

**AAUW CAPITOL HILL LOBBY CORPS**  
**Paycheck Fairness Act**  
**3-1-2007**

**I. SUMMARY**

**Message:** Today is the first day of Women’s History Month, and it’s time to make pay discrimination history. Please support the Paycheck Fairness Act by becoming an original cosponsor. The measure is being introduced by Rep. Rosa DeLauro (D-CT) on March 6, 2007, and will be introduced by Sen. Clinton (D-NY) in the Senate at a later date.

Wage discrimination impacts the economic security of women and families today, and directly affects women’s retirement security down the road. This bill would help to address the problem of pay inequity by expanding upon the original scope of the Equal Pay Act, and as a result improve the law’s effectiveness.

**II. BACKGROUND**

The American Association of University Women has long fought to end wage discrimination. As early as 1922, AAUW’s legislative program called for a reclassification of the U.S. Civil Service and for a repeal of salary restrictions in the Women’s Bureau. In 1955, AAUW supported a bill introduced by Reps. Edith Green (D-OR) and Edith Rogers (R-MA) requiring “equal pay for work of comparable value requiring comparable skills.” Congress enacted the Equal Pay Act,<sup>i</sup> a version of the 1955 bill, in 1963. AAUW’s 2005-2007 Public Policy Program states that AAUW is committed to supporting “fairness in compensation, equitable access and advancement in employment, and vigorous enforcement of employment antidiscrimination statutes.”<sup>ii</sup>

**The Wage Gap Persists**

Because of the wage gap, since 1960, the real median earnings of women have fallen short by more than half a million dollars compared to men.<sup>iii</sup> Minority women face a larger wage gap. Compared to white men, African American women make 67 cents on the dollar (African American men make 75 cents); Hispanic women make almost 58 cents (Hispanic men make almost 66 cents).<sup>iv</sup>

**Origins of the Wage Gap**

One partial explanation for the wage gap is occupational segregation. According to AAUW research, women are still pigeonholed in “pink-collar” jobs, which tend to depress their wages. The AAUW Educational Foundation’s 2003 report, *Women at Work*, found that women are still concentrated in traditionally female-dominated professions, especially the health and education industries. The highest proportion of women with a college education work in traditionally female occupations: primary and secondary school teachers (8.7 percent) and registered nurses (6.9 percent).<sup>v</sup>

Women’s achievements in higher education during the past three decades are considered to be partly responsible for narrowing the wage gap.<sup>vi</sup> At every education level, however, women

continue to earn less than similarly educated men. Educational gains have not yet translated into full equity for women in the workplace.

### **The Impact of Education on the Wage Gap**

The impact of education levels on the wage gap is of particular importance to AAUW. Women with a college degree earn more than women without this credential. For example, on an hourly basis, women with a four-year college degree earned about 80 percent more than women with only a high school degree in 2001. Moreover, during the past two decades, this difference has grown. Men and women with college degrees enjoyed a real increase in the purchasing power of their earnings between 1973 and 2001. Women without these credentials saw little or no improvement, and men with a high school education or less saw a decline in the purchasing power of their earnings. Nevertheless, while women with a college education earn considerably more than women without this credential, women continue to earn less than men with similar educational backgrounds.<sup>vii</sup>

While several measures of educational achievement show that on average women are faring as well as their male counterparts today, often these gains do not translate into comparable economic success beyond college. In 2004, college-educated women 25 and older earned 75 percent of what their male peers earned.<sup>viii</sup>

### **Examples of Pay Inequity**

According to a study done by National Association for Female Executives, women marketing and sales managers earned \$46,696 in 2004, compared with \$74,932 for men; women physicians and surgeons earned \$50,856, compared with \$97,448 for men; and women securities, commodities, and financial services sales agents earned \$33,853, compared to \$60,736 for their male counterparts.<sup>ix</sup>

### **Legislative Efforts to Close the Wage Gap**

AAUW believes that equal pay for equal work is a simple matter of justice for women. But despite the Equal Pay Act and many improvements in women's economic status over the past 40 years, wage discrimination still persists and is attributable in part to the Equal Pay Act's limited scope:

- It fails to provide equal pay for jobs that are comparable but not identical.
- It fails to cover wage discrimination based on race (although Title VII of the 1964 Civil Rights Act addresses this issue).
- It fails to cover part-time or contingent workers.
- It fails to allow groups of workers to file class action suits (again, Title VII does allow for this action, however its statute of limitations has a much shorter timeframe than that of the Equal Pay Act).

