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Since the passage of the Equal Pay Act in 1963 and the Civil Rights Act in 1964, the wage gap between women and men has narrowed, but still remains significant. In 2012, the latest data available for the annual wage gap series, women earned 76.5 percent of what men earned at the median for full-time, year-round work, meaning the gap remains at 23.5 percent.<sup>1</sup> Back in 1963 that gap was 41.1 percent.<sup>2</sup> The economic progress women have made in the past five decades is enormous—women have entered a vast range of occupations that formerly were virtually closed to them, they earn more over their lifetimes, and they contribute more to family income and to the economy as a whole than ever before.

But there is still a long way to go. Despite the passage of the Lilly Ledbetter Fair Pay Act of 2009, which makes it easier for women to sue for equal pay and avoid the plight that Lilly found herself in when she learned she was earning vastly unequal pay near the end of her career, progress toward closing the pay gap has stalled. Since 2000, the wage ratio has remained around 76.5 percent (for the seven years of 2001, 2002, 2004, 2005, 2006, 2009, and 2011). It has only been substantially higher in three years (in 2007, 2008 and 2010).<sup>3</sup>

A survey conducted by the Institute for Women's Policy Research in 2010 found that, like Lilly, many workers do not know what others are being paid and are unlikely to be able to find out. More than 60 percent (62 percent for women, 60 percent for men) of private sector workers responded to a question about whether wages can be discussed freely in their workplace by indicating that either they are strongly discouraged from doing so or it is prohibited or they fear being punished if they were to do so. The lack of open information about pay scales of similar jobs and pay rates within job categories likely contributes to maintaining the large gender wage gap in the private sector. Only 18 percent of female public sector workers and 11 percent of male public sector workers reported being discouraged from discussing pay rates or fearing penalties for doing so, and the gender wage gap is much smaller in the public sector than in the private sector.<sup>4</sup> The widespread pay secrecy in the United States undoubtedly fosters a climate in which wage discrimination against women and minorities is perpetuated.

Economists do not know all the reasons for the stall in progress in closing the wage gap, but the lack of economic progress for women is also seen in the no-longer-growing share of women who participate in the labor market and in the failure of occupations to continue to integrate. Women are doing better on all these indicators in several other nations with a similar level of economic wealth as the United States. Economists have shown that public and workplace policies make a difference. Professors Francine Blau and Lawrence Kahn of Cornell University have estimated that about one-third of the gap in women's labor force participation in the United States compared with other advanced economies is due to the relative lack of family leave and workplace flexibility policies here.<sup>5</sup> In 1963, President John F. Kennedy's Commission on the Status of Women issued its report, the central conclusion of which is that the United States should ensure that women workers have paid maternity leave. Fifty years later we are the only rich country in the world that does not have such a policy.<sup>6</sup>

Professors Blau and Kahn have also shown that if the US earnings distribution were less unequal than it is, more in line with that in other advanced economies, the wage gap between women and men would be smaller here.<sup>7</sup> Economists at the Economic Policy Institute (EPI) and elsewhere have identified the

generally falling rate of unionization and the falling value of the federal minimum wage in the United States as significant contributors to the increase in income inequality here.<sup>8</sup> David Cooper and Doug Hall at EPI show that the federal minimum wage has fallen in value by using several different indicators. It has fallen relative to the poverty level set by the federal government; it has fallen relative to the average wage of the non-supervisory production worker in the United States and is now well below its level in the late 1960s in inflation-adjusted dollars.<sup>9</sup>

Public policies can combat both unequal pay and low minimum wages. A number of social scientists have found that federal anti-discrimination policies have raised the wages of women and minorities.<sup>10</sup> Stronger enforcement of existing equal employment opportunity laws would raise women's wages, as would new laws that make employer retaliation against workers who share wage information illegal. Additional needed public policies include those that recognize that the different occupations typically done by men and women (engineers and nurses, for example) may be comparable in their combination of skill, effort, responsibility, and working conditions and thus merit equal pay. More than half of the states have made pay adjustments in their civil service systems that raise the pay of female-dominated jobs.<sup>11</sup> Firms that contract with local and state governments and the federal government to provide goods and services can be required to meet standards such as non-retaliation toward workers who share pay information or to report their gender wage ratios within and between job categories.<sup>12</sup>

