3%	141.5%	135.4%	150.0%
	$3,850	$3,891	$4,616	$4,171	145.4%	138.9%	116.4%	133.5%
	$3,888	$4,059	$5,748	$6,477	122.8%	128.0%	135.9%	144.2%
	$2,734	$1,771	$7,229	N/A	153.9%	N/A	129.6%	N/A
	$3,459	$3,472	$6,454	$4,841	117.6%	120.0%	114.6%	151.8%
	$3,116	$2,771	$6,705	N/A	147.3%	N/A	120.2%	153.0%
	$2,318	N/A	$5,940	N/A	129.5%	N/A	118.3%	N/A
	$3,242	$2,417	$5,731	$4,057	146.7%	N/A	130.3%	N/A
	$2,716	$2,673	$4,116	N/A	128.0%	N/A	126.4%	N/A
	$2,707	$2,820	$6,459	$4,103	125.1%	127.4%	121.2%	160.0%
	$2,957	N/A	$7,695	N/A	140.8%	N/A	141.3%	N/A
	$3,743	$2,993	$7,790	$6,450	146.3%	160.5%	*	120.0%
	$3,536	$4,132	$6,950	$3,521	121.6%	104.0%	106.0%	125.0%
	$3,113	$3,382	$6,420	$3,644	137.4%	146.6%	125.2%	146.7%

*No significant difference.

	MEDIAN WEEKLY EARNINGS		SHARE OF WEEKLY EARNINGS OF ALL MEN		EARNING AS MUCH AS COMPARABLE MEN WOULD			
STATE	ALL MEN	ALL WOMEN	PERCENT ALL WOMEN	PERCENT MINORITY WOMEN	RAISE WOMEN'S ANNUAL WAGES ON AVERAGE	REDUCE POVERTY IN SINGLE-MOTHER HOUSEHOLDS		RAISE TOTAL FAMILY EARNINGS IN EACH STATE (IN MILLIONS)
						FROM	TO	
Minnesota	634	477	75.2%	65.9%	$3,332	23.0	7.9	$3,203
Mississippi	464	343	73.9%	64.7%	$4,690	37.9	15.6	$2,092
Missouri	568	419	73.8%	64.3%	$2,977	21.8	10.9	$3,148
Montana	497	344	69.2%	57.9%	$4,955	31.5	16.5	$834
Nebraska	533	386	72.4%	58.5%	$4,436	30.1	19.1	$1,465
Nevada	555	410	73.9%	62.0%	$3,726	9.9	5.4	$1,157
New Hamp.	603	459	76.1%	60.5%	$4,803	12.5	6.4	$1,167
New Jersey	667	503	75.4%	60.0%	$3,770	18.6	6.5	$5,277
New Mexico	508	391	77.0%	63.6%	$4,760	28.0	16.1	$1,353
New York	603	485	80.4%	70.1%	$4,080	21.2	10.5	$11,792
N. Carolina	507	394	77.7%	68.2%	$3,618	35.3	22.3	$5,063
N. Dakota	509	347	68.2%	N/A	$4,217	27.5	16.1	$546
Ohio	595	427	71.8%	64.7%	$5,160	23.1	11.0	$10,279
Oklahoma	493	362	73.4%	64.9%	$4,481	28.9	17.3	$2,599
Oregon	553	416	75.2%	57.9%	$3,886	30.0	16.3	$2,259
Penn.	609	437	71.8%	65.7%	$4,623	19.4	9.1	$9,559
Rhode Island	575	465	80.9%	51.5%	$3,917	19.7	10.4	$707
S. Carolina	499	379	76.0%	64.1%	$3,998	35.2	16.4	$2,713
S. Dakota	479	358	74.7%	66.8%	$3,849	30.3	14.6	$571
Tennessee	512	374	73.0%	70.3%	$4,234	26.1	14.5	$4,169
Texas	512	402	78.5%	62.5%	$3,789	31.3	18.4	$12,528
Utah	552	408	73.9%	58.0%	$4,051	21.5	9.3	$1,456
Vermont	531	419	78.9%	N/A	$5,051	30.2	16.2	$642
Virginia	586	461	78.7%	64.8%	$4,212	22.6	12.5	$5,218
Washington	643	491	76.4%	67.2%	$3,821	25.7	6.7	$3,950
W. Virginia	516	370	71.7%	N/A	$4,033	34.1	16.3	$1,122
Wisconsin	613	420	68.5%	55.8%	$4,938	24.2	11.2	$5,324
Wyoming	579	364	62.9%	51.8%	$4,497	29.6	19.2	$408

PAY EQUITY FOR FEMALE-DOMINATED JOBS WOULD RAISE ANNUAL WAGES, ON AVERAGE:				UNION WAGE ADVANTAGE			
ALL WOMEN	MINORITY WOMEN	ALL MEN	MINORITY MEN	ALL WOMEN	MINORITY WOMEN	ALL MEN	MINORITY MEN
$2,161	$1,685	$4,050	N/A	126.1%	N/A	115.3%	N/A
$3,625	$4,179	$6,671	$4,643	137.2%	142.9%	127.8%	150.0%
$2,112	$3,351	$5,190	N/A	139.0%	0.0%	125.1%	150.0%
$2,595	$3,380	$5,794	N/A	162.5%	N/A	130.9%	N/A
$3,564	$3,528	$5,376	N/A	139.0%	N/A	128.0%	N/A
$2,522	$2,565	$4,920	$4,133	120.3%	N/A	124.5%	133.3%
$4,252	N/A	$6,397	N/A	130.7%	N/A	121.3%	N/A
$2,754	$3,387	$5,539	$4,403	119.8%	105.0%	101.0%	N/A
$3,557	$3,368	$7,414	$6,281	135.7%	146.2%	122.0%	144.3%
$3,506	$3,930	$6,457	$5,590	113.9%	118.5%	115.1%	137.5%
$3,366	$3,384	$5,788	$3,205	122.8%	135.9%	123.4%	166.7%
$3,157	$2,205	$4,360	N/A	151.5%	N/A	134.3%	N/A
$3,169	$3,421	$7,408	$3,671	128.5%	137.1%	115.8%	139.1%
$3,094	$3,210	$5,757	$5,401	152.3%	142.4%	127.5%	172.2%
$3,844	$2,421	$6,764	N/A	136.2%	N/A	134.6%	183.0%
$4,284	$3,488	$6,988	$4,603	139.7%	118.7%	107.7%	101.9%
$3,195	$1,535	$6,954	$4,683	132.6%	N/A	115.4%	N/A
$3,827	$4,169	$6,178	N/A	126.4%	N/A	136.0%	N/A
$2,892	$745	$3,608	N/A	166.8%	N/A	115.3%	N/A
$2,415	$2,492	$6,063	$2,806	147.0%	115.6%	119.0%	107.1%
$3,109	$2,741	$5,921	$4,016	146.1%	138.1%	123.0%	138.4%
$3,376	$2,334	$5,921	N/A	137.5%	N/A	133.3%	N/A
$4,468	N/A	$7,518	N/A	153.6%	N/A	124.5%	N/A
$3,530	$3,826	$8,207	$5,292	136.7%	137.0%	116.8%	136.4%
$4,247	$2,669	$6,553	N/A	127.4%	N/A	128.2%	N/A
$3,884	N/A	$4,767	N/A	145.7%	N/A	136.0%	N/A
$3,615	$2,814	$7,967	N/A	138.8%	130.7%	116.6%	176.5%
$2,326	$3,459	$5,305	N/A	158.0%	N/A	132.9%	N/A

