CLOSING THE RACIAL AND GENDER WEALTH GAP THROUGH COMPENSATION EQUITY

VIRTUAL HEARING

BEFORE THE

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CLOSING THE RACIAL AND GENDER WEALTH GAP THROUGH COMPENSATION EQUITY

Thursday, April 29, 2021

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DIVERSITY
AND INCLUSION,
COMMITTEE ON FINANCIAL SERVICES,
Washington, DC

The subcommittee met, pursuant to notice, at 12 p.m., via Webex, Hon. Joyce Beatty [chairwoman of the subcommittee] presiding.

Members present: Representatives Beatty, Pressley, Lynch, Tlaib, Dean, Garcia of Texas, Auchincloss; Wagner, Lucas, Gonzalez of Ohio, and Timmons.

Ex officio present: Representative McHenry.

Chairwoman BEATTY. The Subcommittee on Diversity and Inclusion will come to order.

Without objection, the Chair is authorized to declare a recess of the subcommittee at any time.

Today's hearing is entitled, "Closing the Racial and Gender Wealth Gap Through Compensation Equity."

I now recognize myself for 5 minutes to give an opening statement.

Today's hearing will examine how discrimination based on gender, race, sexual orientation, and disability contributes to compensation and pay disparities in America.

Despite having similar qualifications, data shows that women, people of color, members of the LGBTQ community, and individuals and persons with disabilities earn lower wages than their straight, White, and non-disabled and male counterparts. Our collective future must be one in which we eliminate discrimination against any American based on their gender, ethnicity, or sexual orientation.

In President Biden's address to Congress last night, he didn't just offer platitudes. In the early days of his Administration, President Biden signed Executive Orders addressing racial equity that acknowledged the government's responsibility to affirm equity, civil rights, racial justice, and equal opportunity. Under the leadership of the Office of Management and Budget, the President launched an audit of 15 Federal agencies to examine how their policies and practices may create or contribute to systemic racism. Like the Biden Administration, the Congress must do its part to root out policies and practices that perpetuate systemic racism and the gender and racial wealth gaps.

Compensation inequity is discrimination, and injustice anywhere is a threat to justice everywhere. It exacerbates the gender and racial wealth gaps by hampering the ability of women and people of color to increase savings and build wealth through their homeownership rates. These disparities are highest for women of color, with Black and Latina women earning just $62 and $54, respectively, for each dollar earned by a similar qualified White male.

Although we have seen marginal gains in the closure of the compensation gap in recent years, most women will not achieve pay equity in their lifetime, as it will take 50 years for White women, 350 years for Black women, and, yes, 432 years for Latina women to close the pay gap at the current pace.

Since the onset of the pandemic, women have lost over 5 million jobs, and these losses are disproportionately impacting working mothers, women in senior leadership roles, and Black women. Compensation gaps will only make it harder to recruit these important leaders back into the workforce in the years to come.

Members of the LGBTQ community also face wage disparities, as gay and bisexual men earn 10 percent to 32 percent less than similarly qualified heterosexual men.

In our country, all Americans should be valued and compensated equitably for their expertise and labor. Eliminating pay discrimination is long overdue. Thus, this hearing today is so important because I know the disparities in wealth creation in our economy, and we will hear those realities echoed in our witnesses' testimony.

We must not just look to companies; we must look to government. Just 2 days ago, the soon-to-be Consumer Financial Protection Bureau (CFPB) Director said that he also is holding government accountable. And so, all companies should take proactive measures towards closing compensation gaps in their workforce by conducting pay equity audits and publicly disclosing their diversity data.

I am hopeful that the full Financial Services Committee will take up legislation requiring the Federal financial regulatory agencies to conduct pay equity audits every 2 years, as well. And let me just tell you, there is study after study that will show you how many trillions of dollars we have lost in the GDP overall, due to the compensation gap, and potentially a loss of $2.7 trillion annually due to the Black wage gap alone.

We also know how it has affected us, and thus that is why, in part, this subcommittee is so important, and we have had great witnesses. And today, I look forward to the testimonies of our witnesses. I have read them, and I am very pleased with the education and awareness that they are providing. Thank you.

At this time, I will now yield 5 minutes to the ranking member of the subcommittee, my good friend and colleague, Congresswoman Ann Wagner from Missouri. The Chair now recognizes her for 5 minutes for an opening statement.

Mrs. WAGNER. Thank you, Madam Chairwoman.

We all agree that every American, regardless of race or gender, should have access to economic opportunities, and I look forward to hearing from our witnesses to better understand how financial firms can expand access to high-paying jobs and also better imple-

ment their own policies that reduce the wage gap and enhance financial literacy.

In order to address the wage gap, private-sector firms are proactively adjusting their culture to break down barriers and advance economic opportunities for women by advocating for pay equity, affordable child care, and paid sick and family leave. But there is still much to be done, particularly in addressing the wealth gap and the manager's gap and ensuring that the American workforce is more flexible and family-friendly so that mothers can thrive in their careers without facing unnecessary hurdles.

As a working woman, I worked before, during, and after I had my children. I have always been a passionate defender of equal pay for equal work. In the past few years, we have seen a shift in the private sector to offer paid parental leave policies. These policies are particularly beneficial to women, whom we know are more likely to take on the primary caregiver role within a family.

During the COVID-19 pandemic, women left the workforce at a rate 4 times that of men. When a woman leaves the workforce in order to raise children or care for family members, she not only diminishes her earning capacity at present, but when she does return to the workforce, she tends to make less than her male peers, who have advanced and grown their earning capacity during that same period of time. Offering paid parental leave enables those women to remain in the workforce and avoid lagging behind their peers, and it helps close the gender wage gap.

Another factor that is correlated to the gender wage gap is the disparity between men and women who earn degrees in science, technology, engineering and math, the STEM fields. According to the Bureau of Labor Statistics, STEM occupations are projected to grow over 2 times faster than the total for all occupations in the next decade. We need these high-paying jobs in every industry, including financial services, and yet fewer women are receiving STEM degrees than men. Creating greater diversity in STEM education is critical not only for improving opportunities for women and minorities in finance but across all workforce sectors. It is the key to sustaining robust economic growth in the United States.

In 2019, I requested a Government Accountability Office (GAO) study to assess how firms are supporting increased participation among women in STEM programs at the secondary, undergraduate, and graduate levels, and what best practices firms are using to recruit and retain women with STEM degrees. This study will help us continue to find solutions as we strengthen the U.S. financial services industry, and I look forward to reviewing it when it is published this year.

Thank you, Madam Chairwoman, and I yield the remainder of my time to the ranking member of the Full Committee, Ranking Member McHenry.

Chairwoman BEATTY. Thank you to my colleague for yielding.

And now, I will recognize Full Committee Ranking Member Patrick McHenry from North Carolina..

Mr. MCHENRY. Thank you, Madam Chairwoman, and thank you for holding this hearing. I want to thank Ranking Member Wagner for yielding, as well.

There is no doubt that disparities in compensation set our nation back, and the pandemic has only exacerbated these disparities. For example, there are two things that are on my mind here. We know that millions of women left the workforce last year. Disproportionately, child care is a family issue now. We should think of it as a family issue now. But unfortunately, we have seen during the pandemic that it is still largely falling on female workers to bear that load.

We know that pre-COVID, the research shows that the U.S. economy would be $1.6 trillion larger if women entered the workforce and remained in the workforce at higher rates. That is what I am thinking about today. But we also have to think about the way that people are working and how they are working differently. One full-time job that will last as a career is not in the offing for most people, so people have part-time jobs or multiple jobs in order to make things work.

I think one solution is my Gig Worker Equity Compensation Act, which expands the category of workers who can benefit from equity compensation in the fast-growing non-traditional workforce. So, I think we have to think through these solutions, and I am glad we are having these discussions.

Thanks so much, Madam Chairwoman. I yield back.

Chairwoman BEATTY. Thank you, Mr. Ranking Member.

Today, we welcome the testimony of our distinguished witnesses.

First, we have Dr. Andrew Chamberlain, the chief economist of Glassdoor.

Second, we have Emily Dickens, the chief of staff, head of government affairs, and corporate secretary for the Society of Human Resource Management.

Third, we have Maya Raghu, the director of workplace equality, and senior counsel at the National Women's Law Center.

And finally, we have Dwana Franklin-Davis, the chief executive officer of Reboot Representation.

Witnesses are reminded that their oral testimony will be limited to 5 minutes. You should be able to see a timer on your screen that will indicate how much time you have left, and a chime will go off at the end of your time. I would ask that you be mindful of the timer, and quickly wrap up your testimony if you hear the chime, so that we can be respectful of both the witnesses' and the committee members' time. And without objection, your written statements will be made a part of the record.

Dr. Chamberlain, you now are recognized for 5 minutes to give an oral presentation of your testimony.

STATEMENT OF ANDREW CHAMBERLAIN, CHIEF ECONOMIST, GLASSDOOR

Mr. CHAMBERLAIN. Chairwoman Beatty, Ranking Member Wagner, and members of the subcommittee, thank you for inviting me to testify this afternoon. I am here today on behalf of Glassdoor, where I am a chief economist. We are an online hiring platform that lets employees freely and anonymously review their employer and share pay information with others. Our core belief is that pay transparency is good for employees, good for employers, and it is good for the broader economy.

I lead our company's not-for-profit think tank, and for 6 years, I have been researching the topic we are here to talk about today, which is pay equity in the labor market by gender and race.

Now, to set the stage, when I think about pay equity, I imagine looking across a large and diverse gathering of kindergarten kids from across America. I think of all the future possibilities before them. No reasonable person would look at those smiling faces and say, "You will earn 86 cents on the dollar when you are an adult because you are an Hispanic child." Or, similarly, "You will earn 71 cents on the dollar of what your friend will earn because you are a Black or African-American girl."

Saying that, of course, would be outrageously unfair, but something like that really happens between kindergarten and the adult workforce today that creates dramatic, surprising and, in my view, morally troubling patterns of pay inequity. As a researcher, I have seen these patterns in every data that I have seen in my career, from Federal surveys to company payroll data to data from our own online platform. I have come to believe it is our moral imperative to understand the causes of these gaps and to diminish them.

How big are today's gender and racial pay gaps? Our most recent study looked at 425,000 U.S. employees. We found that men as a group earn about 21.4 percent higher pay than women. That amounts to about 79 cents per dollar earned by men. We call that the unadjusted pay gap.

To understand what is causing that gap, we also calculate an adjusted pay gap, and it separately measures the impact of all of these factors, like education, experience, job location, and how much might be leftover due to bias in the workplace.

It turns out that education and experience explains some of the gender pay gap, about 7.9 percent. But the big cause of the gender pay gap, by far, is occupational sorting. Women, for example, make up about one-fourth of the CEOs in the economy, but they make up more than 70 percent of retail cashiers. That type of gender-based job sorting in our research explains about 56.5 percent of the gender pay gap, and that, in our view, is where solutions have to start.

The most striking finding from my research is how pervasive the gender pay gap is. Even when we compare men and women in the most apples-to-apples way possible—same job, same employer, same age, same experience—the pay gap still hovers around 4.9 percent. So for a woman earning today's median pay of about $47,300 per year, that can amount to a pay cut of more than $70,000 over a 30-year career, with the same job, same company, and same background.

These pay gaps are even bigger when we layer on race and ethnicity. The Glassdoor data show that Black or African-American women earn just 71 cents on the dollar compared to White men as a comparison. Indigenous-American women earn just 69 cents per dollar, and so on. Race and gender pay gaps are two sides of the economic coin in the workforce.

Pay equity is the focus of this hearing, but I want to remind you there are other gaps in the workplace in employee culture that also affect our ability to solve compensation gaps. In new Glassdoor research we published today, we found that Black or African-Amer-

ican workers rate workplace diversity and inclusion nearly 8 percent lower than their White colleagues, a highly statistically significant gap, and this gap has actually worsened since 2019 despite rising corporate investment in diversity & inclusion (DNI). So solving racial pay gaps, in our view, requires addressing DNI issues in tandem.

Making real progress on gender and racial pay gaps, in my view, requires something like a three-pronged approach: better transparency from employers; empowering better free occupational choice from workers; and other changes like better work flexibility, better child care and elder care, and more gender and race diversity among college majors.

Pay equity is about fairness, but it also helps us build a more dynamic and prosperous U.S. economy. It clears the way for every American to make their best contribution to our prosperity, which is a win-win for workers and employers, and it can also be a pro-growth agenda for America.

On behalf of Glassdoor, I would like to thank you for inviting me before the subcommittee today. We look forward to answering your questions. Thank you.

[The prepared statement of Dr. Chamberlain can be found on page 32 of the appendix.]

Chairwoman BEATTY. Thank you so much, Dr. Chamberlain.

Ms. Dickens, you are now recognized for 5 minutes to give an oral presentatiof on your testimony.

STATEMENT OF EMILY M. DICKENS, CHIEF OF STAFF, HEAD OF GOVERNMENT AFFAIRS, AND CORPORATE SECRETARY, SOCIETY FOR HUMAN RESOURCE MANAGEMENT (SHRM)

Ms. DICKENS. Thank you, Chairwoman Beatty, Ranking Member Wagner, and distinguished members of the Subcommittee on Diversity and Inclusion. This is a great opportunity to testify on an important issue. I appear before you on behalf of 300,000-plus Human Resources (HR) professionals and business executives who together impact the lives of more than 115 million workers and their families. HR professionals design and implement compensation strategies. This work is so nuanced that many organizations have specialists within who are charged solely with developing the compensation philosophy. This is no easy task, and it is a facet of our work experience that most know little about.

In my testimony, I will address total compensation, effective practices, and the importance of leveraging these practices to address inequities.

When we are discussing compensation versus total compensation, the development of an organizational philosophy or the explanation for how the organization manages compensation is important because it explains the, "why," behind employee pay and is based on organizational size, industry, and business objectives.

Reviewing an organization's compensation philosophy periodically and updating it based on current business factors is also key. Most importantly, the organization must communicate this philosophy to employees and applicants. This level of transparency builds trust with employees and it provides awareness for job candidates, allowing them to make more informed decisions about whether the

workplace and its compensation philosophy meets their expectations.

We have been taught to focus on one number: base pay. It is the number that most people use to determine whether they are being fairly compensated. However, the full cost of compensation for an employee can include many variables. For the industries over which this subcommittee has oversight, those variables will likely be cash bonuses, commissions, and company stock awards. But for the majority of those represented in SHRM's membership—small and mid-sized businesses—those variables are likely to be a premium over their regular wages and incentives for working after regular hours or being on call or performing a lead function.

Benefits are an important and often overlooked aspect of total compensation. SHRM's annual employee benefits survey includes hundreds of different offerings, with health care and retirement being the most popular. Other lesser-known benefits that will be crucial as we re-skill and up-skill the American workforce are student loan and tuition reimbursement, tuition assistance, and employer-sponsored scholarships. An employer may also provide subsidized child care benefits. The above-mentioned examples equate to money that an employer contributes to the employee's overall compensation package.

When we discuss effective compensation practices, one in five American workers feel their organization doesn't use fair criteria to make advancement and promotion decisions. To be fair and inclusive, employers must use consistent and actionable compensation practices. Examples include being transparent and clear in communications to all employees about pay decisions, providing hands-on compensation training to supervisors and hiring managers, educating employees about the organization's compensation package, and conducting comprehensive pay equity reviews, as well as examining promotion decisions for evidence of pay bias.

HR professionals have a pivotal role in advising on systemic compensation equity changes. Other than the factors you will hear more about today, there are other things driving compensation inequity including recruitment, job descriptions, performance reviews, age and tenure, incentive pay, educational level, promotion opportunities, social demographic factors, and industry and career paths.

Let us also not forget that employees make personal choices that impact their compensation, as well. The choice to step out of the workplace to go back to school, to start a family, the choice to follow a purpose, to work for a non-profit rather than a for-profit, the choice to have a work/life balance, all of these impact earning potential and are often overlooked as reasons why compensation differs from person to person.

Human resource professionals must balance personal choices, employee expectations, and the needs of the business.

Finally, the path toward equity requires a laser focus on educating more people on the compensation process. I am fortunate to have received this education, but I am keenly aware that most don't have this exposure. People cannot advocate for themselves without knowledge. The work of this subcommittee is a major step in alerting the public that they must actively seek information

about total compensation if they are expected to use the resources that provide this information, and the workplace will be a key partner in educating employees about compensation.

