

**Statement prepared for, “Closing the Gap: Equal Pay for Women Workers,” before  
the Health, Education, Labor, and Pensions Committee of the U.S. Senate**

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## 1. Context: Trends toward gender equality stalled by 2000

Today's discussion of gender pay equity comes at an opportune time in the history of gender inequality in this country. The 1970s and 1980s witnessed dramatic improvement in many intersecting arenas:

- **Women's employment soared.** This was concentrated among married mothers with children under six. For this group, annual hours worked increased from under 600 in 1978 to almost 1,100 by 1998. The percentage working full-time, year round more than doubled during that time, reaching 35 percent by 1998.<sup>2</sup>
- **The gender pay gap narrowed.** From 1960 to 1981, women working full-time, year-round consistently had median earnings stuck at about 60% of men's. The 1980s were the most dramatic period of improvement, and the gap closed to 72% by 1990.
- **Occupational segregation by gender decreased.** The level of segregation (which ranges from 1 to 100) dropped from 54.4 in 1970 to 46.3 in 1990. This occurred as women entered historically male-dominated occupations (such as medicine and law), and integrated occupations (such as those in real estate and educational administration) expanded, increasing opportunities for women's advancement.<sup>3</sup> One aspect of this desegregation involved access to management positions and the "glass ceiling." From the late 70s to the late 90s, women's representation in management occupations increased from about one-quarter to

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<sup>2</sup> Cohen, Philip N. and Suzanne M. Bianchi. 1999. "Marriage, Children, and Women's Employment: What Do We Know?" *Monthly Labor Review* 122(12):22-31.

<sup>3</sup> David A. Cotter, Joan M. Hermsen, and Reeve Vanneman [2004], *Gender Inequality at Work*, Russell Sage Foundation and Population Reference Bureau.

almost one-half (although they remained concentrated in the lower reaches of managerial hierarchies).<sup>4</sup>

- **Wives and husbands shared housework more equally.** The most rapid change occurred between 1975 and 1985, when the ratio of married mothers' to married fathers' housework time dropped from 4.5 to 2.1 – meaning married mothers did just over twice as much housework as their husbands.<sup>5</sup>
- **Public attitudes toward equality for women warmed.** From the late 70s to the mid-90s, there was a steep increase in the percentage of Americans expressing support for female politicians and for mothers working outside the home; and opposing the idea that women should stay at home, and that children suffer when their mothers work for pay.<sup>6</sup>
- **Women gained access to political and administrative power.** The increases were especially pronounced in state government, among both elected legislators and state executives and administrators.<sup>7</sup> As noted, women's representation in management positions broadly increased as well.

What drove this unprecedented progress? Three of the most important factors were:

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<sup>4</sup> Philip N. Cohen and Matt L. Huffman (forthcoming), "Working for the Man? Female Managers and the Gender Wage Gap," *American Sociological Review*.

<sup>5</sup> Suzanne M. Bianchi, John P. Robinson and Melissa A. Milkie (2006), *Changing Rhythms of American Family Life*, Russell Sage Foundation.

<sup>6</sup> David A. Cotter, Joan M. Hermsen, and Reeve Vanneman (2007), "The End of the Gender Revolution? Gender Inequality in the 1990s and Beyond," paper presented at the annual meetings of the Population Association of America. Details are available at <http://www.bsos.umd.edu/soc/vanneman/endofgr/>.

<sup>7</sup> Cotter et al. (2007).

- **The pill.** An often-overlooked medical breakthrough – the birth control pill – permitted young women in the 60s and 70s to control (and therefore plan) the sequencing of their family and professional lives to an unprecedented degree, especially by delaying childbearing and increasing their career investments.<sup>8</sup>
- **Economic restructuring.** Women made these choices in a rapidly changing economic context marked by the expansion of the pink collar and service occupations that traditionally employed women, creating a booming demand for women’s labor.<sup>9</sup>
- **Culture and politics.** These economic and technological changes added fuel to the fire of change in the cultural and political realms. The feminist movement, declining fertility and the growing acceptability of divorce and delayed marriage all propelled women’s independence and empowerment. Legal and legislative innovations, from the Equal Pay and Civil Rights Acts, to Equal Employment Opportunity and Affirmative Action, to *Roe v. Wade*, changed the ground upon which gender played out.