Technical Appendix

Data Description

The data used in the analysis are taken from the Current Population Survey (CPS), a nationally representative data set that provides current estimates of the economic status and employment activities of the population of the United States. The CPS is a monthly survey of about 60,000 households conducted by the Bureau of the Census for the Bureau of Labor Statistics. Respondents are interviewed for four consecutive months in one year and reinterviewed for another four months at the same time the following year. The CPS is an ongoing survey that provides the most extensive and reliable information about the U.S. labor market.

The Outgoing Rotation Group file consists of respondents who are in their last interview month in both interview years. The Outgoing Rotation Group respondents are asked more detailed earnings and employment questions than are asked in the monthly core survey. Since one-quarter of the sample of approximately 60,000 households is rotated out each month, a full 12 months of data are needed to produce reliable state-level estimates. In 1997, this sample consisted of approximately 230,000 households. The Outgoing Rotation Group file is chosen for the calculation of the gender wage gap, minority wage gap and union wage advantage since detailed questions about the union status of workers are asked only in these months.

The March Supplement of the Current Population Survey, also known as the Annual Demographic File, provides additional information about annual earnings and income data that are not available from the monthly core survey. Three years of the March CPS Supplements for the years 1995-1997 are combined to construct a sample size of approximately 175,000 households, a sample large enough to provide state-level estimates. This is the primary data set used in this study for the analysis of earnings losses due to lack of equal pay and earnings gains if equal pay existed. All employment and earnings data gathered in March refer to the previous calendar year. The means reported are, therefore, estimates over the combined three-year period and refer to the experience of respondents in years 1994-1996. All dollar values of income and earnings variables are converted to 1997 real dollars using the Consumer Price Index. The sample is weighted by the March supplement weight standardized for each year. To obtain population weights to make the data set representative of one annual national sample, we take the inverse of the normalized weights and divide by the average of the sample sizes of the three survey years.

The Wage Gap Analysis

The Outgoing Rotation Group file of the 1997 CPS is used to calculate the gender wage gap, the minority wage gap and the union wage advantage. The wage gaps are calculated using the median weekly wages of full-time workers. Full-time workers are defined as those who usually work 35 hours or more per week. Union status is defined as those who are members of a union or whose job is covered by a union or employee association collective bargaining agreement. The wage gap, as reported, is a gross wage gap that is not corrected for differences between women's and men's educational attainment, work experience or hours of work (while all work more than 35 hours per week, some work more than others).

Family Earnings Gains

The analysis of family earnings gains is based on a model that predicts women's earnings as if they were not subject to wage inequality. In this model, we control for many of the factors that contribute to wage differences and account for a portion of the wage gap and then correct women's earnings as if the unexplained portion of the wage gap in this analysis did not exist.

An ordinary least squares (OLS) model is employed that controls for the differences between men and women in age, education, annual hours of work, metropolitan residence and region of the country. The dependent variable is the natural log of annual earnings. The variables for age and age squared are included as proxies for work experience, since specific information about work experience is not available in the CPS. This is a more realistic assumption for men than for women because at any given age men typically have spent more years in the workforce and fewer years out of the workforce. Use of this experience variable (for lack of a better one in this data set) tends to overstate women's experience and overstate their earnings losses relative to comparable men (they may be less comparable than the data indicate). On the other hand, including variables such as education and hours of work, which may themselves be affected by labor market discrimination against women (causing them to invest less in human capital and work less than they otherwise would), tends to understate their true earnings losses relative to men.

In this model, men's earnings are predicted based on a sample of men aged 18 or older with positive earnings and positive hours of work during the year. Since a key component of the analysis is the contribution of women's earnings to family income and the resulting changes in family poverty rates if women's earnings were not subject to discrimination, the sample of men is restricted to those who earn at or below the 90th percentile of men's annual earnings, or $65,412 in 1997 dollars. This selection assures that the predicted earnings for those at middle and lower income levels are not upwardly biased by the few high earners in the sample. Poverty rates are calculated using the preliminary poverty thresholds for 1997 adjusted for family size provided by the U.S. Bureau of the Census.

Women's earnings are predicted using the coefficients from the men's earnings equation (this method assumes that women retain their own human capital but are rewarded at the same rates men would be) and calculated only for the actual hours that women worked during the year. The average earnings estimates include only those predicted to have positive earnings adjustments. Those with reduced predicted earnings are assigned their actual earnings during the year.

The model is used to estimate women's earnings in the absence of gender-based wage inequality. The control variables for marital status and the presence of children younger than 18 are explicitly excluded since these characteristics are often linked to gender-based discrimination. For instance, higher earnings are predicted for men who are married, but the opposite is true for women. Likewise, the presence of children often predicts lower earnings for women but does not have a significant effect for men.

Married women and single mothers include all those aged 18 and older. Single women (never married, divorced, separated and widowed) are limited to those 25 and older who live alone; these women are clearly dependent on their own earnings and for them it is easy to calculate household income. Many other single women, who live in a variety of household formations, also suffer from wage discrimination, but it is more difficult to determine the relevant household income for complex households, whose members may or may not pool income with each other.