Thank you for the opportunity to present.

[The prepared statement of Ms. Dickens can be found on page 157 of the appendix.]

Chairwoman BEATTY. Thank you, Ms. Dickens.

Ms. Raghu, you are now recognized for 5 minutes to give an oral presentation of your testimony.

STATEMENT OF MAYA RAGHU, DIRECTOR OF WORKPLACE EQUALITY, AND SENIOR COUNSEL, NATIONAL WOMEN'S LAW CENTER

Ms. RAGHU. Thank you, Chairwoman Beatty, Ranking Member Wagner, and members of the subcommittee. I am the director of workplace equality at the National Women's Law Center, where we fight for gender justice in the courts, in public policy, and in our society, working across the issues that are central to the lives of women and girls.

Over the last year, the effects of the pandemic have fallen particularly hard on women and women of color. They are front-line workers risking their lives for minimum wage and disproportionately bear devastating job losses, and they are shouldering the responsibility for caregiving as our jerry-rigged caregiving infrastructure imploded this last year.

Millions of women, but especially Black and Brown women, have long worked in essential but undervalued jobs that leave them struggling to make ends meet. Now, lost earnings due to the gender wage gap are intensifying the impact of the pandemic and robbing women and their families of a financial cushion just when they need it the most, and also to build wealth for future security.

A key driver of gender and race wage gaps is women's overrepresentation in low-wage jobs in particular fields. Another is bias, whether overt or implicit, and stereotypes, including of caregivers, which can impact employer decisions at critical points: hiring; performance evaluations and promotions; and leadership development opportunities.

Pay disparities, once created, are often hidden by the widespread pay secrecy policies and perpetuated and magnified over time by practices such as reliance on someone's prior salary. This affects compensation bonuses and retirement contributions.

The pandemic has deepened existing challenges that individuals face that may widen wage gaps as they re-enter the workforce. A labor market where some jobs are going to permanently disappear, the loss of seniority, long periods of unemployment due to caregiving or other responsibilities, the need for paid leave, affordable care, greater flexibility, and new training and education all leave individuals with less bargaining power when they re-enter the workplace.

On top of that, employers hold far more information than applicants and workers about pay. This information asymmetry can be a particular problem for women, people of color, and other groups, making it less likely to have extensive networks within some sectors for accessing that crucial information, and that is made worse

by pay secrecy. Pay secrecy is bad for business. It leads to employee dissatisfaction and lower motivation and mistrust of management.

Pay equity is an issue of increasing importance to shareholders and to younger generations who are potential employees and consumers. Transparency and equity are important corporate values. I want to highlight a few key promising practices and legislative trends to increase transparency and collective efforts.

First, eliminate pay secrecy policies and provide salary ranges. Allowing employees to discuss pay without retaliation and providing more information to applicants about salary ranges for jobs reduces the information asymmetry and helps attract diverse talents, and numerous States have enacted legislation recently to address these issues.

To significantly narrow the gender wage gap for employees working in the public sector, where pay secrecy rules are uncommon and salary ranges are often publicly disclosed, suggests the difference that transparency can make in closing wage gaps.

Second, regularly conduct equal pay audits and compensation metrics. Activist shareholders are being increasingly successful in dragging businesses to conduct these analyses to help uncover and correct pay disparity, and to disclose wage gap metrics. But in the absence of Federal action, States, including California, Illinois, New Jersey, and others have enacted pay data reporting requirements. And in the U.K. and Europe, legislation requires analysis and reporting of pay information, and also public disclosure of gender wage gap metrics. And research shows that these mandates have helped drive employer pay analyses and proactive efforts to close wage gaps.

Third, establish consistent, objective compensation-setting practices and reduce reliance on salary negotiation and prior salary. Allowing negotiation and an applicant's prior salary to drive compensation often can create gender and racial wage disparities that follow people from job to job. An objective, transparent compensation-setting practice can narrow wage disparities for women, people of color, and between current and new employees, and this can also help recruit and retain diverse talent.

Finally, it is important to use and communicate objective, measureable metrics for performance evaluations. Objective performance evaluation criteria can help minimize the influence of unconscious bias at important points where there is discretion in decision-making, like promotions, which create and drive wage gaps. Sharing that evaluation criteria with employees helps increase trust of management and creates greater engagement and retention.

These recommendations and others are discussed in greater detail in my written testimony, and I welcome your questions. Thank you.

[The prepared statement of Ms. Raghu can be found on page 169 of the appendix.]

Chairwoman BEATTY. Thank you so much, Ms. Raghu.

And Ms. Franklin-Davis, you are now recognized for 5 minutes to give an oral presentation of your testimony.

STATEMENT OF DWANA FRANKLIN-DAVIS, CHIEF EXECUTIVE OFFICER, REBOOT REPRESENTATION

Ms. FRANKLIN-DAVIS. Chairwoman Beatty, Ranking Member Wagner, and distinguished members of the subcommittee, thank you for the opportunity to testify today. I am the chief executive officer of Reboot Representation Tech Coalition, a partnership of leading tech companies that have pooled funding and committed to a goal of doubling the number of Black, Latina, and Native American women graduating with computing Bachelor's degrees by 2025.

I am going to speak about my background, including the organization I now lead, and then describe the issues my organization works on and how they will affect compensation equity.

Prior to joining Reboot, I worked at a top financial services corporation, leading global technology teams, and I have a background in technology. My experience and expertise are through the lens of the tech sector. However, the concepts and principles can be applied across industries because, after all, tech transcends industry.

Reboot Representation was launched alongside the report, "Rebooting Representation: Using CSR and Philanthropy to Close the Gender Gap in Tech," published in September 2018. The report's goal was to conduct research on how tech companies approach gender diversity using corporate philanthropy. The media had indicated that companies were, "throwing money at this diversity problem," but the report gathered data on how much companies were actually spending on gender diversity. The research surveyed 32 leading tech companies representing over $500 billion in revenue and over $500 million in philanthropic giving, and found that they were only spending 5 percent towards gender diversity and tech, and less than .1 percent, which is $335,000 annually, focused on women and girls of color, specifically. It is projected that there will be 3.6 million U.S. computing-related jobs opening by 2029, with only 24 percent of these jobs that could be filled by U.S. computing Bachelor's degree recipients.

These numbers alone should tell us that we need to do more to prepare individuals in this country for these high-paying jobs and to better position our companies to compete on the global stage.

Studies also show that when high school students have access to take advanced placement computer science principles, they are 3 times more likely to major in computer science in college. College freshmen who declare a computer science major take a critical step toward receiving the second-highest paid college degree in the nation. States should continue to broaden participation in computer science by passing policies that make it a fundamental part of the K–12 education system. Today, only 40 percent of States require high schools to teach computer science.

I support the nine policies that many agree are necessary to make computer science fundamental to a State's K–12 education system. To name two: create a plan for K–12 computer science; and establish dedicated computer science positions in State and local education agencies.

Let's also remember that data is key. It is important that companies and organizations are collecting and disaggregating data, in addition to taking an intersectional approach, while creating tar-

geted solutions to make an impact that needs to be woven into policy. To address the intersectional barriers that so many experience, we cannot treat racial groups as monoliths.

But it is not enough to collect and disaggregate the data. We must also measure it. This measurement holds organizations accountable for the data they are collecting and reporting. In a corporation, it would not be acceptable for a business' year-over-year return on investment to never increase. So why is this acceptable for the organization's DNI growth, when there have been countless studies that have proven that diverse teams are more productive and overall contribute to a higher return on investment (ROI)? Corporations must be inclusive through both diverse hiring methods and programs that support retention, which will lead to equitable outcomes and greater retention.

An intentional intersectional approach is also necessary when creating policy. When programs and policies are informed and implemented for the least-represented, they also benefit the greater population because rising tides raise all ships.

We are at a critical inflection point. Meaningful solutions are impossible without collective action. Bold leadership from the public and private sectors must step up, acknowledge the policies and practices that are contributing to inequity, and lead the change that is long overdue. Technology empowers, innovates, and adapts. It is the responsibility of all of us to ensure that our policies and companies do the same.

Thank you for the opportunity to be here, and to speak to something that is near and dear to my heart.

[The prepared statement of Ms. Franklin-Davis can be found on page 164 of the appendix.]

Chairwoman BEATTY. Thank you so much, Ms. Franklin-Davis, for your testimony.

And thank you to all of the witnesses.

I now recognize myself for 5 minutes for questions.

Ms. Dickens and Ms. Raghu, since the onset of the COVID pandemic, a significant number of women have left the workforce. Many of you talked about that in your testimony. This is particularly true for working mothers, women, seniors, and also for Black women.

How does compensation inequity contribute to workforce attrition, and how will it impact the recruitment of these leaders back into the workforce?

And either one of you can start.

Ms. DICKENS. Thank you for the question, Chairwoman Beatty. It does impact recruitment. Right now, we are seeing a number of jobs open, but it is a hard time for us to be able to fulfill and to find the talent we need for those jobs. So right now, there is a lot of opportunity for people who have been out of the workforce, especially women, to enter the workforce in positions that are paying more than when they left because of demand. We are sitting in a period of demand right now.

We are also sitting in a period for HR professionals where there is a lot of thoughtfulness into how we are diversifying our workplaces and making sure we are creating cultures that are more inclusive, where people are now considering organizations where they

understand the culture is going to welcome them and they are going to succeed. I think we have an opportunity now with the thousands of HR professionals who are thinking differently of leading the culture and trying to create inclusive environments for more diverse employees and more opportunities.

Chairwoman BEATTY. Thank you. For purposes of time, I am going to ask for shorter answers.

We will go to you, Ms. Raghu.

Ms. RAGHU. Thank you. I agree with Ms. Dickens in that I think this moment is an incredible opportunity for organizations to rethink workplaces. We recognize now, thanks to the pandemic, that women, and especially women of color, are increasingly the primary breadwinners and caregivers, and if workplaces want to attract and retain them, they are going to have to adjust their workplace expectations to that reality.

The gender wage gap is one reason that many women went out of the labor force as families had to choose who could let go of their job in order to pick up the caregiving responsibilities when our infrastructure imploded.

Chairwoman BEATTY. Okay. Thank you.

Mr. Chamberlain, companies who ignore pay disparities in their workforce face increased reputational risk. How has pay discrimination been reflected in the anecdotal information reported by some of the former employees on Glassdoor's platform?

Mr. CHAMBERLAIN. We know from surveys of job seekers that employees pay a lot of attention to pay equity. It is one of the top factors they look at when choosing where to work. People say they will not work at places where there is either a real or a perceived inequity in pay, either by gender or race. So it definitely affects talent attraction, and there is abundant research showing that.

One of the powerful things pay transparency can do is it can ignite public pressure on companies to do good for themselves, like they realize it is actually in their own business interest to handle these issues before they become a recruiting problem, because it affects their competitiveness and ability to get the talent they need on board.

Chairwoman BEATTY. Thank you.

Ms. Franklin-Davis, we have noticed that women and people of color have made great strides in educational attainment, especially since the year 2000. Yet, their compensation inequities still persist, over, oftentimes, their male White counterparts with the exact same skills. Do you think that pay equity audits could be leveraged to address these disparities, or any other thing you would like to give us advice on?

Ms. FRANKLIN-DAVIS. Yes, I do think that audits can do a lot with regard to fixing the past. I also believe that pay scales should be transparent so someone going into an organization will be able to know where they should stand and not have to rely on their past pay or the history with regards to the opportunities they are applying for.

Chairwoman BEATTY. Thank you.

And I have 20 seconds left, so this is a yes-or-no round robin to each of you. Do you think we are on the right track with this hearing, yes or no?

Mr. CHAMBERLAIN. Yes.
Ms. DICKENS. Yes.
Ms. RAGHU. Yes.
Ms. FRANKLIN-DAVIS. Yes.
Chairwoman BEATTY. While that may have seemed like a light question, trust me, it will be invaluable to me as the Chair as we move forward to bring legislation around this.
Thank you.
And now, I have the distinct pleasure of yielding to my ranking member from the great State of Missouri, Ranking Member Wagner.
Mrs. WAGNER. Thank you. Thank you, Chairwoman Beatty.
And I will register a, "yes," too; how about that?
Chairwoman BEATTY. Thank you; so noted.
Mrs. WAGNER. Ms. Dickens, as the chairwoman stated at the beginning of her questioning, the pandemic and its lockdowns have resulted in millions of women leaving the workforce. Do you believe we will see a gap between men and women's job recovery post-pandemic? And how important is it to fully reopen our economy to ensure women continue to have economic opportunities?
Ms. DICKENS. Thank you for the question, Madam Ranking Member. Yes, there is going to be a gap in the short term. We will have to acknowledge that. This is then called the, "she-cession," as everyone alluded to today, that we have lost the greatest number of women in the workforce since around 1988. But I think we can address this quickly by getting more businesses to be open, and we are already seeing demand.
We also have to understand that we have so much talent out there available that we will have to compete for that talent while creating workplaces with better cultures that have more flexibility, and understand that in the short term, we may need that worker to work remotely, or we may think about providing child care onsite services, or elderly care. And we also may need to do some upscaling and rescaling because of the new demands that we are seeing in the marketplace.
Mrs. WAGNER. So, flexibility is going to be very important, it sounds like, in the workplace.
Ms. Dickens, in your testimony you mentioned SHRM's annual employee benefits survey of its 300,000-plus members. In this survey it showed that 34 percent of organizations offered paid maternity leave, and 30 percent offer paid paternity leave. In your experience, what sorts of factors impact the ability of an employer to offer paid parental leave?
Ms. DICKENS. Multiple factors, including the number of people you have who are able to work in the organization. We have a number of organizations that have a shortage of employees at the time. So, it is not always about the financial resources. It is, do we have the labor to continue to run the business as it runs today with more people out?
Mrs. WAGNER. And to that point, do you believe that the cost of losing and replacing an employee generally outweighs the cost of providing parental leave?
Ms. DICKENS. We always say that it costs to acquire a new staff person. So, it is important that we look at the culture, mission, and

value of an organization for them to make a decision about the value of that employee to the overall bottom line.

Mrs. WAGNER. Ms. Franklin-Davis, what efforts are companies proactively taking to increase the number of women and minorities earning degrees in STEM programs? And what more can we do to increase that number?

Ms. FRANKLIN-DAVIS. Companies are taking multiple approaches with regard to how they are investing through their philanthropic giving, as well as what they are looking at on the corporate side of their house. Through the lens of legal representation, we are focused more on an untapped pathway at the higher end, recommending that early exposure to STEM is key for K–12, but also right now, as the pipeline really is shrinking, making sure that we have as many women of color entering into the STEM fields, specifically computing fields, and graduating with Bachelor's degrees is our goal and mission.

Mrs. WAGNER. Well, while education is important, there must also be readily available employment, as well. Ms. Franklin-Davis, are there barriers in the current STEM industries which discourage females and minorities from entering the workforce, do you believe?

Ms. FRANKLIN-DAVIS. Yes.

Mrs. WAGNER. Please elaborate.

Ms. FRANKLIN-DAVIS. I only have 25 seconds, so I will talk through that the lack of representation is one of the major things. Also, the barrier with regards to equal access. So, exposure and opportunity. I could go on and on, but I will stop there.

Mrs. WAGNER. We are already out of time, and I would encourage you to submit your thoughts, please, any of you, in writing regarding that question for the record. I would appreciate it.

Madam Chairwoman, I yield back.

Chairwoman BEATTY. Thank you very much.

I now recognize the distinguished gentlelady from Massachusetts, Congresswoman Pressley.

Ms. PRESSLEY. Thank you to our distinguished and honorable Chair for convening this important hearing, and thank you to our esteemed witnesses.

Madam Chairwoman, we know that the minimum wage in America is not a living wage. Even before this pandemic, families were on the brink: $7.25 an hour simply wasn't enough to make ends meet. There has been much discussion about this recently in Congress, and I vehemently support ending the Jim Crow filibuster so we can pass a $15.00-an-hour minimum wage.

Today, I want to bring front and center the experiences, as has been elevated throughout this hearing, of women of color, but specifically women of color with disabilities. Not only do they face the pay gaps women of color experience, but layered on top of that are their experiences with disabilities. So, they face a jarring level of wage discrimination and compounded pay inequities.

Moreover, in the United States, it is considered legal to pay workers far less, with reports indicating those with disabilities were paid a sub-minimum wage, earning an average of $3.34 to $3.40 per hour of work. The Federal minimum wage is already unlivable and inhumane. One in four people who call this nation

home have a disability. It is absolutely unacceptable that we have sanctioned their financial marginalization.