Social scientists at the Institute for Women's Policy Research have shown that if women received pay equal to comparable men, the poverty rate of all working women and their families would fall by half from 8.1 percent to 3.9 percent; the poverty rate of families of working single mothers would fall by nearly half, from 28.7 percent to 15.0 percent. About 60 percent of all working women (42.5 million) would receive a pay increase; the average annual pay increase, including those who would receive none, is estimated at \$6,251. Moreover, the GDP (as of 2012, the latest year for which pay data are available) would be increased by \$448 billion, about the equivalent of adding another state the size of Virginia to the nation.<sup>13</sup>

Since 2010, the District of Columbia and 34 states (Alaska, Arizona, California, Colorado, Connecticut, Delaware, Florida, Idaho, Illinois, Indiana, Kansas, Kentucky, Maine, Maryland, Missouri, Montana, Nebraska, Nevada, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Texas, Utah, Vermont, Virginia, Washington, and Wisconsin) have raised their state minimum wages, taking action to raise the pay of their lowest paid workers. Their actions recognize that the federal minimum is out of step with the living costs of today's workers.<sup>14</sup> In a recent research paper, David Cooper at EPI demonstrates that an increase in the federal minimum wage would still have a substantial impact in raising wages for American workers, in all the states that have not raised state minimum wages as well as those that have. He calculates that 16.7 million workers would be directly affected by an increase in the federal minimum wage to \$10.10 per hour implemented across three years, in 2014, 2015, and 2016. Another 11.1 million workers would be indirectly affected by such a series of increases, because wages in jobs that have traditionally paid more than the minimum wage would be raised in response to the increase in the federal minimum wage. Earnings would increase by \$35 billion overall and the GDP by 0.3 percent (\$22 billion); 85,000 new jobs would be created by the additional spending power of low-wage workers. Cooper shows that women would constitute 55 percent of the workers affected directly and indirectly by the increase in the federal minimum wage to \$10.10 per hour: 15.3 million women would receive a pay increase.<sup>15</sup>

In response to criticism that the minimum wage is not well targeted to those who most need additional income, EPI researchers show that the typical minimum wage worker is 35 years of age and provides half her or his family income. Nearly one-fifth (18.7 percent) of American children have at least one parent whose earnings would be raised by an increase in the federal minimum wage to \$10.10 per hour.<sup>16</sup>

Moreover, 2.3 million single mothers, or nearly one-third of all working single mothers, would be directly and indirectly affected by the increase in the federal minimum wage.<sup>17</sup>

The stall in the economic progress of women in the past decade, coupled with the large number of women and families who would benefit from increases in women's earnings resulting from stronger equal pay remedies and a higher federal minimum wage, make the case for urgency in implementing new laws and public policies. American women and low-wage workers are losing out on the economic growth the United States is now experiencing. Paying women equally and raising the minimum wage would reduce poverty and contribute to growing the US economy.

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#### ENDNOTES

<sup>1</sup> Hegewisch, Ariane and Claudia Williams. 2013. "The Gender Wage Gap: 2012." Fact Sheet, IWPR #C350, Washington, DC: Institute for Women's Policy Research.

<sup>2</sup> U.S. Census Bureau. 2010. Current Population Survey, Annual Social and Economic Supplements. "Table P-38: Full-Time Year-Round Workers by Median Earnings and Sex: 1960-2010." <<http://www.census.gov/hhes/www/income/data/historical/people/>> (accessed January 28, 2014).

<sup>3</sup> Hegewisch, Ariane and Claudia Williams. 2013. "The Gender Wage Gap: 2012." Fact Sheet, IWPR #C350, Washington, DC: Institute for Women's Policy Research.

<sup>4</sup> Hayes, Jeff and Heidi Hartmann. 2011. *Women and Men Living on the Edge: Economic Insecurity After the Great Recession*. Report, IWPR #C386, Washington, DC: Institute for Women's Policy Research. Table 7.8: Pay Secrecy Policies in the Workplace, page 69.