Discrimination Based on Job Class

To isolate the effect of gender composition of occupations on earnings, we estimate ordinary least squares (OLS) earnings equations following the methodology of Figart and Lapidus (1995).[21] In an effort to isolate the effects of pay inequity only (pay differences due to the gender typing of jobs), this model includes additional variables that capture other sources of wage differences between women and men. The samples for both women and men include all those 18 and older with positive earnings and hours of work during the year. An occupation is defined as female-dominated if 70 percent or more of the workers in the occupation are women. A total of 500 different occupations are included in the analysis. Separate equations are estimated for women and men to measure reliably the effect on earnings from working in a female-dominated occupation. Using estimates from the regression model, the earnings of women in female-dominated occupations are predicted as if they were to receive the same earnings as women who are not in female-dominated occupations. Likewise, the earnings of men in female-dominated occupations are predicted as if they were to earn the same as men who are not in female-dominated occupations.

The dependent variable in the model is the natural log of annual earnings. The independent variables include educational attainment, race, marital status, the presence of a child younger than 18, residence in a metropolitan area, region of the country, firm size, industry, yearly hours of work and percentage of workers in the occupation who are female. The variables for age and age squared are included as proxies for work experience because a specific experience variable is not available in the CPS.

In calculating the pay adjustments due to workers in female-dominated occupations, it is assumed that no worker would incur a loss as a result of the implementation of equal pay for work of equal value. If the model predicts reduced earnings, the actual earnings of the person are assigned. This method provides a reliable estimate for the average movement in earnings for the entire group of workers in female-dominated occupations.

National Summary Table

The state data reporting the raise in annual wages that women would receive if they earned the same as comparable men is a weighted average of what women in the three family types we studied would gain. The family types are married working women, working single mothers and self-supporting single women.

[21] Figart, Deborah M., and June Lapidus. "A Gender Analysis of U.S. Labor Market Policies for the Working Poor." *Feminist Economics*, Vol. 1:3, pp.60-81. Fall 1995.

Equal Pay

February 9, 1999

To the Editors:

In a recent Op-Ed, Diana Furchtgott-Roth and Christine Stolba argued that "discrimination is rare" and that, when adjustments are made for their personal characteristics, "women earn approximately the same as men." They then characterize the Clinton Administration's Equal Pay Initiative as "a big step toward an economy ruled by bureaucratic *diktat*."

The authors completely misrepresent statistical research on pay gaps between men and women. According to the Council of Economic Advisers, the most recent research indicates that only about a third of the pay gap can be accounted for by differences in levels of skills and experience between men and women, and that a significant gap remains even after adjusting for differences in other personal and job characteristics.

The authors' characterizations of Labor Department programs and proposals are inaccurate and misleading. The Department's Office of Federal Contract Compliance and Executive Order 11246 (which has now been enforced by seven administrations) have not "brought us workplace quotas" - indeed, these are prohibited by OFCCP regulations. Furthermore, the $14 million to be distributed to the Equal Employment Opportunity Commission and the Department of Labor under the President's Equal Pay Initiative would largely fund efforts to strengthen enforcement of *existing* laws, and to provide technical assistance and education about "best practices" to employers. And any guidelines for evaluating pay scales across occupations that might be developed under the Daschle-DeLauro bill are *purely voluntary*. To create scenarios under which these would become legally mandated is to engage in pure speculation and scare tactics that have no basis in reality.

Sincerely,

Bernard E. Anderson

Harry J. Holzer

Assistant Secretary, Employment Standards Administration

Chief Economist
US Dept. Of Labor

governments are committed to
...ay be radical economic policy
. As is often the case with good
this one starts from a solid
...e—that Third World debt is
...nding the problem of Third
poverty—and winds up at the
...conclusion.

...argument that only countries
...edge themselves to meeting IMF
...ons would be eligible for new
...elief embodies two dubious as-
...ons. Considering what hap-
...n Asia in 1997, in Russia in 1998
...at is happening now in Brazil, it
...at leap of faith to argue that, in
the IMF will finally get it right.
...u imagine the old IMF formula
...value and tax" doing anything,
...ample, for the people of Mozam-

Even where governments
...e sound policies, it is often diffi-
to believe that the politics of
...untries will allow those policies
...ive.

...h that said, it is true that debt-
...e costs in some Third World
...ies are obscene. There is a well-
...ished and effective way to ad-
...he problem, but it is one that the
...nd Al Gore probably would not
...t. It's called bankruptcy. To get
... debt service obligations, Third
governments would have to
...o terms directly with their cred-
And if they are unable to do so,
...ould, like all bankrupts, have to
...ng for some time without access
...lit markets.

...e reason this is not an accept-
...olution for the international aid
...ucrats is that it would cut them
... the picture. The IMF would
...no excuse for marketing its gold
...ild up liquidity, expand its bu-
...racy and continue experiment-
...ith its formulas for running the
. Surely it has become obvious
...w that its formulas are not get-
...he desired results. Clearly the
... of the Third World are faring
in today's world, but their lead-
...hould look for better solutions

...has increased—as if one contradicts or viti-
ates the other; or that even after the spec-
tacular fall in the welfare rolls, there still
seems to be a residue of "hard-core" wel-
fare cases—as if society has not always
been called upon to cope with such cases.
But other bits of good news are in fact
more respectable. (And the number of sin-
gle-parent households continues to in-
crease.) If older girls are less sexually ac-
tive, younger ones (below the age of 15) are
more so. If fewer children are dropping out
of school, it is because more failing chil-
dren are automatically promoted.

...mately, of their own ... nities. Perhaps a conservatism overly fo-
cused on economics may share some re-
sponsibility for this failing.

Cheerful conservatism, we may be dis-
covering, is a fine philosophy for a period
of stability and tranquility. But it may be

...called, but includes those ...
...ligious faith who are appal...
...nant culture that is always ...
envelope," seeking more a...
to shock the sensibility of ...
become more and more ...
shocks.

It is only a minority, I ...
no more than a third of the ...
may be enough to cheer up a ...
servative.

Miss Himmelfarb is a pro... of history at the City Universi... Her book "The Two Culture... lished by Knopf later this yea...

WSJ Thursday, Feb. 4, 1999
A22

'Comparable Worth' Makes a Comeback

By Diana Furchtgott-Roth
And Christine Stolba

It's payoff time for the feminists who have supported President Clinton through *L'Affaire Lewinsky*. On Saturday Mr. Clinton announced a $14 million so-called Equal Pay Initiative and called for the passage of Sen. Tom Daschle's Paycheck Fairness Act. "Today women earn about 75 cents for every dollar a man earns," the president declared, adding that the gap persists because of "the demeaning practice of wage discrimination in our workplaces."

