IMPROVING WOMEN'S STATUS IN THE WORKFORCE:
THE FAMILY ISSUE OF THE FUTURE

TESTIMONY

Women and the Workplace:
Looking Toward the Future

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by

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Good morning, I am Roberta Spalter-Roth, Deputy Director for Research at the Institute for Women's Policy Research (IWPR), an independent scientific research institute specializing in research on policy issues, and an assistant professor in the Sociology Department of the American University. Accompanying me here today is Dr. Heidi Hartmann, trained as a labor economist with a Ph.D. from Yale University, who is Director of IWPR. We are pleased to be here this morning to present our research findings on the subject of "Women and the Workplace: Looking Toward the Future." I will present our research findings, and Dr. Hartmann will present the policy recommendations that follow from these findings. Our testimony will show the importance of improving women's labor force status and earnings for the future of families, and the policy strategies that can aid in this effort. We will conclude that improving women's status in the workforce is the family issue of the future.

It's been called the "Myth of the Drop Out Mom" (see Richard Morin, Washington Post, Sunday, July 14, 1991.;C1). A 1.2 percentage point decline in the labor force participation rate (from 74 to 72.8 percent between January 1990 and January 1991) of women between the ages of 25 and 34 is interpreted on the front page of a major newspaper as the beginning of a full-scale desertion of the workplace by working mothers so that they can return home to care for their husbands and children. Undoubtedly some working mothers who can afford to do so are dropping out of the labor force voluntarily in order to spend more time caring for their families. But, unaffected by pipe dreams that wives will take care of us, IWPR researchers consistently find that women's wages are becoming more not less important for their families' economic well-being; fewer mothers can afford to leave the labor force.

Figure 1 shows that, for families with children, the dual earner couple is now the norm: 48 percent, or nearly half, of all families with children had both parents in the work force in 1988, an increase from 36 percent in 1975. The single parent family, in which the only available parent is working, has also grown rapidly as a proportion of all families, from 11 percent of all families with children in 1975 to 19 percent in 1988. At the same time, the "traditional" family,
FIGURE 1.
THE INCREASING RESPONSIBILITY OF WOMEN WORKERS FOR FAMILY FINANCIAL NEEDS
(PERCENT OF ALL FAMILIES WITH CHILDREN IN EACH FAMILY TYPE)


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the two-parent family in which only the father works for wages, has fallen from 44 percent of all families with children to 25 percent. (There are also 9 percent of all families with no working parents.)

Our latest research strongly suggests that working mothers are not trading off lower-wages for greater involvement in marriage or childbirth (nor are the majority remaining childless and single as a means of increasing their earnings). This research demonstrates that a gender-biased model in which men’s economic status is analyzed in terms of changing human capital, economic, and job characteristics—such as education, recession, capital investment, off-shore production, and regional economic restructuring—while women’s economic status is explained solely by family relationships is invalid.

Instead our research shows the importance of investigating the relationships among the characteristics of jobs and the conditions of work, the role of race and gender discrimination, and the effectiveness or lack of workplace and public policies, as well as the human capital characteristics of workers, in explaining women’s earnings. These are the factors that predict the well-being of all workers and their families (regardless of gender) and will continue to do so for the foreseeable future. We will briefly review the current status of these economic and policy conditions and then go on to examine the factors that can improve women’s earnings and their families’ well-being. Finally we briefly discuss the policies that can help to accomplish these ends.

CHARACTERISTICS OF JOBS AND CONDITIONS OF WORK

In our view, a major workplace trend is the deterioration in the conditions of work, and especially in the relationships between workers and employers. Contingent work—on call arrangements between employers and employees, use of consultants and contract employees, limited duration direct hires, use of the temporary-help service industries—is growing much faster than total employment and may be developing into a permanent arrangement with many employers. Involuntary part-time and low-wage work is also growing.
Working women are more affected by these conditions than are working men. Although the proportion of women who work part-time has remained relatively stable (at about 28 percent), women are the majority of involuntary part-time workers, two-thirds of the temporary workers, the majority of low-wage workers (38 percent of all women workers as compared to 19 percent of all male workers earn low wages and the percentage of women employed in low-wage jobs increased from 15 to 21 percent from the mid 1970s to the mid-1980s), and the majority of all minimum wage workers (about two thirds). Moonlighting--holding multiple jobs--increased five times for women between 1970 and 1989. Forty percent of moonlighting women are likely to hold two or more part-time jobs. Women are more likely to be employed in low-wage, non-unionized service sector jobs and, as a result of these conditions are less likely to have employer-provided health insurance (55 percent of women as contrasted to 70 percent of men have this benefit). When they leave or lose low-wage jobs, women are less likely than men to move on to a higher wage job (21 percent as compared to 47 percent, respectively) and are more likely to experience unemployment, continued low-wage work, or reliance on means-tested welfare benefits.