While the disability community is not a monolith, I raise the subminimum wage to highlight just one archaic and ableist practice. As of October, more than 1,200 employers held or applied for 14(c) certificates, allowing them to pay workers with disabilities subminimum wages.

Ms. Raghu, allowing people with disabilities to be paid a subminimum wage is a failure of government and uplifts archaic and ableist judgments of productivity. How has Section 14(c) impacted people with disabilities, particularly Black women and other people of color with disabilities?

Ms. RAGHU. Thank you for the question, Congresswoman, but I will have to admit that I am not familiar with the details of that particular piece of legislation. What I will say is that I agree with you that the Federal minimum wage and different sub-minimum wages in our Federal law have a profound impact on women of color and people with disabilities, and that has perpetuated wage gaps for decades.

One of the issues that is affecting people with disabilities particularly during the pandemic is the ability to work and continue working while also receiving the care and assistance that they need, especially in their homes. So one thing I would say that we could do on a policy level is to ensure that people with disabilities are able to obtain pay equity and work for the minimum wage, like everyone else, but also to ensure that they have opportunities to receive the assistance and care they need in the context that makes sense for them and their families and their ability to work, and that will be part of a solution to them working towards their economic security.

Ms. PRESSLEY. Thank you.

I am a proud co-sponsor of HR 2373, the Raise the Wage Act, which would eliminate those Section 14(c) certificates once and for all. My colleagues who know me well, know that I am very passionate about data, because I do believe that that which gets measured gets done, and the lack of complete, non-biased, disaggregated data about disability employment and wage gaps really is standing in the way of progress. While the Bureau of Labor Statistics and the American Community Survey and Current Population Survey Census data provides disability employment data, this data is not disaggregated by race. So without a doubt, this disaggregated data would be valuable in our continued pursuit of worker justice.

Dr. Chamberlain, Glassdoor has served as a tool for job seekers and employers and collected key data on employment. Thank you for testifying today about your data on the gender and race pay gap. Dr. Chamberlain, what percentage of job postings on Glassdoor proactively include information about accessibility and accommodations for workers with disabilities?

Mr. CHAMBERLAIN. Most job postings follow the normal guidelines for ADA compliance in saying that they do not discriminate. However, the real information many job seekers need, including disabled job seekers, is information about compensation and benefits. And while benefits are often listed on job postings, pay is ex-

tremely rare. Only 10 percent of job postings ever list pay openly, and so we try to fill in the gaps by estimating it ourselves.

Ms. PRESSLEY. Okay. And you mentioned in your testimony that in this recently launched feature for your company, diversity, equity, and inclusion practices are part of that. How are the experiences of workers with disabilities weighted in your assessment?

Mr. CHAMBERLAIN. We finally have begun collecting information about employee disability, LGBTQ status, veteran status, and other features, and we are displaying all of the information on Glassdoor, all of the reviews, all of the salaries, by those characteristics. So, this lets people, on an intersectional basis, see exactly what they should be compensated for their particular situation, which is quite empowering. We have never had it before now.

Ms. PRESSLEY. Thank you.

Chairwoman BEATTY. Thank you so much.

And now, I recognize the distinguished gentleman from Oklahoma, Congressman Lucas, for 5 minutes of questions.

Mr. LUCAS. Thank you, Madam Chairwoman.

To meet our economic potential, I think we all agree that we need an inclusive and diverse workforce that draws on the full talent pool available in this country. In addition to my responsibilities on the Financial Services Committee, I also serve on the Science Committee, and we are working frantically there trying to address the shortage of STEM resources in the pipeline through the National Science Foundation and a variety of other efforts.

So I would ask this question to Ms. Franklin-Davis. Could you speak on how improving the diverse representation in the STEM fields will enable increased representation and higher incomes for women across-the-board? Because sometimes, you do things that have amazing consequences down the road.

Ms. FRANKLIN-DAVIS. Increasing representation in all of the STEM fields—the STEM fields, especially when it pertains to Bachelor's degrees, are the highest-paid degrees for undergrads, with engineering being first, computer science being second, and math and the other sciences being third. So increasing access for students, especially students of color, to those high-paying wage jobs will not have any negative consequences with regard to future output but will increase representation in all of those fields and impact communities in which those people live.

Mr. LUCAS. Absolutely. And it has become quite clear to us on the Science Committee that not just our economic prosperity but our very economic survival in this increasingly complex world will depend on that stream of STEM people prepared to take up the challenge.

Continuing with you, Ms. Franklin-Davis, in your testimony you outline nine policies that are very important to ensure that computer science is fundamental to a State's K–12 education system. Could you further discuss the importance of implementing a clear certification pathway for computer science teachers and unique approaches across different States? What is working out there? What should we be looking at, for example, so we can make this progress?

Ms. FRANKLIN-DAVIS. Yes, thank you for that question. Access and opportunity I alluded to, and that is not equal across the coun-

try. So preparing our teachers with the tools that they need to teach the students is absolutely critical. The exposure and just having students be able to have it not count against them, knowing that it is now core and not an elective and not optional, should be something that we focus on, just like we do for history or math basics.

As we are going to be looking forward to the future, as I made mention, technology transcends all industry. So having this fundamental and baseline in computer science is going to propel our nation's future in all areas of industry across-the-board.

Do you want me to go into what those nine were?

Mr. LUCAS. If you can touch on those in a few minutes, the things that you consider to be really important highlights in that group that we could consider and work with our folks back in our States.

Ms. FRANKLIN-DAVIS. Having a consistent State plan for kids, both making sure that access is equal for all students, and also being intentional. It is not enough just to have a program for computer science; we found out through programs that we fund and research, that you have to be specific with regard to women and girls, as well as underrepresented students. It is not enough to, "if you build it, they will come." If you build it, generally only the boys will come. So, how are we being specific with regard to girls and girls of color?

Defining what computer science means, and that rigorous standard that we want to set across-the-board, it should be equal across States as well as in urban and rural areas.

Making sure that proper funding is allocated so that we can make sure that our science teachers and professionals have the opportunity to continue to learn and support.

Being able to make sure that there is a clear certification pathway for our teachers, and creating an institution of higher education to offer computer science to pre-service teachers.

In addition to that, making sure that we establish computer science positions in State and local education agencies so that continues to maintain and manage the high level of visibility that it needs.

And then, when you go and look at the schools, requiring that all secondary schools offer computer science with appropriate implementation timelines, allowing those classes to satisfy core graduation requirements, as well as allowing them to satisfy the mission requirements for institutions of higher education.

Mr. LUCAS. Thank you very much.

And thank you, Madam Chairwoman.

Chairwoman BEATTY. Thank you so much, Congressman Lucas.

Now, I recognize the distinguished gentleman from Massachusetts, Congressman Lynch.

Mr. LYNCH. Thank you, Madam Chairwoman. I appreciate that. And I thank Ranking Member Wagner, as well. I really do appreciate you pulling this hearing together.

I want to thank the staff for their work, both the Minority and Majority staffs, for putting together this panel of excellent witnesses.

I am a firm believer that transparency itself can have a really profound and positive impact on the way people behave. If you know someone is looking over your shoulder and is going to review your decisions, I think that will help a lot.

I know that all of the witnesses have worked on this issue for some time. Dr. Chamberlain, I know you have done a lot of research with Glassdoor, and I know that Director Raghu with the National Women's Law Center has, as well. I wanted to ask you if there are examples that you have seen, even from another country, examples that we could use in putting a plan together to actually correct this situation. We all want to get there, but what we are lacking really is a plan that can be accomplished legislatively, as well as, as the Chair mentioned, reputational pressure on these companies to do the right thing. But are there examples out there that you have come across that might inform our decision-making?

Dr. Chamberlain?

Mr. CHAMBERLAIN. Thank you for the question, Congressman. Yes. Any long-term solution to the pay gap has to address transparency and compensation equity. But as I mentioned in my testimony, one of the other serious issues we have to deal with is occupational sorting, which is something some of the other panelists have talked about today, the fact that men and women tend to major in different majors in college, which puts them on different tracks in the labor market and they end up in different jobs.

The solution really has to address both of those things. I have not seen any one policy that specifically addresses all of them, but what I am trying to encourage today is what my research shows, that you have to address them together because they work in tandem.

I will say that we have looked internationally. We do see smaller gender pay gaps. Just to take one example, in some countries—for example, Singapore has a much lower pay gap than the United States, and so does France, and one of the reasons is they actively support gender-neutral parental leave. They offer incentives for companies to give flexible work arrangements. Those are some lessons we can learn. Thank you.

Mr. LYNCH. That is great, very helpful.

Director Raghu, is there anything you have seen that might help us deal with this problem here in the United States?

Ms. RAGHU. Thank you, Congressman. Yes. We can look to examples from what States and other countries have been doing in terms of implementing requirements for companies to conduct pay analyses, and then in some cases, also creating a sort of public disclosure requirement.

One example that I will highlight right now is the example of the U.K., which a few years ago instituted a requirement for large companies to collect and report compensation metrics—this is only gender—to a government agency. But what was new is that they also included a requirement for companies to take some of those ratios and post them on their websites so that they were available to the public.

What that led the companies to do is then to also submit a report on their website that attempted to give context to those numbers

and how they got there, and also to devise plans to address any gender wage gaps that were revealed.

And the other thing that I thought was important about those disclosure requirements is it wasn't just about the rate of pay. As has been said before, compensation has many different parts. So, it also required some reporting about the ratio of bonuses between men and women, male and female employees who received bonus pay; and also, importantly, looking at the distribution of men and women in four different salary bands to get a sense of, were women concentrated in lower-paying jobs and men in higher-paying jobs?

I think all of that information is critical to unpacking some of the problems and addressing gender and racial wage gaps.

Mr. LYNCH. That is great. Thank you.

Ms. Dickens, I know your organization as well has been doing a lot of the same work. Any recommendations that you might offer to us?

Ms. DICKENS. I am going to recommend that we focus more on our people managers. Today, your individual contributor, tomorrow, your manager. We need to train people in how to make sure they understand compensation, how to identify pay inequities, how to create professional development opportunities and stretch assignments for their employees. So I think focusing on people managers more readily would be important.

Mr. LYNCH. Thank you, Madam Chairwoman.

Chairwoman BEATTY. Thank you so much.

I now recognize the distinguished gentleman from the great State of Ohio, Congressman Gonzalez, for 5 minutes.

Mr. GONZALEZ OF OHIO. Thank you, Chairwoman Beatty. And thank you, Ranking Member Wagner, and our panel today.

This pandemic has highlighted many of the challenges that we are talking about, unquestionably. I always say that the pandemic has been very difficult on pretty much everyone, but it has been particularly difficult on women and minorities in my district and across the country. So I am grateful that we are having this hearing, and I want to start my questions with Ms. Franklin-Davis.

In 2019, as you may be aware, Google, in the course of their workforce study, found that they were actually underpaying men relative to women, and then they corrected it. It sounds like they do this every year—in years when women are getting more, they correct it, and when men are getting more, they correct it, and they normalize going forward as sort of a best practice. Do I have that right?

And second, if that is true, what can we learn? Because it sounds like they may be doing this better than most, in particular in the technology space. So, what should we learn? What takeaway should we take from that? Maybe you have a different take on the data, but that was something I was just reading. I will turn it over to you.

Ms. FRANKLIN-DAVIS. Thank you for the question, Congressman. Yes, it is becoming more common practice in the tech space for there to be that internal audit of how both men and women are being paid and to make that adjustment where necessary. It is also starting to be more of a common practice for the pay scales for the job ranges to be publicized, at least within the organization. So,

that should help employees know where they stand for their specific position.

Mr. GONZALEZ OF OHIO. It is sort of a transparency thing for the employees, and then an intentionality on the part of the company, is that the right way to think about it?

Ms. FRANKLIN-DAVIS. Yes.

Mr. GONZALEZ OF OHIO. Great. And in a prior life, I ran a small tech company, one that probably nobody here has ever heard of, but a very good one, with two female co-founders, and we had a lot of conversations about some of these issues specifically. And what they always said—they were women of color—was that there are cultural issues, there is the lack of intentionality, there is the awareness gap, and then there is just open discrimination, in particular when they are going out to pitch about getting funding for the company.

When you look at the tech industry, where do you think we have the biggest gap, and where should we be focused in terms of making technology a more inclusive environment?

Ms. FRANKLIN-DAVIS. There are a lot of places that we need to focus on, specific to the tech industry. Recruiting and retention should be two sides of the same coin, as mentioned earlier. It is not enough to just recruit diverse people, women and underrepresented parties, into the organization. You have the same number of people walking out what is called the back door. Focusing on how organizations can be inclusive and equitable, and that is in their recruiting, in their hiring, in how are they providing mentor sponsorships, special assignments, and being able to give those key programs that help, elevate those parties throughout their organization.

I already mentioned that it is expensive to hire people over and over again, so retaining the members that you have, the employees that you have, will help with that, as well as increase the company's culture and that feeling of belonging inside the organization.

Mr. GONZALEZ OF OHIO. Yes, thank you. That is very helpful. I share the concerns that many have voiced with respect to making it a more inclusive tech industry.

Ms. Franklin-Davis, I love the quote behind you: "She needed a hero, so that's what she became." I think that is awesome.

But, in any event, Dr. Chamberlain, for my final question, in your testimony you spoke at length about much of the data surrounding the pay gap for not only gender but how it relates to ethnicities. Were there any specific professions or industries that had larger gaps in representation than others, and what are those industries?

Mr. CHAMBERLAIN. Thank you for the question, Congressman. Yes. Our full study does show breakdowns by industry. We saw fairly large gaps in the retail industry, for example. Among jobs, we see some lower-paying roles such as chefs with very large pay gaps. So it varies a lot, and there is no one single explanation for what is behind the gaps. But we definitely do see huge differences among jobs and industries.

Mr. GONZALEZ OF OHIO. Great. I would love to follow up—my time is up—to hear more about that specifically. Thank you.

And I yield back.

Chairwoman BEATTY. I now recognize the distinguished gentlelady from Michigan, Congresswoman Tlaib.

Ms. TLAIB. Thank you so much, Chairwoman Beatty, for holding this hearing on such an urgent and important topic for so many women in my community.

I know research from the National Women's Law Center shows that while women make up just under half the workforce in the United States, they represent nearly two-thirds of the workforce in the 40 lowest-paying jobs. Most of them are working mothers and primary breadwinners of their families. Their work has gone unseen and undervalued for so long, and they have been hit the hardest during this pandemic.

So, Ms. Raghu, one of the things I want to know is what more can employers and policymakers like ourselves do to support women through the pandemic and ensure that existing compensation gaps for women of color specifically are not exacerbated by the effects of the pandemic?

Ms. RAGHU. Thank you for the question, Congresswoman. I think some of the policy solutions can meet some of the issues that have already been raised today. As you noted, women are overrepresented in minimum wage jobs and jobs that pay the tip minimum wage. One of the issues with these jobs is not only the low wage but the fact that these jobs generally don't provide the important kinds of support that allow women of color who are in these jobs to be both the breadwinner and the caregiver. By that, I mean that these jobs generally don't provide access to paid sick days, to paid family and medical leave. Many of these jobs, particularly now, must be performed in person and cannot be performed remotely. Workers in those jobs often find it difficult to have access to affordable child and family care. Those jobs often don't have stable schedules, which can wreak havoc with caregiving arrangements.

So, workers with caregiving responsibilities in these jobs are often placed in the very difficult position of choosing between caring for a loved one or going to work, and that is why you saw so many women, and particularly women of color, either cut back on their hours or leave the workforce altogether this year.

If we are going to think about things that employers can do, I think it is extremely helpful to not only think about people who are in professional settings or white-collar jobs but to center our policy responses on women and people of color and people with disabilities in these jobs that have the fewest supports and are paying the lowest wages. And, as someone else has said today, the rising tide is going to lift all boats, and that includes—

Ms. TLAIB. I agree. I have seen firsthand so many women with an education, for whom hard work alone has not been enough to climb above the poverty line. And I know a lot of that is directly related to the cost of raising a child in our country. It is among the highest in the world, and that is before you take into account the impact it has on women's wages and the gender pay gap. Some women take less demanding, less lucrative jobs just so they are able to raise their families. Others face explicit discrimination. I know that personally, I have, for being a mother in the workplace, receiving fewer responsibilities under the assumption that they will have babies and take time off. I was even asked in an interview

whether I planned to be pregnant, which is illegal. But even among all of that, we continue to see us not addressing the cost of having a family.