This attempt to codify the discredited theory of comparable worth under another

Is she paid enough? The government wants to know.

name would be enforced by the Labor Department's Office of Federal Contract Compliance, the same folks who brought us workplace quotas via Executive Order 11246. Never mind that it is already illegal to pay unequal wages to equally qualified men and women who do the same job. When that occurs, women sue and invariably win. But such discrimination is rare. When adjustments are made for age, experience, education, occupation and position, women earn approximately the same as men.

Mr. Clinton's claim that women earn only 75 cents to a man's dollar is based on a crude comparison: all women's salaries vs. all men's salaries. But the average woman's salary is 75% of the average man's because the average woman has less work experience and is more likely to choose a job that gives her the flexibility to combine work and family and to take time out of the work force to bear and raise children. That isn't discrimination, it's greater choice for women.

The only way to get rid of the average wage gap is to mandate equal pay for *different* jobs, a practice known as "comparable worth." That's precisely what Mr. Clinton seeks to accomplish. Since comparable worth has been rejected in courts all over the country, Mr. Clinton now proposes to enforce it through the bureaucracy.

Under the president's plan, government bureaucrats will "objectively" determine a job's worth by considering the working conditions and the knowledge or skill required to perform a task. Neither experience nor risk, two factors that increase men's average wages relative to those of women, are included as relevant job-related criteria. Thus these criteria favor traditionally female occupations over male ones (secretaries over truck drivers), and white-collar jobs requiring education over blue-collar work.

The Paycheck Fairness Act would authorize the secretary of labor to establish guidelines for evaluating jobs. In the language of the bill: "The guidelines . . . shall be designed to enable employers voluntarily to compare wages paid for different jobs to determine if the pay scales involved adequately and fairly reflect . . . [these] requirements for each such job, with the goal of eliminating unfair pay disparities between occupations traditionally dominated by men or women."

The Labor Department could decide, for example, that administrative assistants should be paid as much as oil drillers and teachers as much as construction workers. These guidelines are described as "voluntary," but there is nothing to prevent Mr. Clinton from issuing an executive order forbidding the federal government from doing business with companies that do not adopt the standards.

Advocates of comparable worth say that all they want to do is to correct labor market flaws due to discrimination against women. But the president's initiative is a big step toward an economy ruled by bureaucratic *diktat*. After all, if the law sanctions meddling with the market in order to achieve "gender justice," why shouldn't other groups demand a more equitable distribution also? The wage gap between married and unmarried men was estimated a few years ago at 80%—far higher than the male-female wage gap. Should unmarried men also be considered for comparable worth?

While the stated intention of these proposals is equality, they rest on an assumption that women cannot make it on their own. Women are allegedly funneled into certain occupations by a sexist society—a view that flies in the face of feminist arguments that women can do any job. Comparable worth works against women's interests. If employers had to pay women higher-than-market wages, fewer women would get hired in the first place.

Unemployment for both men and women is near a 30-year low; wages and labor force participation rates for women are at an all-time high; and the economy is expanding robustly. The best way to help women succeed economically is to keep the economy strong—something Washington won't accomplish by giving bureaucrats more power over the market.

Ms. Furchtgott-Roth is a fellow at the American Enterprise Institute. Ms. Stolba is a doctoral candidate in U.S. history at Emory University. They are the authors of "Women's Figures: An Illustrated Guide to the Economic Progress of Women in America," to be published next month by AEI Press and the Independent Women's Forum.

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THE WHITE HOUSE

WASHINGTON

June 9, 1998

EQUAL PAY EVENT

DATE:	June 10, 1998
LOCATION:	Rose Garden
EVENT TIME:	2:30 pm - 3:30 pm
FROM:	Bruce Reed Gene Sperling Audrey Tayse Haynes

I. PURPOSE

To commemorate the 35th anniversary of President Kennedy's signing of the Equal Pay Act, to call on Congress to pass Senator Daschle's and Congresswoman DeLauro's equal pay bills, to announce a Council of Economic Advisors report on the gender wage gap, and to announce a Department of Labor report that provides a historical perspective on the wage gap.

II. BACKGROUND

You will be making remarks to approximately 150 people, including equal pay and civil rights advocates, labor leaders, business persons, legislators, and persons from Cabinet agencies. This is an opportunity to highlight women's progress since the signing of the Equal Pay Act and to call for legislative action on the remaining wage gap.

The CEA report shows that a significant gap between the wages of women and men remains today although it has narrowed substantially since the signing of the Equal Pay Act. In 1963, the year that the Equal Pay Act was signed, women earned 58 cents for every dollar men earned. Today women earn about 75 cents for every dollar men earn, a 29 percent increase over the 1963 levels. Despite these gains, there continues to be a significant gap between men's and women's wages, even after accounting for factors such as educational attainment, work experience, and occupational choice.

III. PARTICIPANTS

Briefing Participants:
Gene Sperling
Elena Kagan
Audrey Tayse-Haynes

Janet Yellen
Rebecca Blank
Cecilia Rouse

Event Participants:
The Vice President
The First Lady
Mrs. Gore
Senator Barbara Boxer
Congresswoman Eleanor Holmes Norton
Dr. Dorothy Height, President Emeritus of the National Council of Negro Women
(Janet Yellen and Deputy Labor Secretary Kitty Higgins will be seated on the stage)

IV. PRESS PLAN

Open Press.

V. SEQUENCE OF EVENTS

- **YOU** will be announced onto the stage accompanied by the Vice President, the First Lady, Mrs. Gore, Senator Boxer, Congresswoman Norton, and Dr. Dorothy Height.
- The First Lady will make remarks and introduce Congresswoman Norton.
- Congresswoman Norton will make remarks and introduce Senator Boxer.
- Senator Boxer will make remarks and introduce Mrs. Gore.
- Mrs. Gore will make remarks and introduce the Dr. Height.
- Dr. Height will make remarks and introduce the Vice President.
- The Vice President will make remarks and introduce **YOU**.
- **YOU** will make remarks.
- **YOU** will then work a ropeline and depart.

VI. REMARKS

Provided by Speechwriting.