Although enforcement of the Equal Pay Act as well as other civil rights laws have helped to narrow the wage gap, significant disparities remain which need to be addressed. AAUW strongly supports the Paycheck Fairness Act and other initiatives to close the persistent and sizable wage gaps between men and women, and minorities as well.

### III. TALKING POINTS

**Current Wage Gap:** According to the U.S. Census Bureau and Bureau of Labor statistics, women who work full time earn about 77 cents for every dollar men earn.<sup>x</sup>

**The Public Cares about this Issue:** AAUW's interest in this issue is reflective of women as a whole. Among issues identified as important to women, 90 percent say equal pay for equal work is a priority.<sup>xi</sup> This is not surprising, since the wage gap is a pervasive issue affecting women in all walks of life, regardless of marital or familial status. Inequity in pay is not limited to one career or demographic. Pay disparities affect women of all ages, races, and education levels—regardless of their family decisions.

**The Wage Gap Reflects Sex Discrimination:** Wage inequalities are not simply a result of women's qualifications or choices. Wage discrimination persists despite women's increased educational attainment, greater level of experience in workforce, and decreased amount of time spent out of the workforce raising children, according to a study by the Government Accountability Office.<sup>xii</sup>

- **Education.** Although the number of women attaining baccalaureate and advanced degrees now surpasses the number of men,<sup>xiii</sup> it has not translated into equal income. In 2004, a typical college-educated woman working full-time earned \$31,223 a year, compared to \$40,798 for a college-educated man—a stark difference of \$9,575.<sup>xiv</sup> This gap emerges within the first year after graduation and widens during the first ten years in the workforce.
- **Experience.** The pay gap between college educated men and women appears within the first year after college—even when women are working full-time in the same fields as men—and continues to widen during the first ten years in the workforce.<sup>xv</sup>
- **Child care.** Women spend more time in the workforce than ever before. In fact, 57 percent of women with children under the age of three and 78 percent of mothers with school-age children remain in the workforce. Time spent out of the workforce is not enough to account for the persistent wage gap that women experience.<sup>xvi</sup>

**The wage gap has real consequences:** With a record 69 million women in the workforce,<sup>xvii</sup> wage discrimination hurts the majority of American families. In addition, wage discrimination lowers total lifetime earnings, reducing women's benefits from Social Security and pension plans and inhibiting their ability to save not only for retirement but for other lifetime goals such as buying a home and paying for a college education.

#### IV. WHAT THIS BILL WOULD DO

The Paycheck Fairness Act would expand upon the original scope of the Equal Pay Act. It would also:

1. Allow individuals to sue for fair wages and to receive punitive and compensatory damages—beyond back pay alone.
2. Clarify acceptable reasons for differences in pay and close loopholes in the current law by affirmatively forcing employers to prove that wage gaps between men and women are caused by something other than sex.
3. Authorize additional training for Equal Employment Opportunity Commission staff to better identify and handle wage disputes.
4. Strengthen penalties that courts may impose for equal pay violations, and prohibit retaliation against workers who inquire about or disclose information about employers' wage practices.<sup>xviii</sup>
5. Make it easier for an EPA lawsuit to proceed as a class action suit.
6. Require the EEOC to survey the current pay data and issue regulations within 18 months, requiring employers to submit any needed pay data identified by the race, sex, and national origin of employees.
7. Strengthen the provision under the current EPA that broadly states wage comparisons must be made between employees working at the same establishment, which allows for courts to interpret the clause to mean the same physical place of business.
8. Require the U.S. Department of Labor to reinstate equal pay activities and investigatory enforcement tools for cases of gender discrimination, which have been eliminated under the current administration.
9. Establish a competitive grant program to develop training for women and girls on compensation negotiations.<sup>xix</sup>

#### V. STATUS

The Paycheck Fairness act is being introduced by Rep. Rosa DeLauro (D-CT). It will be dropped on March 6<sup>th</sup>. The bill number for this measure in the 109th Congress was H.R. 1687. Sen. Hillary Rodham Clinton is the sponsor on the Senate side, and will be introducing her companion bill on the same day.