I want to open this up to all of the witnesses here. During the depths of last year's economic crisis, we found that women's participation in the workforce fell to levels not seen since the 1980s, and has rebounded lower than what we see among men. And even now, nearly 1.5 million mothers are still missing from the workplace.

So again, I want to open it up, what policy steps should Congress take to make sure women do not pay a price in the workplace for choosing to raise a family?

That is for anybody on the panel.

Ms. RAGHU. Congresswoman, thank you for the question. I will say that we talk a lot about workplace flexibility, and I think we have to get employers to think about a framework for allowing flexibility in the workplace, and Congress can help by putting together a framework without mandates, allowing for innovation so that it works within that particular industry, and that the owners and employers and employees can work together to meet the specific needs of that particular workplace.

Aframework that is different, that can be used across the country by all industries and not subject to different State laws, would be really helpful in trying to address this issue.

Ms. TLAIB. Thank you.

Before I yield back, what has been completely frustrating is the fact that we have to force companies to do these things, we have to force certain sectors to do these things. But that is why I appreciate being part of this important subcommittee.

Thank you, Madam Chairwoman.

Chairwoman BEATTY. Thank you very much.

I am trying to see if Congressman Timmons is on.

Mrs. WAGNER. Madam Chairwoman, I don't think—he was having some slight issues, and I don't believe he is on just yet. So why don't you go on to your next witness, and we will see if Mr. Timmons is able to make it. Thank you.

Chairwoman BEATTY. Okay, thank you.

I would now like to recognize the gentlelady from Pennsylvania, Congresswoman Dean, for 5 minutes.

Ms. DEAN. Thank you, Madam Chairwoman, and thank you for pulling together this important hearing with this set of terrific experts.

I appreciate the chance to identify the problem and also talk about solutions. This week, I had the chance to participate in a briefing alongside Ms. Dickens as we discussed the ways the pandemic has impacted women in the workforce. I am happy to continue that conversation and hear how we can create a more equitable future for women and people of color and those who have been disabled, because they are disproportionately impacted, especially this past year.

This week, maybe you all saw a report in the Washington Post announcing that 25 percent of women say they are fiscally worse off a year into this pandemic, compared with 18 percent of men. Most striking, 27 percent of non-White Americans say they are worse off, compared to 18 percent of White Americans.

We also know the past year has been particularly hard on mothers and is often used to explain the number of women leaving the workforce. But we know that is not the case across-the-board in this recession, or "she-cession," as some call it.

Ms. Dickens, at your briefing the other day you mentioned that women in the workplace are not a monolith and that we run into difficulties if we consider them so. It is not synonymous with motherhood or caregiving. What risks do we run when trying to explain the impact of the pandemic on women and the compensation gap through a singular lens instead of the many facets that contribute to pay disparity for women?

Ms. DICKENS. Congresswoman, thank you so much for the question. It was a great conversation. And thank you for acknowledging that we are not a monolith. We shared some data about mental health. There are women who are being triggered by this over-focus on just the motherhood aspect of women in the workplace. In addition, there are women who are sitting in workplaces as leaders who have been faced with trying to keep businesses afloat during this period, and who have been faced with caring for their parents and for their spouses during this period.

So, we want to look at issues that will impact the most people, not just people who also happen to have the important duty of being mothers, but women who are in the workplace dealing with other issues that men deal with and that, again, when we talk about rising tides float all boats, if we think of all the issues that we can address related to women, everyone has a story, everyone needs empathy. We need to make sure that this is a person-to-person issue and not just put us all in one group.

Again, I can just say that for HR professionals who have been so resilient, and on the frontlines of all the crises that have been happening over the last year, they are trying to make sure they are meeting the individual needs of their employees, and we should be thinking about this issue much bigger than just the issues related to those who are mothers, but also caregivers and supporters and leaders in the workplace. Thank you for the question.

Ms. DEAN. Thank you, Ms. Dickens.

Dr. Chamberlain, you report that more than 50 percent of the overall U.S. gender pay gap is explained by occupational sorting and that any long-term solution to the gender pay gap must address this issue. You mention that starting right after college, women and men with the same major will end up on different career tracks.

I would like to examine even before college, maybe culturally, maybe in your town, maybe some of the occupational sorting that happens unintentionally, perhaps early on in girls' and women's lives. Can you expand on this gender-based job sorting, occupational sorting, a little more?

Mr. CHAMBERLAIN. Yes. Thank you for the question, Congresswoman. As we have discussed here, what happens in the education system, particularly in colleges, has a big impact on the pay gap because men and women sort into different majors, and that puts them in different jobs.

But as you mentioned, many of these trends start long before. There is a gendered component to many jobs. Even within my own

family, boys and girls in my household ended up in different types of roles, with clear gender stamps on them, and we are not even totally sure why. So, this is an extremely difficult problem to solve within individual families.

The best thing you can do is you can ensure that when men and women show up in jobs, that they believe they will be treated fairly and they will not get the short end of the stick once they arrive. Solving compensation equity can also solve occupational sorting by creating a more fair tournament for men and women.

Ms. DEAN. Do you have any ideas on how we interrupt that behavior of occupational sorting earlier, before a person appears at the doorstep of an employer?

Where do the minutes go? I yield back. Thank you, Madam Chairwoman.

Chairwoman BEATTY. Thank you so much.

I now have the honor to recognize the distinguished gentlelady from Texas, Congresswoman Garcia, for 5 minutes.

Ms. GARCIA OF TEXAS. Thank you, Madam Chairwoman. And again, thank you for bringing this panel together and focusing on an issue that has been in the forefront of many of our minds since many of us have lived and breathed and fought it.

Pay equity is an issue that should take priority for all of us. Equal pay means equal access to building wealth for future generations.

The pay gap has been researched and proven, and I appreciate all of the documentation that our witnesses presented with their testimony, but it definitely does show that pay disparities are especially harmful to Black and Latina women.

This issue transcends party lines because it affects individuals across every industry and geography, in every region of our country. Unjustified pay gaps hurt women, LGBTQ+ and non-binary individuals, and everyone at all different levels of experience. As a result, it hurts the families they support and the children they provide for.

I want to start with you, Dr. Chamberlain. I know we have all talked about transparency and how that would have a positive impact in closing the pay gap. But it seems to me that we can do that, at least with some of these SEC filings. I know that has been a proposal. What other ways could we make things more transparent beyond people who can do the corporate filings? Because many of the essential workers—many Latinas and African-American women work. They may not have access to that, and their employers do not make those kinds of filings. So where else could we look at to make more companies more transparent?

Mr. CHAMBERLAIN. Thank you for the question, Congresswoman. This is very important. Transparency does play a critical role in closing the compensation gap, and for years information has been almost impossible to find for workers. Our business at Glassdoor is basically built on this idea that we can make transparency available on an app on people's phones by encouraging people to anonymously share what they earn and then allowing them to read what others earn.

I believe using crowdsourced information like that can powerfully correct the biases, and we do have some research showing that. We

have shown that people, when we give pay information to workers, later on, they report higher compensation. They have actually used that information to negotiate and close gaps for themselves. So this is in advance of any kind of legal argument or argument about pay inequity that can close it up-front with negotiation.

Ms. GARCIA OF TEXAS. Okay. Thank you.

Ms. Raghu, I have a question for you in terms of the research you have done at the Center. My frustration has always been that a lot of women in my district, which is 77 percent Latina, working-class people who have maybe an 8th grade education, the jobs they get are very different maybe than some of the jobs you have been talking about and that you all have been studying. You are talking about bonuses and commissions and stock options. These folks just want to get paid because they face wage theft, they face people not paying them or trying to pay them cash because they don't want to deal with paying for fees and taxes and things that they may owe the Federal or State Government.

What studies have you seen that have really looked at those, and again to try to make the inequities there more transparent? And what can we do to make sure that when we talk about pay equity and equal pay, that it is really about everybody, from the poor woman who is working at a nursing home to the owner of the nursing home?

Ms. RAGHU. Thank you, Congresswoman, and thank you for bringing up the issue that frequently pay equity conversations are not always centered on people in different types of jobs and people in the lowest-paying jobs and the circumstances that can make it difficult for them to uncover and go to their employer and ask about pay disparities.

I think there are a lot of different peripheral issues that play in, some of which we have already discussed here. There are cultural and historical assumptions that underlie what kind of work women should be doing, how it should be valued, what is appropriate, and particularly the work of women of color.

I think enforcement of our existing laws around wage theft or wage and hour laws is incredibly important, so making sure that our enforcement agencies are properly resourced to do that. There are also education campaigns for workers so that they know wage theft is wrong and that they are provided with the tools to contest that.

Ms. GARCIA OF TEXAS. Madam Chairwoman, we are out of time. Can we let her finish?

Chairwoman BEATTY. I will yield for her to finish that quickly.

Ms. GARCIA OF TEXAS. Thank you, ma'am.

Ms. RAGHU. And I am happy to follow up in writing for the record. What I will say quickly is in the Obama Administration, there was an effort to provide more paycheck transparency for workers in low-wage jobs who work for Federal contractors by letting them know what their wages were supposed to be by printing it in material that they received, so they would know if they were being subject to wage theft.

Ms. GARCIA OF TEXAS. Thank you.

Madam Chairwoman, I yield back.

Chairwoman BEATTY. Thank you very much, and thank you for that. Certainly, if you want to follow up with more data, we will get it to all of the Members.

Ms. GARCIA OF TEXAS. Thank you.

Chairwoman BEATTY. Ranking Member Wagner, is Congressman Timmons on? I got a note that he is with us.

Mrs. WAGNER. He made it. He is next. Thank you, Madam Chairwoman.

Chairwoman BEATTY. I am glad to see him on the screen. So, it is my honor to recognize the distinguished gentleman from South Carolina, Congressman Timmons.

Mr. TIMMONS. Thank you, Madam Chairwoman. I am very fortunate that I made it. My flight was delayed, and I literally just got home. So, I appreciate that I am getting the opportunity to be a part of this.

I just want to begin by saying I think it is helpful to just acknowledge the reality that we still have a lot of work to do in order to close the gender and race wealth gap. As of 2018, women's wages were 85 percent of men's. Men on average have 3 times the retirement savings that women do. Women make up 63 percent of minimum wage jobs but only 5 percent of Fortune 500 CEO jobs.

White families on average have 41 times the wealth of Black families, and 22 times the wealth of Latino families. And to make matters worse, family wealth for Latinos and Black people has been stagnant since the 1990s.

These are all facts that need to be addressed, and I am willing to work with my colleagues on both sides of the aisle to do so.

But I also think it is worth noting the two different visions that were on display just last night. We heard from President Biden—I was there in the House Chamber—that the way to solve all of our problems is to essentially throw money at them. In other words, no matter the problem, we can tax and spend our way out of it. I was not impressed or inspired by this approach.

Shortly thereafter, we heard from one of my Senators, someone who has experienced true poverty and climbed the economic success ladder and who, more than anyone I know, personifies the American Dream. I just want to share a few of the quotes he had from last night.

He said, "The beauty of the American Dream is that families get to define it for themselves. We should be expanding options and opportunities for all families, not throwing money at certain issues because my colleagues across the aisle think that they know best."

Two speeches, two ways forward: tax and spend; versus educational empowerment and economic opportunity.

Another thing he said was, "Education is the closest thing that we have to magic."

Again, it seems obvious to me which approach will work.

Unfortunately, COVID has only exacerbated these very problems. Minority workers and women have paid the price more than anyone for the needless and seemingly unending school closures and Draconian economic restrictions in certain States.

I have a question for Ms. Franklin-Davis. As many businesses shut down, women either left or lost their jobs at a rate 4 times as high as men either because they worked in customer-facing in-

dustries which closed due to COVID or because they needed to care for children and family members during quarantine. I expect this fact will only exacerbate the wage and wealth gap.

As we re-open our economy, how can we ensure that women who held high-skilled jobs are able to return to those jobs? And even for those who are not in high-skilled jobs, how can we ensure that they do not lag behind their peers upon re-entry?

Ms. FRANKLIN-DAVIS. Thank you for that question, Congressman. I think what we are seeing is key and top organizations are looking at ways that—they recognize the "she-cession" that we keep talking about and referring to and want to find a way to—want to reskill and upskill workers so that they can: one, have access to higher-paying jobs; and two, be able to have women specifically be able to re-enter.

That means that we need to think outside the box with regard to the gaps that may be in timelines of resumes. That means how do we look at the skills that people have and know that the specific description for the job that they are applying to, how the skills on their resume can translate or transcend into what the job is actually requiring and more than what it is asking for?

Mr. TIMMONS. Sure, I appreciate that. I just want to reiterate to my colleagues on both sides of the aisle that this is a problem that is only going to get worse with every passing day and week. Last night, I was at the joint address, and we were in a room where everyone who wanted a vaccine has been able to get one, and I would bet 80 to 90 percent of the room has received one, and yet we were forced to wear not only masks, but KN95 masks.

We have to get back open. I know that every American who wants a vaccine has had at least a week or two, and maybe we give them another week or two, but once everyone who wants a vaccine has gotten one, we have to get back to work. We can take precautions to protect those who are most vulnerable, the older and people who have health issues. But everyone else has to get back to work because these challenges that we have been talking about are only going to get worse the longer we stay closed.

And with that, Madam Chairwoman, I yield back. Thank you.

Chairwoman BEATTY. Thank you so much.

I now recognize the distinguished gentleman from Massachusetts, Congressman Auchincloss.

Mr. AUCHINCLOSS. Thank you, Madam Chairwoman. I appreciate this panel. It has been a good discussion.

I am the father of a 1-year-old, and we have another one on the way, due in August. My wife works long hours. So, this is an issue that is near and dear to me, and absolutely to my constituents as well in Massachusetts, and that is about paid family and medical leave and its effect on parents, and moms in particular.

For Ms. Franklin-Davis, and also Ms. Dickens, what would be the effect of incorporating what President Biden called for last night in his American Families Plan, for national paid family and medical leave, on the ability of working moms to close the gender wage gap?

Ms. FRANKLIN-DAVIS. I can start. The ability of a person, not just a woman, to be able to care not just for children but aging parents, do her job, do it well, and still live life is absolutely necessary. I

too have two amazing little people and have the ability to work, as well as be able to think of and look after the needs of my parents, and without that ability, I would not be able to sit here today comfortably and have this conversation with you, like so many others across the country.

Ms. DICKENS. Congressman, thank you for the question. As I mentioned earlier, we are in support of some Federal framework that allows for paid family leave. We think that flexibility is so important in the workplace. But as I mentioned earlier too, 60 percent of our members represent small and medium-sized businesses, and the needs of a very small business and their ability to cover the cost or to fill in, to have other people hired in their place, there are just different instances and issues that business owner has to think about, as opposed to a medium-sized or very large business.

So a framework to get us all started, and a Federal framework at that, will allow for innovation and for the business and employees who work for them to find the best solution for their immediate needs.

Mr. AUCHINCLOSS. And I think Federal support for paid family and medical leave is appropriate for exactly that reason. It is not just businesses that benefit. It is not just the individual parents who benefit from that flexibility. It is society at large that is having our kids raised in healthier environments, and it is giving moms and dads the opportunity early on to care for their new family members.

This is an issue that increasingly, the business community is rallying behind. In my home State of Massachusetts, the Massachusetts Business Coalition for Early Childhood Education has formed because they recognize the importance of early education and child care for their own workforce.

What are some policies that businesses should prioritize to ensure pay equity among their workforce, in addition to early education for 3- and 4-year-olds?

Ms. Dickens, that is for you again.

Ms. DICKENS. Okay. I'm sorry.

Mr. AUCHINCLOSS. My apologies.

Ms. DICKENS. No, that is okay. Can you repeat that? I'm sorry. I was trying to write it down while you were speaking.

Mr. AUCHINCLOSS. In addition to advocating for early education, which is a major consideration for businesses in my home State of Massachusetts, what are some other policies that they could prioritize which would ensure pay equity amongst their workforce? In the business community, not in the government.