Attachments:
Background memo on Daschle Equal Pay Legislation and the CEA Report on the Wage Gap
Executive Summary of CEA Report
Photo of Signing of Equal Pay Act Legislation in Oval Office in 1963

THE PRESIDENT CALLS FOR PASSAGE OF EQUAL PAY LEGISLATION AND RELEASES COUNCIL OF ECONOMIC ADVISERS' REPORT ON THE WAGE GAP

June 10, 1998

Today the President will commemorate the thirty-fifth anniversary of President Kennedy's signing of the Equal Pay Act and will urge passage of legislation to strengthen the laws that prohibit wage discrimination against women. In addition, the President will release a Council of Economic Advisers' (CEA) report on the gender wage gap, and announce a Department of Labor report that provides a historical perspective of the wage gap. The President will be joined by Dr. Dorothy Height, President Emeritus of the National Council of Negro Women, who was at the signing ceremony of the Equal Pay Act in 1963.

Legislation to Improve Enforcement of Wage Discrimination Laws. The President will call on Congress to pass legislation, introduced by Senator Daschle and Congresswoman DeLauro, to strengthen laws prohibiting wage discrimination. The highlights of this legislation include:

- Increased Penalties for the Equal Pay Act (EPA). The legislation adds full compensatory and punitive damages as remedies, in addition to the liquidated damages and back pay awards currently available under the EPA. This proposal would put gender-based wage discrimination on equal footing with wage discrimination based on race or ethnicity, for which uncapped compensatory and punitive damages are already available.

- Non-retaliation provision. The bill would prohibit employers from punishing employees for sharing salary information with their co-workers. Currently, employers are free to take action against employees who share wage information. Without the ability to learn about wage disparities, it is difficult for women to evaluate whether there is wage discrimination.

- Training, Research, and Pay Equity Award. The Daschle-DeLauro bill provides for increased training for Equal Employment Opportunity Commission employees on matters involving the discrimination of wages; research on discrimination in the payment of wages; and the establishment of the "The National Award for Pay Equity in the Workplace," which will recognize and promote the achievements of employers that have made strides to eliminate pay disparities.

CEA Report on the Wage Gap. The President will announce a report by the CEA that shows that a significant gap between the wages of women and men remains today although it has narrowed substantially since the signing of the Equal Pay Act

- Gender Pay Gap Has Closed. In 1963, the year that the Equal Pay Act was signed, women earned 58 cents for every dollar men earned. Today, women earn about 75 cents for every dollar men earn -- a 29-percent increase over the 1963 levels. The gender gap has narrowed faster among younger women and among married women with children. And relative to all male workers, wage gains have been faster for black and white women than for Hispanic women.

- Rise in Work Experience And Move To Higher-Paying Jobs Explain Part of Narrowing of Wage Gap. Over the past 20 years, increases in women's average work experience and movement into higher-paying occupations have played a major role in increasing women's pay relative to men's. Changes in family status, in industry structure, and unionization have also worked to narrow the wage gap, while the rising returns to skills and increased wage inequality would have, by themselves, widened the pay gap.

- Much of Gender Gap Is "Unexplained." In the 1980s, about one-third of the gender pay gap was explained by differences in the skills and experience that women bring to the labor market and about 28 percent was due to differences in industry, occupation, and union status among men and women. This leaves over one-third of the gender pay gap "unexplained" by factors such as educational attainment, work experience, and occupational choice..

- Labor Market Discrimination Persists. The evidence is that labor market discrimination against women persists. One indirect and rough measure of the extent of discrimination remaining in the labor market is the "unexplained" difference in pay. And academic studies -- whether looking at pay differences between men and women in very similar jobs or by comparing pay to specific measures of productivity -- have consistently found evidence of ongoing discrimination in the labor market.

Department of Labor Report Provides a Historical Perspective on the Wage Gap. The President also will announce a Department of Labor report that provides a thirty-five year perspective on the wage gap. This report focuses on three periods since the signing of the Equal Pay Act -- 1960-1975, 1975-1985, and 1985-1997 -- and highlights the increased participation of women in the labor force, the changing occupations of women, and the emergence of more women-owned businesses.

- Women's Labor Force Participation Has Increased. Women's labor force participation rate rose from 37.7 percent in 1960 to almost 60 percent in 1997.

- Increased Contributions by Women to Family Income. Between 1995 and 1996 alone, the number of families with two working parents increased by nearly half a million, making equal pay even more of a family issue. In these years, both parents were employed in 63.9 percent of married-couple families with children 18 and younger, while 28.2 percent of these families had an employed father and homemaker mother.

EXECUTIVE SUMMARY.

- Although the gap between women and men's wages has narrowed substantially since the signing of the Equal Pay Act in 1963, there still exists a significant wage gap that cannot be explained by differences between male and female workers in labor market experience and in the characteristics of jobs they hold.

- After hovering at about 60 percent since the mid-1950s, the ratio of women's to men's median pay began to rise in the late 1970s and reached about 70 percent by 1990. The gender pay ratio is currently on the rise again, surpassing 75 percent in 1997.

- The gender gap has narrowed faster among younger women and among married women with children. The data that permit disaggregation by demographic groups show the overall gender pay ratio rising from 57 percent in 1969 to 68 percent in 1996 (the last year for which these data are available). In contrast, among women under 40, the gender pay ratio rose from 58 percent in 1969 to 74 percent in 1996. Among married women with children, the gender pay ratio (relative to all male workers) rose from 53 percent in 1969 to 68 percent in 1996. Relative to all male workers, wage gains have been faster for non-Hispanic black and non-Hispanic white women than for Hispanic women.

- Over the last twenty years, increases in women's accumulated labor market experience and their movement into higher-paying occupations have played a major role in increasing women's wages relative to men's. In addition, the decrease in the pay gap that remains "unexplained" after controlling for measured differences between men and women has been a large contributor to the narrowing of the pay gap. Changes in family status, in industry-structure and in unionization also worked to narrow the gender pay gap, while increasing economic benefits from skills and increasing wage inequality would have, by themselves, widened the pay gap.