These conditions are increasingly serious for women workers, whose earnings are increasingly responsible for maintaining their families' living standards. Family earnings in married couple families would have decreased over the 1980s without women’s wages and, more importantly, the percentage of women workers responsible for their families' well-being has continued to increase. Currently, 20 percent of all working mothers, and 25 percent of all working mothers earning low-wages, are their families' main breadwinner.

THE ROLE OF RACE AND GENDER DISCRIMINATION IN INCREASING INCOME INEQUALITIES

Beginning in the late 1970s and early 1980s, the U.S. witnessed declines in the real wages of African American workers relative to white workers; the gap between black and white women began to increase slightly after closing for several decades. The U.S. also witnessed declines in the real wages of low-wage workers while high wage workers experienced modest improvements.
An IWPR study based on data from the Survey of Income and Program Participation found that

- Race and gender influence the probability of working in a low-wage job, even for equivalent education and work experience.
- Minority women are four times as likely as white men to work in low wage jobs.
- White women are three times as likely as white men to work in low wage jobs.
- Minority men are 1.5 times as likely as white men to work in low wage jobs.

Note: The study included adult workers who worked at least 500 hours in 1984. Low wages were defined as $6.33 per hour or less in 1989 dollars, the hourly wage, which if worked full-time year-round could support a family of four at the poverty level. Low wage workers are those who earn low wages at least 7 out of 12 months.
IWPR research indicates that about half of these growing income inequalities can be explained by race and gender discrimination.

We have found that neither human capital variables (work experience, education and training), nor the structural characteristics of jobs, firms and industries fully account for the lower wage levels of women, and especially women of color. Even when human capital and job characteristics are the same these workers have a greater risk of low-wage work. Figure 2 shows that, controlling for these characteristics, women of color are four times as likely to be low-wage workers as are white men with comparable skills and experience. White women are more than three times as likely as are white men to be low-wage workers.

Along with race, age is also important in explaining the wage gap between men and women. How does the female-male wage ratio differ at different ages? Figure 3 shows that the wage gap is much larger between older women and men than it is between younger women and men. In fact, for women in the labor force today, median earnings peak at age 40-44, an age at which they are earning about the same as men aged 25-29, who are just starting out.

This annual earnings figure is the "glass ceiling" faced by all women workers, not only women in management. A mature woman worker with substantial years of work experience, working full-time, year-round earns just $22,000 per year. Although women benefit from additional years of work experience, they receive lower premiums for staying in the workforce than do men. The glass ceiling is perhaps better thought of as a continuous maze, a set of barriers that hold back women's earnings at every step of the way.

ANACHRONISTIC WORKPLACE AND PUBLIC POLICIES

Despite the increasing diversity in the workforce, the increasing diversity in family types, and women's increased responsibility for their families' economic well-being, much workplace policy assumes a predominately male workforce, living in traditional families. Much public policy is likewise anachronistic in assuming not only that a predominately male workforce lives in traditional families, but also that these workers have stable employment patterns with socially
FIGURE 3.
THE FEMALE-MALE WAGE GAP OVER THE LIFE CYCLE
(1989 MEDIAN ANNUAL EARNINGS, FULL-TIME, YEAR-ROUND WORKERS, BY AGE)

responsible employers who provide fringe benefits. As a corollary, much policy assumes that women workers need not be covered by employer or public policy but will be provided for through private arrangements with a male breadwinner. These policy assumptions result in large gaps in coverage in basic benefits for working women (and especially working mothers), including the lack of family and medical leave, health benefits, and unemployment compensation. In addition, there is a general lack of policies to ensure equitable pay for women.

**Lack of Family and Medical Leave**

Despite a recently-completed national survey, directed by Eileen Trzcinski and William Alpert for the Small Business Administration, that concluded that "the net cost to employers of placing workers on leave is always substantially smaller than the cost of terminating an employee," 30-40 percent of employers with more than 50 workers do not offer job-guaranteed leave policies. As you know all to well, we do not have a national family and medical leave policy. Currently, 23 states have no state-level leave policy, and only six states guarantee both family leave to care for a new child or seriously ill family member and medical leave for an employee's own serious health condition. According to a 1990 IWPR study, workers, and especially the lowest income, most vulnerable workers, who do not have family leave policies with the right to return to work, suffer enormous losses in earnings ($607 million for the lack of parental leave and $12 billion for the lack of temporary medical leave). Taxpayers subsidize these losses to the tune of $4.3 billion per year.