Ms. DICKENS. Reskilling and upskilling is something that we are laser focused on right now. We all know that the world and the demands and the needs of the market can change in a blink. We saw this happen last March. We need businesses and the government to focus on ways to quickly get people educated on what is new and what skills and talents they need there. There are businesses that provide professional development and on-site training, but we need a bigger focus on getting people to think earlier about how they can upskill. If you are in a place and you are able to get additional skills that can get you to another level to be compensated at that

level, I think that can address the issue. So, a laser focus now on reskilling and upskilling would be so crucial.

Mr. AUCHINCLOSS. I agree with you. Again, in Massachusetts, a great example of this is in clear impact funds, and increasingly, we are seeing non-profit entities upskill and reskill blue-collar and white-collar professions, and doing so with both State support and business support, and I hope to see those synergies accelerate over the next 10 years because it is an investment that has started to really work here in the Commonwealth.

Madam Chairwoman, I yield back.

Chairwoman BEATTY. Thank you so much.

I would like to thank all of our witnesses for their testimony today.

Without objection, I would like to enter statements into the record from the National Asian Pacific American Women's Forum, UnidosUS, and Public Citizen.

The Chair notes that some Members may have additional questions for this panel, which they may wish to submit in writing. Without objection, the hearing record will remain open for 5 legislative days for Members to submit written questions to these witnesses and to place their responses in the record. Also, without objection, Members will have 5 legislative days to submit extraneous materials to the Chair for inclusion in the record.

The hearing is now adjourned. And thank you.

[Whereupon, at 1:34 p.m., the hearing was adjourned.]

A P P E N D I X

April 29, 2021

Written Testimony of

Dr. Andrew Chamberlain
Chief Economist and Director of Research
Glassdoor, Inc.

U.S. House Committee on Financial Services

Subcommittee on Diversity and Inclusion

"Closing the Racial and Gender Wealth Gap Through Compensation Equity"

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Dr. Andrew Chamberlain, Chief Economist and Director of Research, Glassdoor

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Introduction
Chairwoman Beatty, Ranking Member Wagner, and members of the Subcommittee, thank you for inviting me to testify this afternoon.

Glassdoor is a technology platform that aims to help people everywhere find a job and company they love. Since our founding in 2007, we have grown into the worldwide leader on workplace transparency and insights, serving as an online platform that allows millions of employees around the world to freely and anonymously review their employer, share information about their salary and benefits, learn about pay and working conditions, and more by reading the shared stories of other anonymous employees like them. Our business is built on the idea that transparency in the hiring market helps both employees and employers. We believe workplace transparency leads to better hires, better employee retention, and a more engaged, equitable, and productive workforce.

As the Chief Economist and Director of Research at Glassdoor, I lead our company's not-for-profit think tank. I am a Ph.D. labor economist by training, and my team's function is to conduct academic research at Glassdoor using a large database of user-submitted salaries, company reviews, benefit reviews, interview reviews, job postings and more that our platform collects as one of the world's largest hiring platforms. Today, Glassdoor reaches an audience more than 60 million unique visitors per month, with nearly 90 million employer reviews, salaries, and workplace insights covering over 1.5 million employers. All of our research is conducted independently from our business, and we do not engage in any paid external consulting work or accept employer funding for any of the research I'll share today as part of my testimony.[1]

Glassdoor operates a large online hiring market where a significant share of America's employment relationships begin. Our product, and the anonymously shared employee information on our platform, are where the rubber meets the road when it comes to hiring, pay negotiation, and employee sentiment in today's workforce. Our detailed salary and employer reviews data provide us with a unique and near-real-time vantage point on job seeker and employer behavior and overall trends in the nation's workforce — including

[1] More information about Glassdoor's Economic Research group is available at www.glassdoor.com/research.

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trends in compensation equity, diversity and inclusion (D&I), benefit availability, and more spanning a wide range of U.S. employers in more than 25 industries and 700 metro areas.[2]

Today's hearing on closing the nation's gender and racial wealth gaps with pay equity is particularly timely. As we rebuild the nation's workforce in the wake of the COVID-19 recession, we face a historically unique opportunity to put learnings to work from decades of research that addresses longstanding issues of pay inequity in America.

Over the years, my team at Glassdoor has published a robust body of research and public opinion data on the state of gender pay equity and D&I in the workforce, and our business has built a variety of technology tools that help shine the light of transparency on the nation's job market with the aim of helping employers and job seekers address the root causes of pay inequity at scale. From that work, we have learned a tremendous amount about the nuanced causes of gender and racial inequities in the workplace, and we believe this research points the way toward a set of real-world solutions that can significantly improve pay equity in America as we rebuild our economy in the post-COVID-19 era.

In my testimony today, I will outline a handful of Glassdoor's most impactful research findings on the current state of gender and racial inequities in the U.S. workforce, share what we've learned about causes of those inequities, and offer some possible directions that our research suggests can have the biggest bang-for-the-buck in terms of making real progress toward more equitable pay by gender and race in America.

How to Think About Compensation Equity

When thinking about pay equity in America's workforce, it's helpful to begin with a thought experiment. Imagine looking across a large and diverse gathering of kindergarten-age kids from all across America — all with a wide array of future possibilities laid out before them. No reasonable person would ever look across the faces of those children and say, "You will earn 86 cents on the dollar compared to your friend, because you are a Hispanic child." Or similarly, "You will earn just 71 percent of what your friend will earn, because you are a Black or African American girl."

Such predictions about a group of children would be outrageously unfair. And yet something in fact happens in America during the time between kindergarten classrooms and entering the adult U.S. workforce that generates these types of dramatic, surprising, and morally troubling patterns of compensation inequity. These patterns of racial and gender inequity have been clear in every type of workforce data I have seen in my career as an economist, including federal government labor force surveys, actual company payroll data, and user data from Glassdoor's own hiring marketplace — some of which I will share with you below. My view is that it is America's moral imperative to help identify causes of these inequities, and work to eliminate them — both through private sector and public sector action.

[2] I use the terms "pay" and "compensation" interchangeably throughout my remarks — both refer to monetary compensation of employees. More information about Glassdoor's business is available at https://www.glassdoor.com/about-us/.

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Some of what happens to American workers during the time between kindergarten and entering the adult workforce is due to sheer luck. Some of what happens is surely due to effort and personal choices. However, the patterns we see in the data suggest far too much of what happens is due to things we can and should correct as a society: All types of discrimination; outdated social norms that erect barriers to full participation in the economy; and other factors that lead children into different and unequal paths in school, in life, and ultimately in the workforce.

These factors include educational inequalities; inequalities in family income and status; gender and racial biases in hiring, promotion and pay; insufficient child and elder care institutions that adversely impact the gender balance in labor force participation, and of course, cases of outright discrimination that still occur in the American workforce today.

To help shed light on the state of workforce gender and racial pay equity, and what data from Glassdoor suggest we can do to improve it, I'd like to share with you some of our research findings on this subject.

Some Facts on Gender and Race Pay Equity Today

As a researcher at Glassdoor, I have published several major studies looking at gender pay equity in our online salary data, both in the United States and around the world.[3] All of this research is based on the millions of salaries that job seekers have anonymously shared through online surveys on Glassdoor that users have completed while using our platform to search for jobs or research pay and company culture. The accuracy and reliability of these data have been shown though more than 80 academic collaborations, in which independent researchers from the nation's leading universities, the Federal Reserve, and think tanks have published peer-reviewed scientific articles on pay and company culture using salary and company reviews data collected by Glassdoor.

For context, it's important to keep in mind that as recently as the early 1960s, the U.S. labor market was sharply divided by gender. Only 37 percent of women worked outside the home.[4] Newspapers routinely advertised jobs for men and women separately, often with separate pay scales. Women as a group at that time earned on average about 59 cents per dollar earned by men—giving rise to the famous equal-pay slogan "59 cents out of every dollar."[5]

After Congress passed the Equal Pay Act in 1963 aimed at eliminating overt gender discrimination in hiring and pay, female labor force participation rate rose steadily in the 1960s and 1970s, as did female enrollment in college and graduate programs. By 1990,

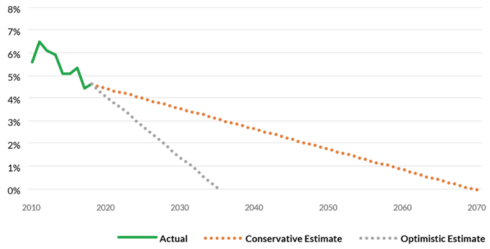
[3] All of our research on gender pay gaps shared in this testimony is based on information shared by Glassdoor users who have self-identified as either male or female.
[4] Source: https://fred.stlouisfed.org/series/LNS11300002.
[5] "American Women: Three Decades of Change," Hearing before the Joint Economic Committee, U.S. Congress, November 9, 1983. Available online at https://www.jec.senate.gov/reports/98th%20Congress/Ameircan%20Women%20-%20Three%20Decades%20of%20Change%20(1257).pdf.

women as a group earned on average about 72 cents per dollar when compared to men. And by 2005 that figure had risen to about 77 cents per dollar. However, U.S. progress toward gender pay equality has stagnated in recent years, hovering between 75-80 cents per dollar on average, where it has remained for more than a decade.

How Big is America's Gender Pay Gap?
Our most recent study in 2019 examined the latest U.S. gender pay gap based on detailed salaries from more than 425,000 full-time U.S. employees.[6] Overall, we found that male employees as a group earn 21.4 percent higher base pay than women on average (or women earn 79 cents per dollar men earn). When we compared male and female workers of similar age, education and experience, that pay gap shrank to 19.1 percent. Even when we compared workers within the same job title, same employer, same location, with similar ages and experience, the U.S. gender pay gap still hovered around 4.9 percent (or 95.1 cents per dollar) — a statistically significant gap that cannot be explained by our data, despite having much more detailed information about job titles and specific employers in Glassdoor's surveys compared to publicly available data from the U.S. Bureau of Labor Statistics. To put that figure in perspective, a 4.9 percent adjusted pay gap means that at today's real median earnings for full-time working women of $47,299, that is equivalent to a pay loss of $2,318 per year or more than $69,530 over a 30-year career — despite working in similar jobs and employers, in similar locations, with similar education.[7]

Depending on different scenarios about the pace of progress toward gender pay equality, we project the "adjusted" U.S. gender pay gap is not likely to close entirely until 2035 in the best-case scenario, or until 2070 in the worst-case scenario.

Time to Close the U.S. Gender Pay Gap



Source: Glassdoor Economic Research (Glassdoor.com/research).

[6] Andrew Chamberlain, Daniel Zhao and Amanda Stansell (March 2019). "Progress on the Gender Pay Gap: 2019," Glassdoor Economic Research working paper. Available online at https://www.glassdoor.com/research/gender-pay-gap-2019/.
[7] Based on median female compensation figures in "Income and Poverty in the United States: 2019," U.S. Census Bureau, September 2020. Available online at: https://www.census.gov/library/publications/2020/demo/p60-270.html.

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A Note on How to Interpret "Adjusted" Pay Gaps
This research highlights an important issue in how we measure and talk about gender and other pay gaps. What researchers call the raw or "unadjusted" gender pay gap is simply the average or median pay for women as a group, compared to men as a group. This is broadest measure of all of the combined social, economic and individual forces that lead to different pay for men and women in the workforce. While this measure is useful for assessing overall gender parity in the economic position of men and women, it does not shed much light on which factors are more or less important causes of gaps in pay. To fill that need, researchers calculate an "adjusted" gender pay gap, which statistically controls for all observable characteristics of male and female workers — such as what job they work in, in which industry, their geographic location, level of education and experience, and more.

"Adjusted" pay gaps are important because they help us understand how best to tackle the issue of closing the U.S. gender pay gap. They use data to objectively show which causes matter most: Education and experience, geographic location, employer discrimination, differences in male and female occupation, and so on. It's important to keep in mind that a finding of zero statistically adjusted pay gap does not imply that there is no gender inequality in the workforce — it just tells us that men and women who end up in the same jobs with the same backgrounds earn similar pay; it does not tell us whether there is bias in hiring, for example, that could lead to women being over-represented in lower-paying occupations to begin with.

A common misperception about "adjusted" gender pay gaps is that they show how much of pay gaps are due to free individual choices of men and women, compared to how much is due to employer discrimination. This is not the case: When we calculate "adjusted" pay gaps, not all statistical controls we apply represent purely voluntary choices by workers. For example, education is influenced by socioeconomic background, work experience is determined partly by balancing career and family, and the choice of job title and industry is heavily influenced by social and gender norms that discourage men and women from choosing freely between professions. Just because we can statistically control for differences between workers does not mean those differences are due to free choices by workers.

As a labor economist, my view is that policymakers' long-term goal should be to minimize the U.S. overall or "unadjusted" pay gap. It is the broadest possible measure of equality of economic access by gender to earning potential in the workforce. And we should use studies of the "adjusted" pay gap as a tool to help identify practical, short-term strategies that address causes of pay inequality between men and women, in order of economic importance, one factor at a time.

What Causes the Gender Pay Gap?
Our data at Glassdoor help us identify the most important causes of gender pay gaps today. We have consistently found in multiple studies that the main cause is the fact that men and women work in substantially different occupations in the economy. This is

something economists call "occupational sorting." For example, recent U.S. Census Bureau figures show that women make up about one-fourth of chief executives in the workforce, but account for more than 70 percent of retail cashiers.

We found this type of job sorting explains about 56.5 percent of the overall U.S. gender pay gap, the largest factor in our research by far. About 36 percent of the pay gap cannot be explained at all by the data — due to some combination of bias in how the job market rewards men and women, or other unobservable characteristics of workers we can see in the data. By comparison, differences between the education and experience of men and women can only explain about 7.9 percent of the pay gap.

This is an important finding for any discussion of long-term solutions to address America's gender pay gap. The majority of today's U.S. gender pay gap is due to a collection of forces that push men and women onto different career tracks in the economy — often beginning many years earlier in the nation's educational system. This is not a new idea: Even philosopher Adam Smith recognized in his 1776 treatise *An Inquiry into the Nature and Causes of the Wealth of Nations* that occupational sorting was the main reason individuals that appear similar as children end up in vastly different economic positions in adulthood.[8] Any long-term solution to the gender pay gap must address this issue. However, our research shows it is not the only factor: Differences in male and female experience and education matter, as do other factors, such as biases in hiring, compensation and promotion.

A few other striking findings from our 2019 study: The gender pay gap tends to grow, not shrink, as workers progress in their careers; it is largest in the Media, Construction, and Retail industries, with the gender pay gap in the Financial Services industry slightly above the U.S. average (5.6 percent adjusted pay gap in Financial Services, compared to 4.9 percent for all sectors); and it varies substantially in different countries around the world. On an overall basis, in our analysis of eight developed countries, the smallest gaps in male compared to female pay were found in France and Singapore, while the largest unadjusted gaps were found in Germany and the United States. The figure below provides country-by-country details from our research.

[8] "The difference between the most dissimilar characters, between a philosopher and a common street porter, for example, seems to arise not so much from nature, as from habit, custom, and education. When they came in to the world, and for the first six or eight years of their existence, they were, perhaps, very much alike, and neither their parents nor play-fellows could perceive any remarkable difference. About that age, or soon after, they come to be employed in very different occupations. The difference of talents comes then to be taken notice of, and widens by degrees, till at last the vanity of the philosopher is willing to acknowledge scarce any resemblance." Adam Smith, Book **I**, Chapter **II**, *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776).

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The Gender Pay Gap By Country

	"UNADJUSTED" BASE GENDER PAY GAP		"ADJUSTED" BASE GENDER PAY GAP	
	Average Cents/Pence Earned by Women Per Dollar/Pound/Euro of Male Earnings	Percentage Male Pay Advantage	Average Cents/Pence Earned by Women Per Dollar/Pound/Euro of Male Earnings	Percentage Male Pay Advantage
Australia	0.85	15.1%	0.97	3.1%
France	0.88	11.6%	0.96	3.7%
Canada	0.84	16.1%	0.96	4.0%
United States	0.79	21.4%	0.95	4.9%
United Kingdom	0.82	17.9%	0.95	5.0%
Singapore	0.87	12.8%	0.95	5.2%
Germany	0.78	22.3%	0.94	6.4%
Netherlands	0.81	18.9%	0.93	6.6%

Source: Glassdoor Economic Research (Glassdoor.com/research).

How Race and Gender Pay Gaps Interact

A well-known fact about the U.S. labor market is that there are significant pay gaps among racial and ethnic groups as well as gender, and that gender pay gaps are substantially larger among some race and ethnicity groups. We also see this pattern in the salaries anonymously reported on Glassdoor.