- The most recent detailed longitudinal study found that in the late 1980s about one-third of the gender pay gap was explained by differences in the skills and experience that women bring to the labor market and about 28 percent was due to differences in industry, occupation, and union status among men and women. Accounting for these differences raised the female/male pay ratio in the late 1980s from about 72 percent to about 88 percent, leaving around 12 percent as an "unexplained" difference

- The evidence is that labor market discrimination against women persists, although it is difficult to determine precisely how much of the difference in female/male pay is due to discrimination and how much is due to differences in choices or preferences between women and men. One indirect and rough measure of the extent of discrimination remaining in the labor market is the "unexplained" difference in pay. Some studies have tried to measure discrimination directly by looking at pay differences among men and women in very similar jobs or by comparing pay to specific measures of productivity. These studies consistently find evidence of ongoing discrimination in the labor market and support the conclusion that women still face differential treatment on the job

EQUAL PAY: A Thirty-Five Year Perspective

"Women Make America Work"

U.S. Secretary of Labor, Alexis M. Herman

U.S. Department of Labor
Women's Bureau

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Equal Pay

MEMORANDUM

TO: BRUCE REED, ELENA KAGAN

FROM: TOM FREEDMAN, MARY L. SMITH

RE: EQUAL PAY UPDATE

DATE: FEBRUARY 19, 1998

I. BACKGROUND

Attached are summaries of the two main bills on equal pay and a list of ideas on the topic we solicited from DOL, the EEOC, and various outside groups.

According to the Department of Labor, women earn on average only 75 cents for each dollar a man earns. African American women earn 63 cents and Hispanic women earn only 54 cents to each dollar that white men earn.

The AFL-CIO and Gephardt are pushing this issue. It also fits in with our families agenda because equal pay is not just for women; it is for families. In two-earner families, if the wife starts earning more, the extra money helps the entire family, not just the female wage-earner.

Even though the President is currently scheduled to travel on April 3, **April 3 is Equal Pay Day**, the day on which women's earnings, added to their previous year earnings, equal what men earn in one calendar year. The AFL-CIO is planning a roll-out on April 3 at various sites across the country, and if we had some kind of announcement, we could plug into what they already have planned.

II. LEGISLATIVE OPTIONS

There are two main bills regarding fair pay that have been introduced, one by Senator Daschle (D-SD) and one by Senator Harkin (D-IA). Attached are section-by-section analyses of these bills. In addition, below is a brief summary of the main provisions of each of these bills.

A. Paycheck Fairness Act - Daschle S.71

The main part of Daschle's bill is enhanced enforcement. This bill would amend the Equal Pay Act (EPA) to allow for compensatory and punitive damages. Currently, the EPA only allows for liquidated damages, which are essentially back pay awards. In addition, the bill includes a nonretaliation provision that amends the EPA to prohibit employers from penalizing employees for sharing information about their salaries with coworkers.

Daschle's bill also provides for the collection of pay information by the EEOC. Daschle's bill did not perform a cost analysis for the collection of this data, but merely requests that the EEOC appropriations be brought up to the level requested by the President in FY 1997 by adding $36 million to the budget. (The President's FY 1999 budget requests $279 million for the EEOC -- $37 million or 15 percent more than the enacted 1998 budget. More than one-third of the proposed increase ($13 million) goes to expansion of the agency's ADR program.) A more detailed cost analysis is provided below in the section of nonlegislative options; these numbers were estimated by the EEOC.

In addition, the Daschle bill provides for training, research, education, and outreach.

B. Fair Pay Act - Harkin S.232

The principal provision in Harkin's bill is for equal pay for equivalent jobs. The Fair Pay Act outlaws discrimination in wages paid to employees within a workplace in equivalent jobs solely on the basis of sex, race, or national origin. However, wage differences on the basis of seniority, a merit system, or an quality/quantity system would not be affected.

Harkin's bill also contains a non-retaliation provision, a provision to permit the awarding of expert fees, a section that provides for the collection of wage information by the EEOC. The bill also provides for research, education, and technical assistance.

III. NON-LEGISLATIVE OPTIONS (PROPOSED BY EEOC AND DOL)

A. Collect pay data by the EEOC.

Reason for collecting data: The EEOC currently collects annual data regarding the demographic breakdown of the workforces of private employers with 100 or more employees and of federal contractors with 50 or more employees. The EEOC does not currently collect salary data. The availability of salary data would be extremely useful. It would allow the actual jobs grouped into the broad EEO-1 occupational groups to be further defined. It would show the extent of differential pay by race/ethnic categories and gender for the same type of work. It would improve the assignment of employees into the proper EEO-1 categories. This data would assist enforcement of the Equal Pay Act and would assist the Department of Labor in monitoring affirmative action programs.

Currently the EEOC only collects demographic data. The EEOC has proposed two alternatives in order to collect pay data.

1. The most detailed way to collect the data would add eight salary intervals within each of the nine current EEO-1 occupational categories. This would cost $5,599,800, increasing EEOC's cost from $801,200 to $6,401,000. It would also increase the public reporting compliance burden hours to 3,684,000 from the

current 464,000. This burden hour increase translates conservatively into increased public cost of more than $32 million annually.

2. A second way to do this is to create a supplement to the EEO-1 form. This would not change the EEO-1 form, but it also would not provide data by job category. Nonetheless, the matrix would have 20 salary intervals and would provide fairly detailed salary data by race/ethnic categories and gender. This method would cost $1,598,800, roughly tripling EEOC's current annual processing cost from $801,200 to $2,400,000. It would also triple the public respondent burden to 1.4 million hours, increasing the respondent burden cost about $9.5 million over the current cost.

B. **SWAT Team at DOL to provide technical assistance.** DOL proposes $2 million for a specialized technical assistance team to reach out to approximately 1000 companies. DOL's Women's Bureau technical assistance would include analysis of hiring, promotion, compensation, and evaluation data to ensure fairness and consistency for women at all levels within the company. Recommendations for correcting problem areas could be proposed.

C. **The Department of Labor proposes that the President endorse the following legislative principles for pay equity:**

1. Providing for the recognition and promotion of fair pay practices by employers;
2. Providing for research, education and outreach to encourage fair pay practices and to eliminate pay disparities in the workplace;
3. Providing enhanced enforcement to deter violations of the Equal Pay Act and other laws;
4. Prohibiting retaliation against employees who disclose, discuss, or inquire about their wages or the wages of their co-workers.

D. **Other Initiatives Proposed by the Women's Office at Labor**

- **10-step voluntary self-audit for businesses:** The Department of Labor would develop and make available a package that would give both small and large companies guidelines to determine whether they offer equal pay, hiring, and promotional opportunities. The Department would also develop a similar checklist for employees.