<sup>5</sup> Blau, Francine D. and Lawrence M. Kahn. 2013. "Female Labor Supply: Why is the US Falling Behind?" Institute for the Study of Labor. <<http://ftp.iza.org/dp7140.pdf>> (accessed January 28, 2014).

<sup>6</sup> Reichlin, Lindsey, Jessica Milli, Barbara Gault, Ariane Hegewisch, and Heidi Hartmann. Forthcoming. "Paid Parental Leave in the United States: What the Data Tell Us about Access, Usage, and Economic and Health Benefits." Washington, DC: Institute for Women's Policy Research.

<sup>7</sup> Blau, Francine D. and Lawrence M. Kahn. 1992. "The Gender Earnings Gap: Learning from International Comparisons." *The American Economic Review* 82(2), 533-538.

<sup>8</sup> Mishel, Lawrence, Josh Bivens, Elise Gould, and Heidi Shierholz. 2012. *The State of Working America, 12<sup>th</sup> Edition*. Washington, DC: Economic Policy Institute and ILR Press.

<sup>9</sup> Cooper, David. 2013. "Raising the Federal Minimum Wage to \$10.10 Would Lift Wages for Millions and Provide a Modest Economic Boost." Economic Policy Institute. <<http://s4.epi.org/files/2013/Raising-the-federal-minimum-wage-to-1010-would-lift-wages-for-millions-and-provide-a-modest-economic-boost-12-19-2013.pdf>> (accessed January 28, 2014), and David Cooper and Doug Hall. 2013. "Raising the Federal Minimum Wage to \$10.10 Would Give Working Families, and the Overall economy a Much-Needed Boost." Economic Policy Institute. <<http://s2.epi.org/files/2013/IB354-Minimum-wage.pdf>> (accessed January 28, 2014).

<sup>10</sup> Hartmann, Heidi and Lee Badgett. 1995. "The effectiveness of Equal Employment opportunity Policies." In *Economic Perspectives on Affirmative Action*. Margaret C. Simms, ed. Washington, DC: Joint Center for Political and Economic Studies.

<sup>11</sup> Hartmann, Heidi and Stephanie Aaronson. 1994. "Pay Equity and Women's Wage Increases: Success in the States, A model for the Nation." *Duke Journal of Gender Law & Policy*. 1(69), 69-87.

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<sup>12</sup> Burk, Martha. 2011. "The New Mexico Pay Equity Initiative in State Contracting." Fact Sheet, IWPR #C381, Washington, DC: Institute for Women's Policy Research.

<sup>13</sup> Hartmann, Heidi, Jeffrey Hayes, and Jennifer Clark. 2014. "How Equal Pay for Working Women would Reduce Poverty and Grow the American Economy." Fact Sheet, IWPR #C411, Washington, DC: Institute for Women's Policy Research.

<sup>14</sup> United States Department of Labor. 2013. "Changes in the Basic Minimum Wages in Non-Farm Employment Under State Law: Selected Years 1968 to 2013." <<http://www.dol.gov/whd/state/stateMinWageHis.htm>> (accessed January 28, 2014).

<sup>15</sup> Cooper, David. 2013. "Raising the Federal Minimum Wage to \$10.10 Would Lift Wages for Millions and Provide a Modest Economic Boost." Economic Policy Institute. <<http://s4.epi.org/files/2013/Raising-the-federal-minimum-wage-to-1010-would-lift-wages-for-millions-and-provide-a-modest-economic-boost-12-19-2013.pdf>> (accessed January 28, 2014).

<sup>16</sup> Cooper, David. 2013. "Raising the Federal Minimum Wage to \$10.10 Would Lift Wages for Millions and Provide a Modest Economic Boost." Economic Policy Institute. <<http://s4.epi.org/files/2013/Raising-the-federal-minimum-wage-to-1010-would-lift-wages-for-millions-and-provide-a-modest-economic-boost-12-19-2013.pdf>> (accessed January 28, 2014).

<sup>17</sup> Cooper, David and Doug Hall. Unpublished analysis of Current Population Survey, Outgoing Rotation Group public use microdata from 2012Q4 through 2013Q3. Economic Policy Institute.