The figure below shows how the "unadjusted" or overall pay gap between men and women varies by different racial and ethnic groups in today's labor market. When we compare the median base pay of different groups of workers to that of self-identified white male employees (as a baseline for comparison), we see that indigenous American or Alaska Native women earn just $0.69 on average compared to $1 earned by white males; similarly, Black or African American women earn just $0.71 per dollar. These patterns are broadly consistent with what researchers have found in U.S. Census Bureau figures as well. As a researcher, I find it remarkable how persistent these pay gaps by race and gender are, regardless of whether the data are from government surveys or private sector hiring platforms like Glassdoor. These gaps are real, and they demand our attention.

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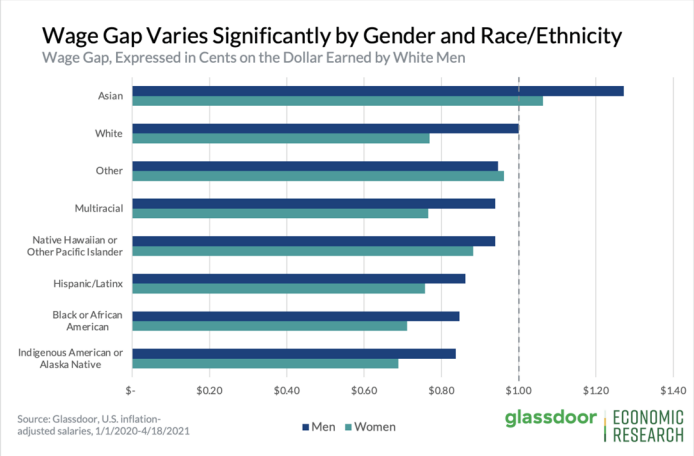
U.S. Pay Gaps in Anonymous Employee Salaries Reported on Glassdoor Vary Widely by Race and Gender



Note: Median base pay based on anonymously reported U.S. Glassdoor salaries. Includes full-time employees only, adjusted annually for inflation, for salaries submitted from 1/1/2020 through 4/18/2021. Extreme outlier salaries below the federal minimum wage ($7.25/hour annualized) as well as above $5 million per year are omitted.
Source: Glassdoor Economic Research (glassdoor.com/research)

The Role of Higher Education in Creating Pay Gaps
Another factor that's important to understand is that the forces that create and sustain a U.S. gender pay gap begin long before Americans enter the labor force. Understanding this is key to identifying and repairing the foundational causes of America's pay equity problems. And it suggests that policy that is narrowly targeted only at current compensation practices will not be a sufficiently comprehensive approach to closing gender pay gaps.

In a 2017 study, we looked tens of thousands of real-world resumes from job seekers on Glassdoor and closely examined the connection between their college major, gender, and subsequent jobs and compensation in the early years of their careers.[9] The results were striking. The choice of a college major is a primary way by which young workers get

[9] Andrew Chamberlain and Jyotsna Jayaraman, "The Pipeline Problem: How College Majors Contribute to the Gender Pay Gap," Glassdoor Economic Research working paper, April 2017. Available online at: https://www.glassdoor.com/research/pipeline-problem-college-majors-gender-pay-gap/.

channeled into different occupational paths in the job market. And we found that college majors are sharply divided by gender, essentially laying the groundwork for an unadjusted gender pay gap to arise following graduation.

In particular, we found many college majors that lead to today's high-paying roles in tech and engineering are male-dominated. These include Physics (81 percent male), Computer Science and Engineering (74 percent male), and Electrical Engineering (74 percent male). By contrast, majors that commonly lead to lower-paying roles, typically in the social sciences and liberal arts, tended to be more female-dominated, including Social Work (85 percent female), Anthropology (80 percent female) and Human Resources (80 percent female). Overall, we found that nine of the 10 highest paying college majors examined are male-dominated, while 6 of the 10 lowest-paying college majors are female-dominated.

Even When Graduating with the Same College Major, We Still See An Early-Career Gender Pay Gap in Many Fields

	MEDIAN BASE PAY (ALL JOBS IN FIRST 5 YEARS)		
Major	**Male**	**Female**	**Gender Pay Gap %**
Healthcare Administration	$51,250	$40,000	22.0%
Mathematics	$60,000	$49,182	18.0%
Biology	$46,000	$40,000	13.0%
Human Resources	$50,000	$44,222	11.6%
Health Sciences	$45,000	$40,000	11.1%
Biomedical Engineering	$60,000	$53,450	10.9%
Industrial Engineering	$65,000	$58,000	10.8%
Business	$50,000	$45,000	10.0%
Marketing	$50,000	$45,000	10.0%
Exercise Science	$44,232	$40,000	9.6%
Statistics	$60,000	$54,469	9.2%
Physics	$55,714	$50,800	8.8%
Political Science	$47,103	$43,000	8.7%
Management Information Systems	$65,000	$60,000	7.7%
Biochemistry	$48,000	$44,500	7.3%

Source: Glassdoor Economic Research (www.glassdoor.com/research).

Even more unsettling, our data show that even within the *same* college major, men and women routinely end up on different career tracks early in their careers, resulting in gender pay gaps that may follow them for a lifetime. To offer one illustrative example, consider the case of Mathematics majors. Our study shows that for male Mathematics

majors, one of the most common jobs after college was data scientist — a highly paid role. By contrast, female Mathematics majors were far more likely to end up in lower-paying data analyst and business analyst roles. On average, we found these differences resulted in an 18 percent unadjusted pay gap for men and women from Mathematics majors during the first five years after graduation. This study illustrates that, to be truly effective, any long-term solution to America's gender pay gap must address gender sorting into college majors as well as occupational sorting once workers join the labor force — in addition to addressing current compensation practices.

Pay Is Not the Only Inequality in the U.S. Workplace

While the subject of this hearing is gender and racial pay equity, our research findings also demonstrate that pay is not the only dimension on which inequities in today's workforce are being experienced. Even within the same workplaces, employees from different backgrounds routinely report significantly different views of how equitably (or not) employers are acting toward underrepresented groups. These cultural workplace inequalities (or varying perceptions thereof) can make it harder to resolve pay inequalities, and are also likely *caused* in part by the racial and ethnic group pay inequalities that we see in our data, for the simple reason that research shows employee pay and workplace satisfaction are closely linked.[10]

In a new study released this week, we find strong statistical evidence that workers from different racial and ethnic groups disagree about the current state of workplace D&I inside American companies.[11] Overall, Black or African American workers report an average D&I rating of 3.49 on a 1-to-5 scale, well below the average of 3.73 across all workers. Even after accounting for differences in employees' occupations, industries, company sizes, genders, lengths of time on the job and more, we found that Black or African American employees still rate workplace D&I nearly 8 percent lower than their white colleagues — a large and highly statistically significant gap. And despite increasingly widespread corporate investment in diversity, inclusion and equity in recent years, this pattern of markedly lower D&I opinions among Black or African American workers has actually worsened since 2019.

[10] See for example Mario Nuñez, "Does Money Buy Happiness? The Link Between Salary and Employee Satisfaction," Glassdoor Economic Research report, June 2015. Available online at: www.glassdoor.com/research/does-money-buy-happiness-the-link-between-salary-and-employee-satisfaction/.

[11] Andrew Chamberlain, Amanda Stansell, and Daniel Zhao, "America's Workplace Diversity Crisis: Measuring Gaps in Diversity & Inclusion Satisfaction by Employee Race and Ethnicity," Glassdoor Economic Research working paper, April 2021. Available online at www.glassdoor.com/research/.

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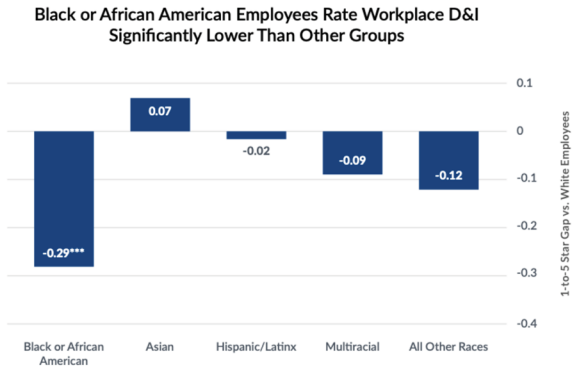

*Source: Glassdoor Economic Research (www.glassdoor.com/research) Note: Statistically adjusted D&I ratings gap, relative to white employees. Includes controls for occupation, industry, company size, length of employment, full-time/ part-time status, gender, metro location and year. *** denotes statistically significant at the 1 percent level.*

This divergence in D&I opinion within America's workplaces is highly problematic for efforts to resolve workforce inequalities of all kinds. First, the data vividly highlights a systematic shortfall in the workplace experience for Black or African American employees. Second, it suggests that any attempt to address racial and ethnic pay equity in America must also address workplace diversity and inclusion in tandem — they are two sides of the economic coin in workplaces. Both of these dynamics must be addressed concurrently in order to create sustainable paths for every American to reach their full potential in today's economy.

Why Pay Transparency Can Help

Glassdoor was founded on the idea that people in the job market should be able to freely and anonymously share their pay information, and that doing so would empower both job seekers and employers by giving both better results in the job market — more pay equity, better job matches, enhanced employee retention, and improved workforce morale.

One pathway toward better pay equity both by gender and race and ethnicity is improved pay transparency: Employers and employees making pay data more transparent, while also being conscious of the need to protect employee privacy. Employers can take initiative within their own internal pay processes to study compensation data to ensure no gaps by race, gender, or other protected categories exist, or open up, whether intentionally or not. To help encourage more employers to do so, in 2017 we published a free tool kit and guide for employers designed to teach HR practitioners — in non-technical, plain English — how

to study their payroll data just like an academic labor economist.[12] The guide is freely available today, includes example computer code and data, and has been widely used by employers who have reached out to Glassdoor for help in measuring and addressing their own gender and other pay gaps.

We believe that if every large U.S. company were to choose to disclose their own gender and race pay information, and use the approach we have recommended to analyze those data for gaps, we could transform the American workforce at scale by creating business practices that build pay equity into corporate America's DNA. The roughly 151-million-person employed U.S. workforce is the sum of payrolls for individual employers. Building pay equity analyses into the compensation practices of employers, one by one, could go a long way toward a solution to gender and racial pay gaps in America.

Since 2016, Glassdoor itself has been taking its own recommended "medicine", conducting our own gender and race pay equity audits in order to drive and ensure internal pay transparency and equity. We have made the results and methodology publicly available.[13] In addition, we externally publish pay bands for every role in our company, as well as the specific salaries of all members of our corporate C-suite.[14] And we encourage our thousands of employer clients who use Glassdoor as a hiring platform to do the same. We believe that if every U.S. employer followed this practice, we could remove a significant barrier to achieving gender and racial pay equity by shining the light of transparency on compensation gaps and building it into the business processes of thousands of U.S. employers.

Transparency Today Can Help Solve Occupational Sorting Tomorrow
Greater pay transparency is a short-term solution that can help today's employers close pay gaps within today's workforce. However, it can also deliver long-term benefits by chiseling away at occupational sorting, thereby steadily eroding one of the most important drivers of the gender pay gap. Making a public commitment to fair pay and greater pay transparency can help to encourage women and members of underrepresented groups in the labor market to aim for more highly paid fields. A perception can be fostered that pay will be fair for them when they arrive. Indeed, a question facing many women and underrepresented workers is, "Why fight to become an accomplished, capable employee or professional if you will just get shortchanged once you arrive?" One compelling response is that enhanced pay transparency today can help deliver on the long-term promise of pay fairness tomorrow, resulting in labor supply benefits for years into the future.

[12] Andrew Chamberlain, "How to Analyze Your Gender Pay Gap: An Employer's Guide," Glassdoor Economic Research report, March 2019 (updated). Available online at https://www.glassdoor.com/research/how-to-analyze-gender-pay-gap-employers-guide/.
[13] Amanda Stansell and Andrew Chamberlain, "Glassdoor's Annual Pay Checkup for 2020," Glassdoor Economic Research report, July 2020. Available online at: https://www.glassdoor.com/research/glassdoor-pay-checkup-2020/.
[14] See for example: https://www.glassdoor.com/blog/glassdoor-salary-ranges/.

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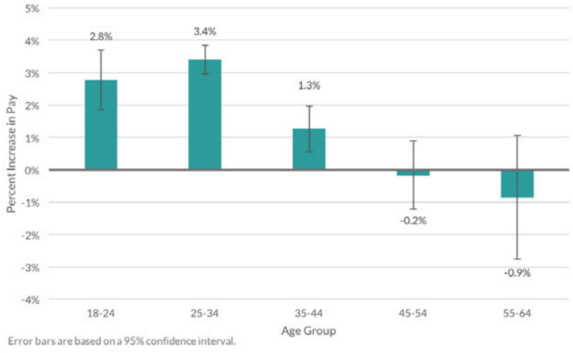
The evidence is clear that pay transparency can have a big impact on pay equity. The most compelling piece of research we have on this comes from a 2020 study we published that examined the impact of transparent salary information on wages of employees.[15] We examined a large group of job seekers on Glassdoor who were given estimates of their market value as an employee through our "Know Your Worth" online salary calculator tool, and compared them to a similar group of employees who did not receive that information. The study found employees who were given salary information reported a subsequent statistically significant pay bump of 2.4 percent, the equivalent of being given a $1,305 annual raise. Moreover, the biggest effects were reported by younger workers between the ages of 25 and 34 years old.

America's Younger Workers Stand to Gain Most When Given Transparent Salary Information
(Percentage impact on pay from being given a personalized market salary estimate on Glassdoor)



Source: Glassdoor Economic Research (www.glassdoor.com/research)

As an economist, this research makes me very optimistic about the prospects for closing America's gender and race pay gaps in part through better compensation transparency. It is critical to remember that boosting the earnings of employees at the bottom of the nation's pay scale through better pay transparency does not require pulling down pay at the top — wages are not drawn from a fixed pie in the economy. To the contrary, improved pay equity can be a pro-growth policy that helps make the nation's economy produce more efficiently by better aligning employee productivity with rewards. More transparent pay and workplace information can help boost employee productivity by promoting better job

[15] Daniel Zhao, "Know Your Worth: The Power of Pay Transparency," Glassdoor Economic Research working paper, May 2020. Available online at: https://www.glassdoor.com/research/kyw-power-of-transparency/.

matches, while also improving the salary bargaining power of American workers. Such a policy can be a win-win-win for U.S. workers, employers, and the broader economy.

Lack of Pay Equity Can Hurt Talent Attraction and Employee Retention
In addition to our research on pay equity and transparency, Glassdoor also routinely surveys the American workforce to gather their views about a range of workplace issues, one of which is how pay equity impacts whether employees are willing to work for, and remain at, companies that fail to make good-faith efforts to address pay equity.

In a 2019 survey of employed U.S. adults conducted by The Harris Poll, we found that 58% of all employees and 72% of female employees said they would not apply to work at a company where a gender pay gap exists, and two thirds of respondents (67%) stated that the gender pay gap is a serious problem in the U.S. workforce.[16] This is a common finding among similar HR surveys, with polls routinely showing that pay equity matters to prospective candidates. Some surveys even reveal that a significant share of employers believe that gender pay gaps within their organizations have negatively impacted their own talent attraction and employee retention.[17]

In our experience, most U.S. employers understand the benefits of improved hiring diversity, as well as the risks of gender and race pay inequity. We believe that most employers ultimately want to behave legally, ethically, and in a way that helps them maintain a satisfied and productive workforce. However, one barrier to greater employer action on pay equity and diversity is a lack of clear guidance on best practices — many employers are wary of taking steps that their competitors may not be also taking and of the legal implications of making missteps when being more transparent about pay. They often are simply unsure of whether or not their efforts to promote pay equity and workforce diversity are following industry best practices. This is an area where better guidance from the federal government can play a key role in setting a national baseline for what constitutes pay transparency and helping set standards for measuring and resolving pay gaps.

A 3-Pronged Strategy for Closing America's Gender and Racial Pay Gap
One clear lesson from our research is that there is no single cause of America's gender and racial pay gaps. Even if policy were able to ensure perfectly equal compensation for every similarly situated employee within every U.S. employer, it would still not be enough by itself to achieve sustained overall pay equity in the U.S. The foundational causes of U.S. gender and racial pay inequities are simply too complex for a one-dimensional approach, however well-intentioned, to succeed. Instead, our research points to the following 3-pronged approach as necessary to make lasting progress.