- **Increase funding for enforcement of the Equal Pay Act and the Civil Rights Act at EEOC.** DOL estimates that it would require approximately $5 million to support additional training, travel, and staff to increase corporate management reviews.

- **Equal Pay Day on April 3 with Internet Chat Room.** The Department of Labor suggests that the President could participate in a special interactive dialogue on equal pay issues on April 3, the day on which women's earnings, when added to their previous year's earnings, finally equal what men earn in one calendar year. This online dialogue could pose a snapshot of the magnitude of the issue. For the past two years, the President has recognized this day by issuing a proclamation.

- **White House Conference on Equal Pay.** NO

- **Fair Pay Tour.** The President could join the Secretary of Labor during the Women's Bureau Fair Pay Tour, currently scheduled to begin in late March, to discuss equal pay concerns with women's leaders, business executives, labor union women, and working women. After the tour, the President could announce one of the above initiatives.

S.71
SPONSOR: Sen Daschle (introduced 01/21/97)

SUMMARY:

(AS INTRODUCED)

Paycheck Fairness Act - Amends the Fair Labor Standards Act of 1938 (FLSA) and the Civil Rights Act of 1964 (CRA) to revise and increase remedies and enforcement on behalf of victims of discrimination in the payment of wages on the basis of sex.

Amends FLSA to provide for enhanced enforcement of equal pay requirements, adding a nonretaliation requirement. Increases penalties for such violations. Provides for the Secretary of Labor to seek additional compensatory or punitive damages in such cases.

Amends CRA to direct the Equal Employment Opportunity Commission (EEOC) to require certain employers to maintain payroll records and report to the EEOC pay information analyzed by race, sex, and national origin of employees. Applies such requirement applicable to employers who have 100 or more employees for each working day in each of 20 or more calendar weeks.

Requires EEOC to train its employees and affected individuals and entities on matters involving discrimination in the payment of wages.

Directs the Secretary to conduct studies and provide information to employers, labor organizations, and the general public concerning the means available to eliminate pay disparities between men and women, including convening a national summit and carrying out other specified activities.

Establishes the Robert Reich National Award for Pay Equity in the Workplace, which shall be evidenced by a medal. Sets forth criteria for specified types of entities to receive such an award.

Authorizes appropriations to the EEOC and to the Secretary to carry out this Act.

PAYCHECK FAIRNESS ACT

This bill amends the Equal Pay Act and the Civil Rights Act of 1964 to provide more effective remedies to women who are not being paid equal wages for doing equal work.

SECTION 1. Short Title: PAYCHECK FAIRNESS ACT

SECTION 2: Findings. This section sets forth the basis for this legislation: women's wages are more and more important in our economy and to working families. Despite the existence of the Equal Pay Act (EPA), women's wages still stagnate at 71 cents to every dollar earned by a man. Such pay disparities need to be eradicated to help families get by, keep people off public assistance, allow for the best utilization of labor and ensure that commerce is not burdened by labor disputes or unfair competition. To accomplish these ends, women need more effective remedies under the Equal Pay Act and more access to information about pay disparities in the work place. As part of this goal of education and outreach, it is important to recognize employers that have made great strides in addressing pay disparities.

SECTION 3. Enhanced Enforcement of Equal Pay Requirements.

(a) Nonretaliation provision. This provision amends the EPA to prohibit employers from penalizing employees for sharing information about their salaries with coworkers. Currently, it is unlawful under the National Labor Relations Act to discipline or terminate employees for such discussions. Because of the difficulty of proceeding under the NLRA, it is essential to provide remedies under the EPA as well.

(b) Enhanced penalties. This section allows for compensatory and punitive damages not currently available under the EPA. The EPA currently provides only liquidated damages -- essentially back pay awards -- which tend to be very insubstantial. Without adequate damages, similar to those provided under the Civil Rights statutes, there is little or no deterrent effect on employers. In addition, this section rectifies a long-standing EPA problem. Currently, it is very difficult for a lawsuit to proceed as a class action because the EPA, adopted prior to the current form of Rule 23 of the Federal Rules of Civil Procedure, requires plaintiffs to opt in to a suit. This section will conform the EPA procedures to those already provided under the Federal Rules.

(c) Action by Secretary. This section enables the Equal Employment Opportunities Commission (EEOC), in addition to private plaintiffs, to pursue claims under the new damage provisions described above.

SECTION 4. Collection of Pay Information by the EEOC.

(1) Reporting. This section adds a new category of wage information that by law must be submitted by employers to the EEOC. This bill would require only those employers with one hundred or more employees to report generalized pay information by race, sex and national origin. This information would not be public and would not identify employees. This information is necessary to enable the EEOC and the public better to understand the nature of pay disparities in the workplace as well as national and industry trends.

(2) Enforcement and Waiver: In cases of noncompliance with subsection 1 of this section, the EEOC may apply to a United States District Court for an order requiring compliance. Employers who find that the requirement would result in undue hardship may request an exemption from the

requirement set forth in subsection 1 of this section and may bring a civil action if the EEOC denies the request for exemption.

SECTION 5. Training. This section requires the EEOC to provide training for its employees to improve the intake and processing of EPA claims.

SECTION 6. Research, Education, and Outreach. This section enhances programs already in place in the Women's Bureau of the Department of Labor and specifically requires the Bureau to undertake research in the area of sex-based pay disparities, disseminate that information to interested members of the general public, provide information on means of eradicating such disparities, assist State and local information and educational programs, recognize and promote the achievements of employers that have made strides to eliminate pay disparities, and convene a national summit to discuss and highlight the issue of sex-based pay disparities.

SECTION 7. Establishment of the National Award for Pay Equity in the Workplace. This section establishes an award, to be administered by the Women's Bureau of the Department of Labor, to recognize and promote the achievements of employers that have made strides to eliminate pay disparities.

SECTION 8. Increased Resources for Enforcement and Education.

(a) General Resources: This section addresses the fact that the EEOC's level of appropriations has remained stagnant despite an ever-increasing set of new responsibilities, including enforcement of such new civil rights statutes as the Americans with Disabilities Act (ADA). This section simply brings the EEOC appropriations level up to that requested by the President for FY 1997 by adding $36 million to its budget.

(b) Targeted Resources. To enable EEOC to carry out the training of its employees, as required by section 5 of the bill, this provision authorizes $500,000 in supplemental appropriations.