This era of rapid progress toward gender equality now has definitively stalled. Equalizing trends in these areas have slowed (the wage gap, desegregation, political representation), stopped (women’s employment, the division of housework) or even

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<sup>8</sup> Claudia Goldin (2006), “The Quiet Revolution That Transformed Women’s Employment, Education, and Family,” *American Economic Review* 96(2):1-21.

<sup>9</sup> Cotter, David A., Joan M. Hermsen, and Reeve Vanneman (2001), “Women’s Work and Working Women: The Demand for Female Labor,” *Gender & Society* 15(June):429-452.

reversed (mother's employment, public attitudes) in the last 10 years.<sup>10</sup> The economic, social and political engines driving gender equality appear to have lost steam.

In summary, today's discussion of pay equity occurs in the context of an overall movement toward gender equality that sorely needs a boost. Can equal pay provide such a boost?

## 2. Equal pay: Foundation for equality and well being

Improving pay equality between men and women can be an important impetus for equality in many areas, and for other social benefits for women, families and children, with far-reaching consequences:

- **Poverty.** Because of lower earnings for women, single mothers are twice as likely to live below the federal poverty line as single fathers (36% versus 18%). Thus, there are 3.5 million single mother families in poverty. Even among single parents who work full-time and year-round – the comparison we commonly make to assess the gender wage gap – single mothers are more than twice as likely to be in poverty as single fathers (12.1 percent versus 5.7 percent).<sup>11</sup>
- **Pensions.** Men are more likely than women to work in jobs that provide pensions upon retirement, but even among men and women who do receive pensions or Social Security, accumulated earnings differences lead to large gender gaps in

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<sup>10</sup> Trends in the last few years are ambiguous, complicated by the recession and weak employment during the recovery. See Heidi Hartmann, Vicky Lovell, and Misha Werschkul (2004), "Women and the Economy: Recent Trends in Job Loss, Labor Force Participation, and Wages," Institute for Women's Policy Research Publication #B245. On the recent pay gap see, David Leonhardt, "Gender Pay Gap, Once Narrowing, Is Stuck in Place," *New York Times* December 24, 2006.

<sup>11</sup> Figures reported by the U.S. Census Bureau, from the March 2006 Current Population Survey (<http://www.census.gov/hhes/www/poverty/poverty.html>).

pension amounts.<sup>12</sup> This issue is of growing importance as the number of retirees and the costs of public retirement support increase.

- **Marriage and children.** Wives' higher levels of earnings and employment are associated with greater marital stability, even as they make it more possible for women to leave bad marriages,<sup>13</sup> and reduce the negative repercussions of divorce for children.<sup>14</sup> Higher earnings – for women as well as for men – also increase the chance of men and women marrying, especially among the poor.<sup>15</sup>
- **Domestic labor.** Within marriages, housework and childcare are divided more evenly in couples with more equal earnings,<sup>16</sup> partly because wives' deploy their

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<sup>12</sup> William E. Even and David A. Macpherson (2004), "When will the gender gap in retirement income narrow?", *Southern Economic Journal* 71(1):182-200; William E. Even and David A. Macpherson (1994), "Gender Differences in Pensions," *Journal of Human Resources*, 29(2):555-587.

<sup>13</sup> R. Schoen, S.J. Rogers and P.R. Amato (2006), "Wives' employment and spouses' marital happiness: Assessing the direction of influence using longitudinal couple data," *Journal of Family Issues* 27(4):506-528; Liana C. Sayer and Suzanne M. Bianchi (2000), "Women's economic independence and the probability of divorce: A review and reexamination," *Journal of Family Issues* 21(7):906-943. For a review, see Lynn White and Stacy J. Rogers (2000), "Economic Circumstances and Family Outcomes: A Review of the 1990s," *Journal of Marriage and the Family* 62(4):1035-1051.