**Lack of Health Benefits**

A classic example of inadequate public and private policy is the way in which individuals (especially women) typically gain access to health insurance. There is much criticism now of the employer-based system that has evolved in the United States. The system is especially inadequate for women workers because it is based, once again, on the assumption that women
get their insurance through a spouse. As we noted, women more often work at jobs and in industries that are least likely to provide health insurance. Recent IWPR research shows that of all the industries in which a substantial portion of the workforce are women, only the public sector and the finance, insurance and real estate industries have reasonable high rates of employer-provided health insurance (84 percent and 74 percent, respectively, of workers in these industries have employer-provided health insurance, although only 61 percent and 49 percent, respectively, of low-wage workers have such coverage). As a result of recent COBRA regulations some women may now be able to participate in group plans after leaving or losing employment, but the full cost of participation falls on them and many women work for employers not covered by COBRA. Additional IWPR research found that during the 1980s employer-provided health insurance with dependent coverage declined for most types of households with children. For single mothers, these insurance inadequacies result in 50 percent not having health insurance that provides dependent coverage for their children (even when the large number of poor single mothers with Medicaid are included as covered).

**Lack of Unemployment Compensation**

According to estimates by the Center for Budget and Policy Priorities, only 37 percent of unemployed workers received unemployment compensation in 1990, a dramatic decline from the historic high of 75 percent in 1975, another recession year. Unemployment insurance was designed as a temporary, counter-cyclical program to provide wage replacement to permanent, full-time employees, who lost jobs during periods of economic downturns. In commenting on the growth of unemployed workers who do not currently receive unemployment benefits, the Secretary of Labor states that "the unemployment insurance program is continuing to effectively perform its ... mission of providing temporary, partial wage replacement to experienced workers."

As we have seen, women are more likely to work in unstable, part-time jobs as a matter of course and are therefore less likely to qualify for this emergency benefit. Despite changes in
the composition of the workforce, the types of families and the structure of jobs, this public policy is still based on the assumption that during periods of economic downturn the economic needs of unemployed women (and their children) will be met by an additional breadwinner who qualifies for unemployment. This anachronistic policy assumption results in the over representation of women breadwinners among the unemployed family heads who do not receive unemployment compensation. About one-third of the uncompensated unemployed family heads were women with children, according to a recent Congressional Research Service report, based on the 1984 panel of the Survey of Income and Program Participation (SIPP), a considerably higher percentage than their representation among all unemployed family heads (21 percent).

**Lack of Equitable Pay Policies**

As we have noted, about two-thirds of minimum wage workers are women, and women are more likely to be low wage workers, holding qualifications and other factors equal, than are men. Recent arguments by economists Richard Burkhauser and T. Aldrich Finnegan against raising the minimum wage, because the majority of minimum wage workers are wives, are again based on the assumption that women's economic well-being should not be dealt with via public policy but rather through private arrangements with a male breadwinner.

According to IWPR research using the nationally representative SIPP, the low wages earned by women workers increase the risk that families and children will be poor. We found that more than 40 percent of children living in a household with no working parent are poor. What is more disconcerting is that children living in families with one low-wage earner (likely a single mother) are equally likely to be poor. These findings suggest that adequate earnings for working mothers are an important poverty prevention strategy for children. Although marriage, even to another low-wage worker substantially reduces the risk of poverty for children, these children are at risk of falling into poverty if one parent loses his or her job, or if the marriage breaks up.
FIGURE 4.
PERCENTAGE OF LOW-WAGE WORKERS WHOSE FAMILIES ARE AT RISK OF POVERTY OR WHO ARE IN POVERTY DESPITE THEIR WAGES


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Figure 4 shows the percentage of low wage workers whose families are either at risk of poverty without their wages or in poverty despite their wages. Although the families of male low-wage workers are more likely to face poverty if these men lose their jobs, the low earnings of women workers also have a significant impact on their families’ risk of being poor, despite their greater likelihood of being married to a higher wage earner. Among African Americans, there is no difference—families of low-wage women workers are just as likely to face poverty as families of low-wage male workers—because 60 percent of black women earning low wages are their families’ main breadwinner.