Rep. Eleanor Holmes Norton has another bill addressing this issue, the Fair Pay Act, which AAUW also supports. It takes a more aggressive approach, focusing on comparable worth. It is unknown at this time when Rep. Norton will introduce the measure.

Equal Pay Day is April 24.

#### VI. TARGETS

Democrats on the House Education and Labor Committee, some Democratic women MCs, and some members who had previously cosponsored the bill in the 109th Congress.

## VII. WHO TO ASK FOR Labor LAs

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- <sup>i</sup> Public Law No. 88-38.
- <sup>ii</sup> 2005 – 07 AAUW Public Policy Program (approved June 2005).
- <sup>iii</sup> National Committee on Pay Equity. <http://www.pay-equity.org/info-time.html>. Accessed December 21, 2006.
- <sup>iv</sup> U.S. Department of Labor, U.S. Bureau of Labor Statistics. Highlights of Women’s Earnings in 2005, Report 995. <http://www.bls.gov/cps/cpswom2005.pdf> Accessed January 16, 2007.
- <sup>v</sup> AAUW Educational Foundation. *Women at Work*, p. 27. 2003..
- <sup>vi</sup> See, for example, Francine Blau and Lawrence Khan, “The Gender Pay Gap: Going, Going . . . But not Gone,” Paper presented at the Cornell University Inequality Symposium, “The Declining Significance of Gender,” September 2001, 23–24.
- <sup>vii</sup> Economic Policy Institute. *The State of Working America 2004-2005*, Table 2.18 and Table 2.19.
- <sup>viii</sup> U.S. Department of Education, National Center for Education Statistics. 1993/2003 Baccalaureate and Beyond Longitudinal Study.
- <sup>ix</sup> National Association for Female Executives. 2005 Salary Survey. [http://nafe.com/pr\\_2005survey.php](http://nafe.com/pr_2005survey.php) Accessed December 21, 2006.
- <sup>x</sup> U.S. Census Bureau and the Bureau of Labor and Statistics. August 2006. Annual Demographic Survey. [http://pubdb3.census.gov/macro/032006/perinc/new05\\_000.htm](http://pubdb3.census.gov/macro/032006/perinc/new05_000.htm) Accessed January 16, 2007.
- <sup>xi</sup> Center for the Advancement of Women, “Progress and Perils: New Agenda for Women”, 2003. Statistic available at <http://www.advancewomen.org/report/top-priority/> Accessed December 21, 2006.
- <sup>xii</sup> U.S. General Accounting Office. *Women’s Earnings: Work Patterns Partially Explain Difference between Men’s and Women’s Earnings*. Report GAO-04-35. 2003. <http://www.gao.gov/new.items/d0435.pdf> Accessed January 18, 2007.
- <sup>xiii</sup> U.S. Department of Education. National Center for Educational Statistics. Trends in Educational and Equity of Girls and Women: 2004. <http://nces.ed.gov/pubs2005/equity/Section9.asp> Accessed December 21, 2006.
- <sup>xiv</sup> U.S. Census Bureau. Income, Poverty, and Health Insurance Coverage in the United States, 2005. U.S. Government Printing Office.
- <sup>xv</sup> U.S. Department of Education, National Center for Education Statistics. 1993/2003 Baccalaureate and Beyond Longitudinal Study.
- <sup>xvi</sup> Bureau of Labor Statistics. Employment Status of Women by Presence and Age of Youngest Child, Marital Status, Race, and Hispanic of Latino Ethnicity, 2004. <http://www.bls.gov/cps/wlf-table6-2005.pdf> Accessed December 21, 2006.
- <sup>xvii</sup> U.S. Department of Labor, Women’s Bureau. *Employment Status of Women and Men in 2005*. <http://www.dol.gov/wb/factsheets/Qf-ESWM05.htm> Accessed December 21, 2006.
- <sup>xviii</sup> National Committee on Pay Equity. *Equal Pay Day Kit*. 2004. <http://www.pay-equity.org/day-kit-leg.html> Accessed Jan. 31, 2006.
- <sup>xix</sup> Business and Professional Women/USA. *Fact Sheet on Pay Equity*. <http://www.bpwusa.org/i4a/pages/index.cfm?pageid=4419> Accessed February 1, 2007.