<sup>14</sup> Yongmin Sun, Yuanzhang Li (2002), "Children's Well-Being during Parents' Marital Disruption Process: A Pooled Time-Series Analysis," *Journal of Marriage and Family* 64 (2), 472–488. (This finding is with regard to family income, not mother's income specifically.)

<sup>15</sup> Megan M. Sweeney (2002), "Two decades of family change: The shifting economic foundations of marriage," *American Sociological Review* 67(1):132-47; K. Edin and J. M. Reed, "Why don't they just get married? Barriers to marriage among the disadvantaged," *Future of Children* 15(2):117-137.

<sup>16</sup> Suzanne M. Bianchi; Melissa A. Milkie; Liana C. Sayer; John P. Robinson (2000), "Is Anyone Doing the Housework? Trends in the Gender Division of Household Labor," *Social Forces* 79(1):191-228; Liana C. Sayer and Sanjiv Gupta (2007), "Who's Opting Into Housewifery?", paper presented at the Population Association of American annual meetings.

own incomes toward domestic and caring services.<sup>17</sup> Husbands' contributions to childcare improve children's development,<sup>18</sup> and their greater contribution to housework, in turn, boosts wives' career prospects and encourages them to invest more in their careers.<sup>19</sup>

If government policy can help rekindle the movement toward gender equality, then the prospects for a more equal society will be greatly enhanced. What role, then, can government play?

### **3. Law and policy effects on equality**

In the 1970s and 1980s, research shows that government policy, especially Equal Employment Opportunity enforcement and Affirmative Action practices, led to changed practices among employers. This improved pay and access to jobs for women and minorities (especially in management). These policies promoted the formalization of hiring practices, which reduces particularism, or subjective hiring and promotion without adequate consideration of the merits of candidates.<sup>20</sup> For example, more companies began relying on human resource professionals and formal internal labor markets for

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<sup>17</sup> Philip N. Cohen (1998), "Replacing Housework in the Service Economy: Gender, Class, and Race-Ethnicity in Service Spending" *Gender & Society* 12(2):219-231.

<sup>18</sup> Lenna Nepomnyaschy and Jane Waldfogel (2007), "Paternity Leave and Fathers' Involvement with Their Young Children," paper presented at Population Association of America annual meetings.

<sup>19</sup> For evidence that reducing women's housework increases their wages, see, e.g., Joni Hersch and Leslie S. Stratton (1997), "Housework, Fixed Effects, and Wages of Married Workers," *Journal of Human Resources* 32(2):285-307. The unequal division of housework and the gender wage gap are therefore mutually reinforcing.

<sup>20</sup> Frank Dobbin, John R. Sutton, John W. Meyer, and W. Richard Scott, (1993), "Equal Opportunity Law and the Construction of Internal Labor Markets," *American Journal of Sociology* 99(2):396-427.

promotion.<sup>21</sup> The influence of state policy has been shown, for example, with the finding that establishments with closer institutional ties to the state (public agencies, non-profits, those in California, and those with personnel offices and ties to labor attorneys) were more vigorous in their adoption of due process mechanisms for employees (disciplinary hearings and grievance procedures) in the 70s and 80s.<sup>22</sup> As some firms implement practices that reduce discrimination, these practices diffuse through industries. Thus even targeted legal or social interventions can have important ripple effects.

A drop in government involvement can also have negative effects. For example, many firms responded to civil rights enforcement in the 1970s with EEO and AA programs. But when enforcement was curtailed during the Reagan years, such programs were systematically eroded.<sup>23</sup>

#### **4. Potential effects of the proposed laws**

This brief review suggests several possible benefits of the proposed legislation, the “Paycheck Fairness Act” and the “Fair Pay Act” (bill numbers not available at this writing). I will only comment on a few aspects of these proposals here.

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<sup>21</sup> Donald Tomaskovic-Devey and Kevin Stainback (2007), “Discrimination and desegregation: Equal opportunity progress in US private sector workplaces since the Civil Rights Act,” *Annals of the American Academy of Political and Social Science* 609(Jan.):49-84.