In addition to the extremely low wages many women earn because of the failure of the federally set minimum wage to keep up with wage growth and inflation, women also suffer from discrimination in the labor market, both in terms of limited access to higher-paying jobs and in terms of unreasonably low wages paid in jobs held predominantly by women. Yet anti-discrimination policies such as the proposed Civil Rights Act are often not viewed as basic economic policies that would improve productivity, economic growth, and family well-being, but as extras, worth doing only if employers can afford them.

**IWPR STUDY ON INCREASING WORKING MOTHERS’ EARNINGS**

In contrast to these gender-biased analyses of women's labor force participation which still see women (and especially working mothers) only in terms of their family relations, IWPR studies have consistently investigated the impact of human capital and job characteristics (as well as family relations) on working mothers' (and their families') economic well-being. In a study currently underway, that also uses the nationally representative SIPP to investigate the factors that can increase the earnings of working mothers, we focus on the returns in wages to working mothers of a wide variety of factors.

These factors include: employment in full-time versus part-time jobs, high tech and high growth industries versus others, traditionally female versus non-traditional occupations, union versus non-union jobs, along with years of work experience, educational level, job training, race,
SIX MOST IMPORTANT FACTORS THAT INCREASE WAGES OF WORKING MOTHERS
(PRELIMINARY RESULTS)

Dollar Per Hour Return

* Five years of work experience

and family characteristics such as marital status, presence of a full-time earning spouse, and number and ages of children. The preliminary results for this study, shown in Figure 5, reveal that the most important factors for increasing the earnings of both black and white mothers (our findings for Hispanic mothers are not yet complete) are: educational level—obtaining a college degree, obtaining some college education, or graduating from high school; employment in a full-time job; increased years of work experience; and union membership. These six most important factors are followed by three industrial and occupational characteristics (not shown on chart)—employment in a high-tech industry, employment in a male dominated occupation, and employment in a mixed-gender occupation.

Working mothers gain the most additional earnings from education (about $4.00 per hour for a college degree). They gain more than $1.00 per hour for employment in a full-time rather than a part-time job, coverage by a union contract, and employment in a male occupation or in a high-tech industry (black women gain less—94 cents per hour in a male occupation and 61 cents per hour for a high-tech industry). As we suggested earlier, women are less rewarded than men for years of work experience, gaining only about an additional 35 cents per hour (and only an additional 25 cents per hour for black women) for five additional years of work experience.

Where are the family relationships that many pundits assume are so important in predicting women’s labor force status? We found factors such as marital status, presence of a full-time earning spouse, and number and ages of children to be insignificant in predicting working mothers’ wages. The lack of significance of these factors suggests that these mothers do not choose to trade-off lower wages for time to fulfill their family responsibilities. Their wages are too important for their families’ well-being. Our findings show that a substantial percentage of working mothers (40 percent) earn low-wages. The way to raise these women’s wages is not, as a gender-biased analysis would suggest, for them to remain single or childless or alternately to forego providing sufficient wages and depend on the earnings of a male breadwinner. Instead, our findings suggest that the same factors that can be expected to raise male wages—increased
education, better jobs, union membership, and policies that encourage women to stay in the workforce by providing job guarantees and wage replacement during periods of family crises or unemployment--can, along with anti-discrimination policies, be expected to increase women’s wages and the well-being of their families.

What specific policy prescriptions follow from our research on mothers’ earnings?

First, more education does bring rewards to women in the workplace. Even though the rewards are not as great as those men receive for the same investment, it is important that public policy facilitate women’s access to education. Completing high school, having some years of college education, and completing college all pay off for women. Achieving any of these educational levels increases women’s earnings more than any other factor we studied.

What barriers prevent women from increasing their educational achievement: gender and race stereotyping by schools and counselors that tend to channel women, and especially women of color, away from mathematics, science, and technical courses; inadequate financial aid for low-income students (more women, especially female single parents and women of color, have low incomes); lack of child care to facilitate participation in education; and lack of support through AFDC for mothers seeking college education. Public policy can and should address each of these areas. Finally, because employment and wage discrimination lower the rewards women receive in the workplace, some women may limit their investment in education, especially those women subject to race-based discrimination as well. Eliminating discrimination by employers through passage of the proposed Civil Rights Act and stronger enforcement of equal opportunity laws would encourage greater investment and help women reap larger rewards for their learning.