[16] Full surveys results available at: https://www.glassdoor.com/about-us//app/uploads/sites/2/2019/03/Gender-Pay-Gap-Fact-Sheet-2019.pdf.
[17] See for example the *Hays Salary & Recruiting Trends 2020* guide, which found 27 percent of employers surveyed said gender pay gaps had negatively impacted staffing and retention. Source: https://www.hrmagazine.co.uk/content/news/gender-pay-gap-impacting-attraction-and-retention-of-talent.

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1. **Policies that Support and Give Incentives to Employers.** We believe there is great promise in harnessing technology to empower employers to more easily and effectively identify and address pay gaps voluntarily. These may include:

- Establishing clear voluntary pay transparency standards, and consistent reporting guidelines and tools for employers that lower barriers to voluntary action on pay equity.
- Providing better guidance to employers as to how to monitor and cultivate recruiting pipelines that deliver candidates and employees that look more like the demographic population of the nation's workforce, *i.e.*, that help to combat the problem of occupational sorting before it occurs.
- Encouraging or incentivizing employers to voluntarily offer more flexible work hours, more widespread childcare support, and gender-neutral parental leave policies. Such an approach could help create gender-neutral workforce opportunities and help reduce occupational barriers facing women.

2. Policies that Support and Give Incentives to Employees. We believe policies that help workers better negotiate pay and break down workforce barriers for themselves can play an important role in reducing America's gender and racial pay gaps. These may include:

- Establishing clear guidelines on voluntary corporate pay transparency and employee access to salary information, empowering employers to take action on pay transparency and employees to self-advocate for pay equity and identify cases of workplace inequities more easily.
- Increasing investment in information and tools aimed at providing U.S. workers with more robust guidance about pay, skills, and future economic opportunities. This approach is designed to help break down occupational sorting — one of the most persistent factors driving the nation's gender pay gap.
- Harnessing technology that can help improve the salary bargaining position of U.S. workers. This builds on lessons obtained from Glassdoor's own free Know Your Worth tool, which has been shown to significantly boost employee wages by arming workers with credible information about market salaries for similar roles.

3. Policies that Reform Other U.S. Institutions. Solving a large and systemic problem like the gender pay gap will require policies that go far beyond employers and job seekers, to reform broader institutions that contribute indirectly to pay inequities. These may include:

- Occupational sorting is the most important cause of the overall gender pay gap, and that sorting begins in the U.S. educational system. Research shows that college majors today remain highly segregated by gender, laying a pervasive economic

foundation for gender pay gaps in the broader U.S. workforce. Without addressing the issue of gender sorting by college major, it will extremely difficult to substantially close the unadjusted gender pay gap in the United States.

- Programs that promote equal labor force participation by women can play an important role in reducing the occupational sorting driving gender pay gaps. Public sector support for more universal access to affordable child care, elder care, and gender-neutral parental leave can play an important role in reducing the gender pay gap.

Conclusion: A Path Forward on Compensation Equity
As the U.S. labor market recovers from the COVID-19 crisis, we have a unique opportunity to address long-standing inequalities in the workplace. This critical time following a recession offers an opportunity to rebuild a more equitable labor force in the United States. This is the right time to disrupt and repair calcified social and economic institutions that dissuade, deter and prevent employees from publicly sharing basic information about pay and that have long stood in the way of broader gender and racial pay equity.

Improving pay equity in the U.S. workforce is about fairness. But it is also about maximizing the potential productivity of the U.S. workforce while also strengthening employee engagement and productivity within employers. Our research at Glassdoor has shown that pay transparency and equity can be a pro-growth, pro-employer agenda for change, driving employee attraction, retention, and broader efficiencies in the labor market. Pay equity and transparency can both help America move a step closer to the ideals of equality underlying our nation's founding documents, and also make our economy work better for millions of struggling Americans.

In today's fast-changing 21st Century economy, the United States can no longer afford to leave millions of women and members of underrepresented groups sidelined in jobs that pay them unfairly, fail to fulfill their full economic potential, and stand in the way of their personal and professional growth. The key to sustaining and building a dynamic and prosperous U.S. economy into the future is to ensure that every American has a pathway to make their best possible contribution to our shared prosperity -- and to ensure they are equitably compensated for that contribution. In this way, I believe that a pay equity agenda for America can be both a driver of gender and racial fairness as well as a pro-growth policy for a stronger and more vibrant America.

On behalf of Glassdoor, I'd like to thank you for inviting me before the Subcommittee today and for your interest in the important topic of improving pay equity in the U.S. workforce. We look forward to helping you address these issues, and I look forward to answering your questions.

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Addendum 1

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ECONOMIC
RESEARCH
Progress on the Gender Pay Gap: 2019
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Senior Economist & Data Scientist
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Contents

Key Findings

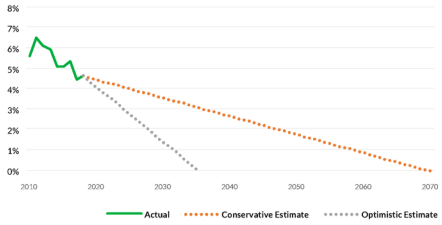
This study examines how gender pay gaps around the world have changed since Glassdoor's initial study in 2016. Leveraging hundreds of thousands of salary reports, including detailed worker and job information shared voluntarily and anonymously by employees on Glassdoor, we estimate the gender pay gap in eight countries: the United States, the United Kingdom, Canada, Germany, France, the Netherlands, Singapore, and Australia.

Using Glassdoor's unique data, we project, given the current rate, how long it could take to achieve gender pay equality in the U.S. Also, we consider whether a "salary confidence gap" exists between the pay men and women seek when applying to jobs, and how this may contribute to the overall pay gap.

- **Key takeaway.** The gender pay gap persists in the United States and around the world. Men earn more than women on average in all eight countries we studied, even after applying statistical controls for worker and job characteristics to ensure an apples-to-apples comparison. Even though women do not receive equal pay for equal work yet, progress is slowly being made; the pay gap has narrowed since our last study in 2016.

- **The gender pay gap is narrowing.** The U.S. adjusted pay gap has steadily dropped from 6.5 percent in 2011 to 4.6 percent in 2018. A tighter labor market, higher labor force participation by women and greater awareness of the gender pay gap all likely contribute to this progress. However, if these trends continue at the same pace, the adjusted gender pay gap still may not fully close until the year 2070. The chart below shows two possible scenarios for how long it may take to close the U.S. gender pay gap based on the downward trend between 2010 and 2018.

Time to Close the U.S. Gender Pay Gap



Source: Glassdoor Economic Research (Glassdoor.com/research).

- **How large is the gap right now?** Based on over 425,000 salaries shared by full-time U.S. employees on Glassdoor, men earn 21.4 percent higher base pay than women on average. However, comparing workers of similar age, education and experience shrinks that gap to 19.1 percent. Furthermore, after comparing workers with the same job title, employer and location, the gender pay gap in the U.S. falls to 4.9 percent (95.1 cents per dollar).

- **How does the pay gap compare internationally?** Across all eight countries we examined, the large unadjusted gender pay gap shrinks to a smaller adjusted pay gap once statistical controls are added. Germany has the largest unadjusted gap with women earning about 78 cents per euro men earn while France has the smallest unadjusted gap with women earning about 88 cents per euro men earn. Australia has the smallest adjusted gap with women earning 97 cents per dollar men earn, while the Netherlands has the largest adjusted gap with women earning 93 cents per euro.

The Gender Pay Gap By Country

	"UNADJUSTED" BASE GENDER PAY GAP		"ADJUSTED" BASE GENDER PAY GAP	
	Average Cents/Pence Earned by Women Per Dollar/Pound/Euro of Male Earnings	Percentage Male Pay Advantage	Average Cents/Pence Earned by Women Per Dollar/Pound/Euro of Male Earnings	Percentage Male Pay Advantage
Australia	0.85	15.1%	0.97	3.1%
France	0.88	11.6%	0.96	3.7%
Canada	0.84	16.1%	0.96	4.0%
United States	0.79	21.4%	0.95	4.9%
United Kingdom	0.82	17.9%	0.95	5.0%
Singapore	0.87	12.8%	0.95	5.2%
Germany	0.78	22.3%	0.94	6.4%
Netherlands	0.81	18.9%	0.93	6.6%

Source: Glassdoor Economic Research (Glassdoor.com/research).

What factors drive the gender pay gap? Comparing workers with similar education, experience and job characteristics like occupation or industry helps us understand what drives the overall gender pay gap and how much remains after statistical controls.

- **Industry matters.** In the U.S., the adjusted gender pay gap is largest in media; retail; and construction, repair & maintenance industries. It is smallest in biotech & pharmaceuticals; education; and aerospace & defense industries. Since 2015, non-profit; health care; and real estate industries had the largest reductions in gender pay gaps whereas restaurants, bars & food service; travel & tourism; and oil, gas, energy & utilities industries have seen the largest increase. Although many tech jobs have large gender pay gaps, the overall information technology sector falls in the middle of the pack among industries.

- **Job titles matter.** In general, many executive, tech and blue-collar jobs top the list for largest gender pay gaps. In the U.S., the adjusted gender pay gap is largest for pilot, chef, C-suite executive, deputy manager, branch manager, retail representative, and driver occupations. The gender pay gap is smallest for merchandiser, research assistant, field services, inventory specialist, social worker, logistics manager and purchasing specialist occupations. Among jobs with the largest pay gaps, computer programmer saw the most improvement in its pay gap since our 2016 study.

- **The pay gap grows with age.** Younger workers face a smaller gender pay gap than older workers. In the U.S., workers aged 18 to 24 years face a small adjusted gender pay gap of 1.4 percent. By contrast, older workers aged 55 to 64 years face a gender pay gap of 12.3 percent, over twice the national average.

- **Differences in education and experience are shrinking.** The percentage of the pay gap explained by differences in education and experience shrank from 14 percent to 7.9 percent since our last study, as women make up an increasing share of students at universities and workers gaining experience in the labor force.

- **Occupational and industry segregation continues to be the largest driver of the gender pay gap in the U.S.** The single biggest cause of the gender pay gap is the tendency of men and women to sort into jobs and industries that pay differently. In the U.S., occupational and industry sorting explains about 56.5 percent of the overall pay gap—by far the largest factor.

Does a "salary confidence gap" contribute to the gender pay gap? A confidence gap—men being more self-confident in the workplace than women—could translate into a gender pay gap if women seek lower pay than men when they apply to new jobs. In this study, we examine the salary confidence gap using real-world job applications from Glassdoor, to see whether women and men seek out equal pay for equal work.

- **Overall, men do apply to higher paying jobs than women.** Men apply to jobs that pay 18.3 percent more on average than jobs women apply to on Glassdoor. However, this is largely because women are often looking for different kinds of jobs than men, with different pay scales, and have different levels of education and experience.

- **The gap disappears when we compare similar men and women looking for jobs.** When we compare job applications from equally-qualified men and women seeking similar jobs, the "salary confidence gap" drops to less than one percent (0.7 percent). That means a gap in pay expectations between men and women doesn't likely explain much of today's gender pay gap.

- **Women and men seek the same percentage raises when switching jobs.** When aiming for new jobs, men and women both seek similar percentage pay raises on Glassdoor, about 33 percent. Since women start from a lower average base pay, that can propagate pay gaps from early in a woman's career as they advance from job to job—a key reason many policymakers are considering banning employers from asking about salary history.

How can we close the gap? Understanding key drivers of the pay gap is critical to identifying the best ways to fix it. Research shows that salary transparency and better information sharing are powerful tools in helping to achieve equal pay in the workforce.

I.

Introduction

In 2016, we released the first-ever study of the gender pay gap using Glassdoor salary data. In that study, we added to the large body of research confirming the existence of a gender pay gap, but we also used Glassdoor's unique data to explore the drivers of the pay gap by controlling for factors like education, experience, job title and industry. We showed that, even after adding statistical controls for a variety of worker and job characteristics, a persistent adjusted pay gap remains.

Since our study was released, awareness of the gender pay gap and issues affecting women in the workplace have been elevated around the world from the new laws across Europe requiring companies to disclose their pay gaps to the #MeToo movement against sexual harassment and assault. To examine whether increased awareness of the gender pay gap has translated into progress, we revisit the gender pay gap using new Glassdoor salary data collected from 2016 to 2018 to answer: **what progress has been made on the gender pay gap in the last 3 years?**

Additionally, **what is the state of the gender pay gap internationally?** We expand the countries in our analysis to include Canada, Singapore and the Netherlands on top of the five countries from our original study, the United States, the United Kingdom, Australia, Germany and France.

Lastly, we dive into a commonly discussed barrier to women's success in the workplace—the confidence gap. The conventional wisdom is that a confidence gap between men and women in the workplace exists, but it is not well understood how it may affect the gender pay gap. We explore how the confidence gap may act through a difference in the pay that men and women aim for when they apply to jobs, answering the question—**do women seek out equal pay for equal work?**

We've organized the remainder of this study as follows. Section II explains our methodology for measuring the gender pay gap and identifying factors that explain it. Section III presents our estimates of the gender pay gap in the U.S. by industry, occupation and age, and shows overall results for seven other countries: the UK, Canada, Australia, Singapore, Germany, France and the Netherlands. Section IV presents the findings of the confidence gap in salary expectations in the U.S. Finally, we conclude our findings and provide insight into: **What does this mean for job seekers, employers and policymakers?**

II.

Our Approach

In this study, we provide an update on the state of the gender pay gap in Glassdoor salary data using three approaches.

- **Measuring the Pay Gap:** First, we show how the pay gap has changed since 2015, both before and after accounting for differences in men and women's education, jobs and other factors.
- **Explaining the Pay Gap:** Second, we show how much of today's pay gap can be explained by our data, compared to how much can't be explained—either due to unobserved factors or gender bias in the workplace.
- **Measuring the Confidence Gap in Salary Expectations:** Finally, we examine real-world job applications on Glassdoor to test whether men and women systematically apply to jobs with higher or lower pay—a possible cause of gender pay differences that has never before been studied on Glassdoor.

We explain each of these three approaches.

Measuring the Pay Gap

The first step in measuring the gender pay gap is to compare male and female pay, both before and after adding statistical controls for differences in education, job titles and other factors aside from gender that affect pay.

To do this, we follow the same methodology as our previous study.[1] We use ordinary least squares (OLS) regression to measure the impact of gender on pay after we've statistically controlled for differences in education, job title, industry and other factors. Our basic estimating equation is:

$$\underbrace{Y_i}_{\text{Salary}} = \underbrace{Male_i\beta_1}_{\substack{\text{Male}\\ \text{Indicator}}} + \underbrace{X_i\beta_2}_{\substack{\text{Worker and Job}\\ \text{Characteristics}}} + \epsilon_i \quad (1)$$

where *Y* is the salary reported on Glassdoor for employee *i*, *Male* is a binary indicator equal to 1 for men and 0 for women, and *X* is a large collection of controls (known as "fixed effects") for everything we observe about workers, jobs and companies including: worker age, highest level of education, years of relevant work experience, industry, occupation, company size, year, state, job title and specific employer name. The term ε is the usual mean-zero error term for all other factors about workers and jobs we don't observe in our data.

The estimated coefficient on the male dummy term β_1 tells us the salary advantage held by men over women once we've accounted for the impact of other factors.[2] Throughout this study, we refer to the raw difference between male and female pay as the unadjusted pay gap. By contrast, once we've accounted for all other factors, we refer to the gap as "adjusted."

Explaining the Pay Gap

As a second approach, we perform a simple decomposition to show how much of the gender pay gap is explained by differences in worker characteristics, and how much is unexplained by discrimination or other factors we can't observe about workers and jobs. This is known as a Oaxaca-Blinder decomposition,[3] and is one of the most widely used methods to detect the presence of group differences in the labor market.

Our estimating equation for the decomposition is given by the following:

$$\underbrace{\bar{Y}_M - \bar{Y}_F}_{\substack{\text{Gender} \\ \text{Pay Gap}}} = \underbrace{\hat{\beta_M}(\bar{X}_M - \bar{X}_F)}_{\substack{\text{“Explained”} \\ \text{Portion}}} + \underbrace{\bar{X}_F(\hat{\beta}_M - \hat{\beta}_F)}_{\substack{\text{“Unexplained”} \\ \text{Portion}}} \quad (2)$$

where Y_M and Y_F are average pay for male and female workers, X_M and X_F are characteristics of male and female workers, and β_M and β_F are regression coefficients for the impact of male and female characteristics on pay.[4]

On the left side of the above equation is the difference between average male and female salaries in our data—the unadjusted pay gap. On the right, the pay gap is divided into two terms. The first shows how much of the pay gap is due to differences between male and female characteristics, X_M - X_F. This is known as the explained portion of the gap, because it is due to gaps in experience, education or other factors we can observe in our data between men and women.