<sup>22</sup> John R. Sutton, Frank Dobbin, John W. Meyer and W. Richard Scott (1994), “The Legalization of the Workplace,” *American Journal of Sociology* 99(4):944-971.

<sup>23</sup> Erin Kelly and Frank Dobbin (1998), “How Affirmative Action Became Diversity Management: Employer Response to Antidiscrimination Law, 1961 to 1996,” *American Behavioral Scientist* 41(7):960-984. Note that anti-discrimination enforcement is just one area where policy can have an effect on gender inequality. “Family-friendly” workplace regulations and policies may also promote more equitable employment practices (although some leave policies have been shown to reduce women’s labor force participation, which may backfire on gender inequality). See Hadas Mandel and Moshe Semyonov (2005), “Family Policies, Wage Structures, and Gender Gaps: Sources of Earnings Inequality in 20 Countries,” *American Sociological Review* 70(6):949-.

**Punitive and compensatory damages, class actions, procedural reform.** Both bills appear to improve incentives for employers to make employment practices more equitable, by increasing potential costs and narrowing exclusions. Successful lawsuits or settlements in this area may spur organizational innovations that spread through affected industries, as happened with earlier EEO and Title VII cases.<sup>24</sup> Significantly, both bills would improve data collection and analysis, which are crucial tools for identifying and remedying problems of gender inequity.

**Best practices.** Despite several decades of attempts at equal employment and anti-discrimination reforms, there is little consensus on what practices have been most effective.<sup>25</sup> The Paycheck Fairness Act's proposed rewards for innovative employers, and support for training and assistance, may help set examples to encourage the spread of such innovation. Past research has clearly shown that the benefits of occupational desegregation, for example, extend to all women in the surrounding labor market.<sup>26</sup>

**The "equivalent jobs" standard.** Because men and women are so often segregated into jobs with different titles, even when they are similar in skill requirements and working conditions, the proposed change in the EPA standard language might permit

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<sup>24</sup> Alexandra Kalev and Frank Dobbin (2006), "New Legal Realism: Enforcement of Civil Rights Law in Private Workplaces: The Effects of Compliance Reviews and Lawsuits Over Time," *Law and Social Inquiry* 31:855-903.

<sup>25</sup> Alexandra Kalev, Erin Kelly, and Frank Dobbin (2006), "Best Practices or Best Guesses? Assessing the Efficacy of Corporate Affirmative Action and Diversity Policies," *American Sociological Review* 71(4):589-617.

<sup>26</sup> David A. Cotter, JoAnn DeFiore, Joan M. Hermsen, Brenda Marsteller Kowalewski, and Reeve Vanneman (1997), "All Women Benefit: The Macro-Level Effect of Occupational Integration on Gender Earnings Equality," *American Sociological Review* 62(5)714-734. Cohen and Huffman (2003), "Individuals, Jobs, and Labor Markets: The Devaluation of Women's Work," *American Sociological Review* 68(3):443-63.

legal scrutiny of segregation practices when those outcomes include unequal pay for men and women. This could have profound effects on both equal pay and segregation.

This last point requires additional elaboration. Men and women are largely segregated across occupations, establishments, and jobs within establishments. In 2000, 51% of either men or women would have had to change occupations in order to achieve equal distributions.<sup>27</sup> How does segregation affect the pay gap? Consider this example. There 1.1 million nurse aides and 2.5 million truck drivers in this country. The nurse aides have more education on average, with 38% having at least some college training, compared with 29% of truck drivers. Both groups' average age is 43. Both do work that requires "medium" amounts of strength, and nursing aides require more on the job training to perform their duties (according to measures from the Bureau of Labor Statistics). And yet, those nurse aides, 89% of whom are women, have median earnings of only \$20,000 per year, just 57% of the median earnings of truck drivers – 97% of whom happen to be male.<sup>28</sup> This example suggests that segregation is a major source of wage inequality.<sup>29</sup>

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<sup>27</sup> I use the standard index of dissimilarity and data on about 500 occupations from the 2000 Census, from *Earnings Distribution of U.S. Year-Round Full-Time Workers by Occupation: 1999* (PHC-T-33); available at: <http://www.census.gov/population/www/cen2000/phc-t33.html>.