Second, longer experience in the labor market also raises women’s earnings, though women receive far less for their increased labor market experience than do men. Employers, it is sometimes argued, may pay women less because they, unlike men, move in and out of the labor force to meet family needs. We found, however, that women’s specific family responsibilities bear little actual relationship to the wages they receive. Apparently the failure
to reward women's greater labor market experience equitably applies to all women, not only those with family responsibilities.

The literature in economics suggests that employers may act in such a way as to penalize all women workers, by organizing the jobs typically done by women to encourage or reinforce high turnover. Because of their perception that women workers are likely to leave their jobs, employers may make decisions that effectively limit women's ability to receive the same experience-rewards men receive. In jobs held typically by males, along with greater experience comes greater on-the-job training and increased benefits associated with seniority. Thus, it is important both to increase women's experience on the job and to increase equity between women and men with respect to family responsibilities. Both will work to change employers' perceptions. Stronger EEO enforcement would also help change their perceptions and behavior.

One way to improve women's longevity on the job and to equalize family care responsibilities is by passage of legislation, such as the Family and Medical Leave Act, requiring employers to hold jobs open for women and men who must take time off for family care or illness. Since women currently interrupt work more often than men to meet family needs, such legislation would help women to maintain their employment connection and increase their seniority on the job. Such legislation, by giving reemployment rights to men, would also make it more likely that men take on more family care responsibilities. The PDA of 1978 simply by eliminating discrimination against pregnant women improved women's job longevity considerably. FMLA could do even more, by extending rights to more workers, and to non biological reasons for absence.

Third, IWPR's most recent research, reported today in preliminary form, confirms our earlier research on the importance of collective bargaining in improving women's wages. Representation by a union raises working mothers' earnings by $1.10 per hour. Our earlier research, again using the nationally representative SIPP, found unionization did relatively more for women and people of color than for white men (18 to 24 percent for women and men of color; 11 percent for white women; 4 percent for white men). Today, among women,
professional occupations are the most heavily unionized of all occupations. Women are a disproportionate share of teachers, nurses, and public sector professionals, all of whom are relatively highly unionized. Women’s share of union membership is rising, but membership is falling overall. In view of the importance of union representation in raising wages to a liveable level, labor law reform is needed to make it easier for workers to join unions.

Fourth, the preliminary research reported today also shows how much better women do when they work full-time rather than part-time. All other things equal (education, experience, etc.), full-time workers earn $1.25 more per hour than part-time workers. To ensure that all women benefit from a full-time wage, women can either be encouraged to work full-time (and employers encouraged to provide more full-time employment) or employers can be given incentives to minimize the differences between part-time and full-time wages. In view of the seriousness of this issue for women workers, many of whom are supporting families, new legislation requiring or encouraging equal hourly wages and fringe benefits should be investigated.

Finally, our research shows that participation in nontraditional occupations for women (i.e. male-dominated occupations) and in high tech industries also improves mothers’ earnings. Small proportions of mothers currently work in such jobs, and it is unlikely that large proportions of women will ever work in such jobs. High tech industries do not as yet account for a very large portion of the labor force overall; if women’s participation were brought up to the level of men’s, the proportion of women working in high tech jobs would increase from about 9 percent to about 16 percent. A substantial majority of men do work in traditionally male jobs, and with strong EEO enforcement and major changes in educational tracking, women’s participation in men’s jobs could increase towards parity. However, many traditionally male jobs are not growing, making it more difficult to integrate them. Still, to the extent men’s jobs are integrated, parity in all jobs will increase, because to the extent women enter men’s jobs, men will have to enter integrated and women’s jobs. Improving women’s representation in the high tech and nontraditional jobs requires improving sex equity in education and reducing
discrimination on the job. But, more important, given current economic restructuring and the continued shift of economic activity toward the services, is to improve the status of traditionally female jobs through increases in the minimum wage, improvements in pay equity policies, decreases in discrimination, and incentives to employers to provide fringe benefits.

To conclude: families rely on women's earnings. Raising women's status in the labor market is the family issue of the 90's. Women are not dropping out of the labor force in mass; they are working more. Raising women's wages to equitable levels is the fastest and most effective way to raise family incomes and to improve the standard of living of many poor children. Unfortunately, given the failure of real wages to rise for most workers during the 1980's parents have had to work more and more hours just to maintain family income. Higher earnings would allow parents, fathers as well as mothers, to spend more time with their children. It's time that workplace and public policies recognize that every adult worker has both family care responsibilities and financial responsibilities.