(c) Research, Education, Outreach, and National Award. This subsection authorizes funding for the Women's Bureau's activities to address pay disparities in the workplace, described in sections 6 and 7.

Harkin

SUMMARY OF FAIR PAY ACT, S. 232

Section 1 & 2: Title and Findings

Section 3. Equal Pay For Equivalent Jobs

The Fair Pay Act outlaws discrimination in wages paid to employees within a workplace in equivalent jobs solely on the basis of a worker's sex, race or national origin. This would not apply to wage differences that are the result of a seniority system, a merit system or a pay system that relates earnings to quantity or quality of products. Employers are prohibited from reducing the wages of an employee in order to comply with the fair pay requirements.

Section 4. Prohibited Acts

Adds no-retaliation provisions for employees inquiring about or assisting in the investigations of provisions under this act.

Section 5. Remedies

Allows for awarding expert fees as part of the costs granted to a prevailing plaintiff/s. Fees are in addition to other remedies given by the court, and together may be maintained as a class action as stipulated by the Federal Rules of Civil Procedure.

Section 6. Records

Requires employers to preserve records documenting wage setting practices and file annual reports with the EEOC which disclose the wage rates paid for each job classification within the company as well as the sex, race, and national origin of employees within these positions. Small businesses of 25 and under are exempted for the first two years, businesses with 15 and under exempted thereafter. Confidentiality of individual names would be mandated.

Section 7. Research, Education, and Technical Assistance

Directs the EEOC to provide educational materials and technical assistance to employers to assist in implementing fair pay policies. The EEOC must also develop ongoing research regarding pay equity. In addition, the EEOC is directed to include a separate evaluation and appraisal regarding implementation of the act's requirements in its biennual report to Congress.

Section 8. Conforming Amendment

Section 9. Effective Date

The law would go into effect one year after enactment.

THE PRESIDENT HAS SEEN
4-6-98

THE WHITE HOUSE

WASHINGTON

March 31, 1998

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MEMORANDUM FOR THE PRESIDENT

Good

FROM: BRUCE REED
GENE SPERLING

SUBJECT: Equal Pay Initiative

Friday, April 3rd is "Equal Pay Day," the day on which women's earnings, added to their previous year's earnings, are said to equal what men earn in one calendar year. Many organizations around the country are holding events this week to highlight the issue; the White House event is planned for Thursday, April 2nd. The Vice President will participate in this event which will also include Senator Daschle, Rep. DeLauro, Secretary Herman, and John Sweeney. This memorandum outlines the Administration's equal pay initiative developed through an NEC/DPC process for the Vice President to announce at the event. Your senior advisors, Treasury, Labor, OMB, Commerce, SBA, EEOC, OVP, and the Women's Office unanimously support the new policies developed for this announcement.

The most significant announcement by the Vice President will be the Administration's support for equal pay legislation introduced by Senator Daschle in the Senate and Rep. DeLauro in the House. This legislation will strengthen the laws prohibiting wage discrimination against women. The Vice President will also announce a package of administrative actions that will highlight the problem of pay disparity and enhance enforcement of wage discrimination laws in the private sector and the federal government.

The Vice President will announce the Administration's support of the Daschle/DeLauro bills. The main provisions in Senator Daschle's and Rep. DeLauro's legislation are:

- Increased Penalties for the Equal Pay Act. The bill amends the Equal Pay Act (EPA) to allow for compensatory and punitive damages. Currently, the EPA provides only for liquidated damages and back-pay awards. This proposal would put gender-based wage discrimination on equal footing with wage discrimination based on race or ethnicity, for which uncapped compensatory and punitive damages are available under Section 1981.

- Non-retaliation Provision. Currently, employers can take adverse action against employees who share information on pay. The Daschle bill amends the EPA to prohibit employers from penalizing employees for sharing information about their salaries with co-workers. The ability to share such information makes it easier for women to evaluate whether there is wage discrimination.

- Class Actions. The bill amends the procedures for filing class actions under the EPA to conform with the procedural rules for filing federal class actions in other areas of the law.

- Training, Research, Education, and Outreach. The bill requires the EEOC to provide training for its employees, subject to the availability of funding, on matters involving discrimination in the payment of wages. The bill also requires Department of Labor (DOL) to undertake research in the area of sex-based pay disparities; provide information on means of eradicating such disparities; assist State and local information and educational programs; recognize and promote the achievements of employers that have made strides to eliminate pay disparities; and convene a national summit to discuss and highlight the issue of sex-based pay disparities.

- Pay Equity Award. The bill establishes "The National Award for Pay Equity in the Workplace," to be administered by DOL, to recognize and promote the achievements of employers that have made strides to eliminate pay disparities.

The Vice President will also announce a number of Administration initiatives, including:

- Increased Data Analysis on Pay Equity. Using existing data, DOL will publish an annual report on pay differences by gender. The purpose of this easy-to-access report will be to highlight the important issue of wage disparities.

- Memorandum Of Understanding (MOU) Between EEOC and DOL. EEOC and DOL are developing an MOU to train each other's staff on pay issues, to refer potential violations to the applicable EEOC or DOL office for appropriate action, and to permit the DOL's Office of Federal Contractor Compliance Programs (OFCCP) to serve as the EEOC's agent for purposes of collecting damages that are not otherwise collectible by OFCCP, including relief for intentional discrimination under Title VII of the Civil Rights Act of 1964.

- Federal Contractor Best Practices. DOL will publicize successful programs of federal contractors by placing them on DOL's web site.

- 10-Step Voluntary Self-Audit for Businesses and Employees. Although some employers intentionally discriminate, others may unintentionally do so. To help those employers who would like to improve their pay and hiring practices, DOL will place on the Internet a 10-step package that would give companies guidelines in determining whether they offer equal pay, hiring, and promotional opportunities. A similar checklist for employees, to help them determine if they are being paid equitably, will also be placed on the Internet.

- 10-Step Voluntary Self-Audit for Agencies. To make the federal government a "model" employer, federal agencies will take a 10-step self-audit, similar to the one described above, and use these results to monitor their efforts on equal pay.

- Guide to Recruitment and Retention of Women in the Federal Government. OPM will publish a new Guide on Recruitment and Retention of Women in the Federal Government, which contains information to make agency managers aware of career opportunities for women and to provide guidance on recruitment and career development for women.