<sup>28</sup> Analysis of data from the 2004 Current Population Survey, published in Philip N. Cohen and Christin Hilgeman, review of *Occupational Ghettos: The Worldwide Segregation of Women and Men*, by Maria Charles and David B. Grusky, *Contemporary Sociology* (35[3], 2006). Job characteristics are from the *Dictionary of Occupational Titles*. Restricting the analysis to those working full-time and year-round, narrows the gender gap slightly, to 64% (Census 2000 data available at <http://www.census.gov/population/www/cen2000/phc-t33.html>).

<sup>29</sup> Segregation among lower-status workers has been more severe, and slower to change in recent decades (See Cotter et al [2004]). Most analyses find small direct effects of segregation on the wage gap, compared to the size of the wage gap within occupations. I conducted a simulation testing the effect of (1) men and women being redistributed into

Even though such a gap might seem unjust, the courts have not favored challenges based on the “comparable worth” of different jobs, preferring to let “the market” determine such differences – while disparities in wages within “equal” jobs have been successfully challenged under the rules of EPA.<sup>30</sup> Yet, at the very detailed level, studies that examine specific job positions in the same establishment often find very small gender gaps in pay.<sup>31</sup> If you look close enough, maybe everyone’s job is a little different.

What is the proper balance? The Census data show, for example, average earnings of \$170,000 for male physicians, compared to \$100,000 for female physicians, which suggests a large pay disparity for men and women in the same jobs. Yet within those groups men and women specialize very differently, and work at different establishments.<sup>32</sup> If comparable worth permits too much legal intervention into wage

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the average overall occupational pattern, but keeping their average earnings in each occupation the same, which reduced the gender gap from .67 to .73 (a 19% reduction in the gap); and, (2) men and women earning the same average earnings *within* each occupation, which reduced the wage gap to .85 (55% reduction). This is within the range of previous estimates. Researchers in the 1990s found that anywhere from 9 to 38 percent of the wage gap was accounted for by the difference in occupational distributions. See David A. Cotter, JoAnn DeFiore, Joan M. Hermsen, Brenda Marsteller Kowalewski, and Reeve Vanneman (1997), “All Women Benefit: The Macro-Level Effect of Occupational Integration on Gender Earnings Equality,” *American Sociological Review* 62(5)714-734. In my study with Matt Huffman, we analyzed the distribution of men and women across 62,000 occupation-by-industry cells, and found that gender segregation at that level of detail accounted for 27% of the gender wage gap in 1990. See Cohen and Huffman (2003).

<sup>30</sup> These cases are summarized in the CRS report “Pay Equity Legislation in the 110<sup>th</sup> Congress,” by Jody Feder and Linda Levine (2007).

<sup>31</sup> Trond Petersen and Laurie A. Morgan (1995), “Separate and Unequal: Occupation-Establishment Sex Segregation and the Gender Wage Gap,” *American Journal of Sociology* 101(2):329-365. For background, see Paula England (1992), *Comparable Worth: Theories and Evidence*, Aldine de Gruyter.

<sup>32</sup> Many studies that try to account for all known sources of inequality, such as the 2003 GAO report on the gender gap, control for occupations at an even higher level of categorization, – comparing, for example all “service/household” workers with all “professional and technical” workers. The GAO report finds that women earned 20% less

setting, the current rules appear to permit too little – allowing small differences in job characteristics to justify large gender disparities in pay. Ultimately, eliminating the wage gap will require both integrating men and women more into the same occupations, and eliminating disparities within occupations and jobs. The chief benefit of the “equivalent jobs” reform might be to permit a broader comparison of work that is substantively equivalent but that is classified differently by employers. The pressure this brings to bear on employers might reduce the wage gap by calling into question practices that segregate men and women into different jobs – and that reward similar jobs differently.

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than men in 2000 once occupation and other standard variables, including work experience and patterns, were controlled. See “Women’s Earnings: Work Patterns Partially Explain Difference between men’s and Women’s Earnings,” GAO-04-35 (2003).