The second term shows how much of the pay gap is due to differences in how the labor market rewards men and women, even when they have the same experience, education and other factors. This is called the unexplained portion of the gap, and is due to how male versus female regression coefficients differ in terms of how the job market rewards male and female workers differently even when they have the same characteristics. This may be due to discrimination, or simply to unobserved factors about workers we're not able to see in our data.

Measuring The Salary Confidence Gap

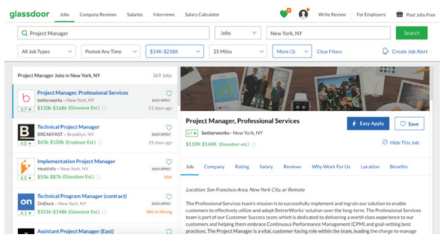
As our third approach, we analyze online job application behavior on Glassdoor to understand the "confidence gap". Past research has suggested women may suffer from a confidence gap in the workplace, but there are many ways this could translate into a gender pay gap.[5]

One way a confidence gap could contribute to the overall pay gap is if women and men with similar backgrounds apply to similar jobs but with unequal pay. In that case, men and women may be inadvertently fueling the overall pay gap by having different expectations on what salary they deserve—a phenomenon we call a "salary confidence gap" in this study.

Our research leverages Glassdoor's unique ability to answer this question. Past research on the salary confidence gap has mostly relied on surveys or self-reporting which may not accurately reflect real-world behavior.[6] Also, most other job search settings do not reveal salary to job seekers before they decide to apply. By contrast, when candidates search for jobs on Glassdoor, they are shown estimated base pay for job listings, allowing them to incorporate salary expectations into their decisions, and allowing us to see whether men and women actually apply to jobs with different pay.

An example of a typical job search on Glassdoor is shown in Figure 1. In this case, a search for project manager jobs in New York City returns many open jobs, with the employer, company rating, and Glassdoor salary estimate for the job. We then observe which jobs are applied to by men and women, allowing us to estimate the salary confidence gap before and after adding statistical controls to compare similarly-qualified candidates applying to similar jobs.

Figure 1: Example Screenshot of Glassdoor's Job Search, including Salary Estimates



Source: Glassdoor Economic Research (Glassdoor.com/research).

To estimate the salary confidence gap for job applicants, we follow the same statistical approach outlined above for measuring the pay gap. We perform a linear regression of the estimated salary for jobs applied to on a binary male-female indicator, along with a set of controls for age, education, job title and other factors. Our estimating equation is given by:

$$\underbrace{Y_i}_{\substack{\text{Estimated Salary of Job Applied To Online}}} = \underbrace{Male_i\beta_1}_{\substack{\text{Male Indicator for Job Applicant}}} + \underbrace{X_i\beta_2}_{\substack{\text{Worker and Job Characteristics for Job Applicant}}} + \epsilon_i \quad (3)$$

The estimated coefficient on the male dummy term β_1 tells us the approximate percentage difference between the salary for jobs applied to by men compared to women, after adding statistical controls for worker and job characteristics. The results show whether there is a salary confidence gap in real-world job applications on Glassdoor, once we've made an apples-to-apples comparison of men and women with similar education, experience and job titles.

How to Interpret Our Pay Gaps

It's conventional to use the natural logarithm of salaries in regressions rather than raw dollar amounts. Why? Because it makes for easy interpretation of statistical results.

When the log of salary is regressed on worker characteristics (as in equation 1) the estimated coefficients give the approximate percentage change in salary from a one-unit change in the explanatory factor.

Thus, the coefficient on the "male" dummy variable in equation 1 gives the approximate percentage gender pay gap between male and female pay, holding all other worker characteristics constant.[7] For this reason, we estimate all of our regressions in the log of salary.

Rather than using the approximations given in this study, some readers may want the exact percentage difference in pay between male and female workers. That's given by $e^{\wedge\beta} - 1$, where β is the estimated coefficient on the male dummy variable reported in our tables.

For simplicity, ease of interpretation, and to make our results easily comparable to past studies, we report only approximate pay gaps in this study.

III.

The Gender Pay Gap

In 2016, we released a study of the gender pay gap using Glassdoor salary data for the years 2006 through 2015. This study provides an update on what has happened with the gender pay gap around the world in the years since.

Below, we present our estimates of the gender pay gap in eight countries—the United States, the United Kingdom, Canada, Australia, Singapore, Germany, France and the Netherlands—based on Glassdoor salary data. We present results for each country separately, each in their own section, ordered from largest to smallest sample size beginning with the United States.

We focus on the three years since our original study, using a large sample of salaries shared anonymously on Glassdoor by current and former employees from 2016 through 2018.[8] In total, our U.S. sample contains 426,512 salaries reported on Glassdoor. Details for the other seven countries we examined are given below in each country's specific section.

United States

About Our U.S. Data

In recent years, the gender pay gap has gotten much more attention in the U.S. With the rise of the #MeToo movement in 2017, growing public and shareholder pressure on companies to disclose gender pay gaps,[9] and a record number of women elected to Congress in 2018, the issue of equal pay for equal work has figured prominently in media and political discussions. Has the increased attention to gender pay issues translated into progress on America's gender pay gap?

Table 1 shows summary statistics for the data used for our U.S. analysis. It consists of 426,512 salaries for full time workers between ages 17 and 92 years old (as of 2018) working in U.S. establishments between 2016 and 2018.[10] The data contain information on 71,857 unique U.S. employers, and approximately 29,843 unique job titles. The overall mean base salary is $63,289 per year, ranging from $14,500 to $800,000 per year. The mean total compensation is significantly higher at $73,370 per year.[11] In terms of gender balance, roughly 54 percent of the U.S. salaries in our sample are male, while 45 percent are female—nearly identical to the roughly 53 percent of males in the overall U.S. workforce as of January 2019.[12]

For education, 71 percent of the sample hold a bachelor's degree, 17 percent hold a master's degree, while just 10 percent hold only a high school diploma.[13] By comparison, in the overall U.S. population roughly 21 percent hold a bachelor's degree, 12 percent hold any type of graduate degree, and 29 percent hold only a high school diploma. This over-representation of college-educated workers likely reflects different online job searching behavior between college-educated Americans and the general workforce.

In terms of age, the average age of workers in the sample is 34 years as of 2018 (those born in 1984). Workers have, on average, 5.4 years of relevant work experience. Employers in the sample have a median size of 4,134 employees (or a mean of 51,300 employees, an average skewed upward by a handful of very large employers) ranging from small single-employee companies to the largest U.S. employer with more than 2 million employees.

Table 1. Summary Statistics for the U.S. Salaries Used in Our Analysis

VARIABLE	OBSERVATIONS	MEAN	STANDARD DEVIATION	MIN	MAX
Year	426,512	n.a.	n.a.	2016	2018
Base Salary	426,512	$63,289	$38,205	$14,500	$800,000
Total Compensation	426,512	$73,370	$71,238	$14,500	$6,823,000
Gender (Male = 1)	426,512	0.54	0.50	0	1
Birth Year	426,512	1984	9	1926	2001
Years of Experience	426,512	5.4	6.0	0	60
Associate's Degree	426,512	0.01	0.11	0	1
Bachelor's Degree	426,512	0.71	0.45	0	1
High School Diploma	426,512	0.10	0.29	0	1
J.D.	426,512	0.00	0.03	0	1
Master's Degree	426,512	0.17	0.37	0	1
M.B.A.	426,512	0.01	0.09	0	1
M.D.	426,512	0.00	0.02	0	1
Ph.D.	426,512	0.00	0.06	0	1
Firm Size (# Employees)	426,512	51,300 (Median = 4,134)	190,900	1	2,300,000

Source: Glassdoor Economic Research (Glassdoor.com/research).

Are Glassdoor Salaries Representative?

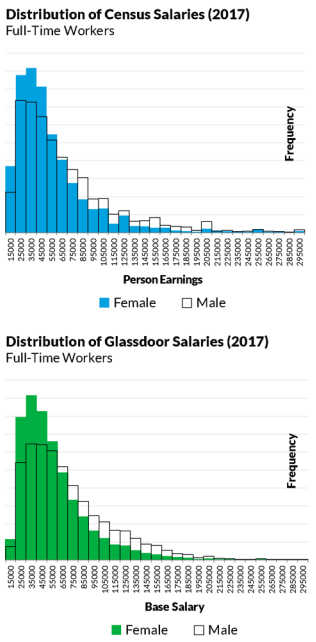
How accurate are Glassdoor salaries compared to federal government surveys of the U.S. labor market?

The figure to the right shows a comparison of Glassdoor salaries to official estimates from the Current Population Survey, the most widely used official source for salaries in the U.S. The top panel shows the distribution of salaries for full-time U.S. workers in calendar year 2017 from the Census Bureau. The bottom panel shows the distribution of Glassdoor full-time salaries in 2017.

The two data sources are remarkably similar, a finding that's consistent with our previous study which compared Glassdoor and Census salary data from 2014. Both follow an approximately "lognormal" distribution, with most salaries clustered toward the low end and a few very large salaries. In both panels, there is a clear overall gap between male and female pay, with the male distribution shifted to the right.

Although Glassdoor salaries are drawn from anonymous employees online, the picture they provide of the U.S. gender pay gap is very similar to what's found in surveys from the U.S Census Bureau.

Comparison of U.S. Census and Glassdoor Salaries



Source: U.S. Census 2018 March CPS (ASEC) file; Glassdoor Economic Research.
Notes: Salaries are for full-time workers only for calendar year 2017.

The U.S. Pay Gap Is Narrowing in Today's Strong Economy

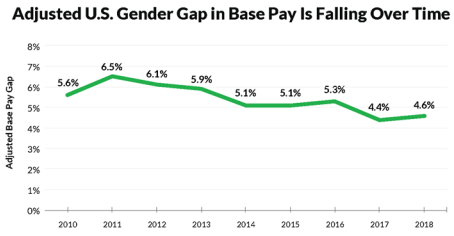
The most striking result from our latest analysis of the U.S. gender pay gap is that we find evidence that the nation's pay gap is slowly improving over time. Figure 2 shows the adjusted gap between male and female pay each year since 2010.

After rising to a peak of 6.5 percent in 2011, the pay gap according to Glassdoor salary data has steadily improved in recent years. In 2018, it fell to just 4.6 percent, a decline of 1.9 percentage points since 2011, a significant 29 percent drop.

This recent improvement is likely due in part to today's robust economy. Recent data show women's labor force participation has been growing faster than men's in recent years, fueling recent labor market gains.[14] In addition, research shows that as the labor market has tightened in recent years, women are disproportionately taking jobs in traditionally male-dominated industries, helping break down occupational barriers for women.[15]

One of the main causes of the gender pay gap is "occupational segregation"—the fact that men and women tend to work in systematically different jobs in the economy. The recent strength in the U.S. labor market that is pulling more women into the workforce and into male-dominated fields may also be helping erode gender occupational segregation, and likely plays a role in the improved pay gap in recent years.

Figure 2. The U.S. Gender Pay Gap on Glassdoor is Slowly Improving



Source: Glassdoor Economic Research (Glassdoor.com/research).

How Long to Close the Gap?

If today's trends in Glassdoor salary data were to continue in the future, how long would it take to close the nation's gender pay gap? In Table 2, we show two scenarios for when the adjusted U.S. pay gap would be expected to fully disappear if recent progress continues at the same pace.

In the first scenario, we show how long it may take to close the U.S. gender pay gap if the average annual pace of improvement in the adjusted gap from 2010 to 2018 were to continue each year into the future. Between 2010 and 2018, the adjusted gender pay gap in Glassdoor salary data fell by an average of -0.09 percentage points per year. If that trend continued, it would take roughly 51.8 years to fully close today's 4.6 percent adjusted gender pay gap. Under those assumptions, the nation's pay gap would not fully close until the year 2070.

Under a second scenario, we show how long it may take to close the gap if the more rapid pace of decline from the peak of 2011 to the gap in 2018 were to continue. Between 2011 and 2018, the adjusted U.S. gender pay gap shrank from 6.5 percent to 4.6 percent, a drop of -1.9 percent, or an average of -0.27 percentage points per year during the past 7 years. If that trend continued, it would take roughly 16.9 years to fully close today's 4.6 percent adjusted pay gap. Under these more optimistic assumptions, the nation's pay gap would fully close in 2035.

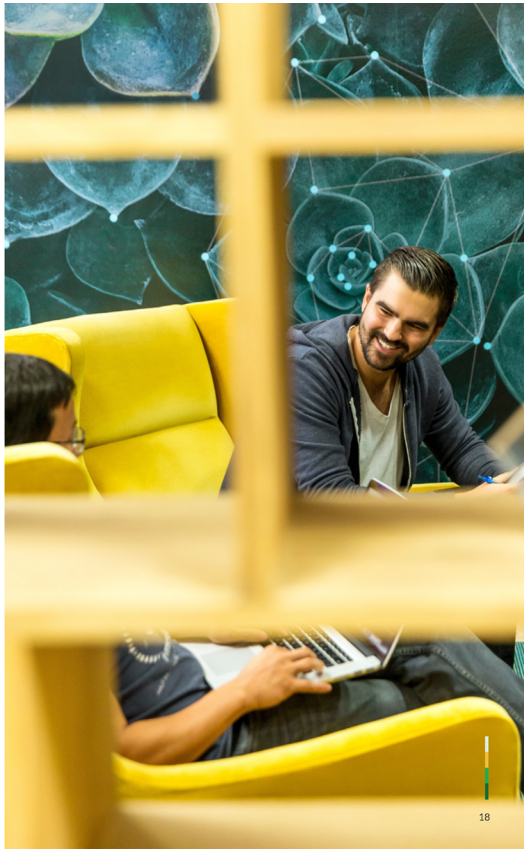


Table 2: When Will the U.S. Gender Pay Gap Close if Recent Trends Continue?

2018 Adjusted Pay Gap	
Current Level	4.6%
Average Annual Improvement in U.S. Pay Gap	
Conservative Estimate	-0.09%
Optimistic Estimate	-0.27%
Years to Close	
Conservative Estimate	51.8
Optimistic Estimate	16.9
Year U.S. Pay Gap Closes	
Conservative Estimate	**2070**
Optimistic Estimate	**2035**

Source: Glassdoor Economic Research (Glassdoor.com/research).

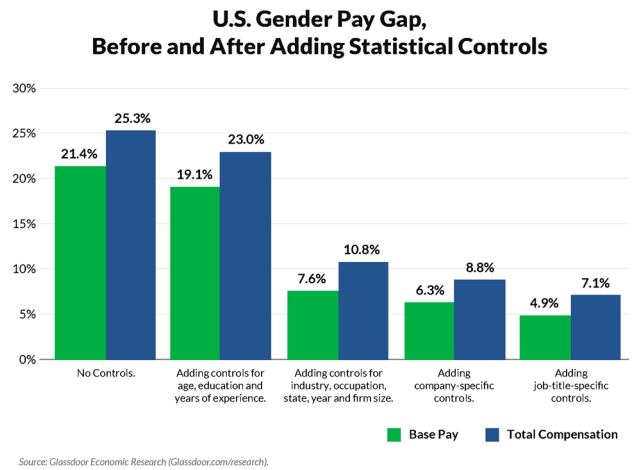
While the estimates provide some perspective on the pace of improvement in the U.S. gender pay gap, they shouldn't be considered a confident prediction about the actual future of pay equity. The above calculations are based on the unlikely assumption that recent trends in Glassdoor salary data will continue indefinitely into the future. In reality, many factors will impact the future of the U.S. pay gap, including:

- The state of the economy;
- Trends in the gender balance in college majors;
- Parental leave and other policies that impact men and women's career decisions;
- Trends in the spread of men and women across differently paying occupations, and other factors.

Overall and Adjusted U.S. Pay Gap

Below we show our most recent estimates of the U.S. gender pay gap from Glassdoor salary data. Figure 3 shows the approximate percentage gap between male and female pay for U.S. workers on Glassdoor between 2016 and 2018, before and after statistical controls have been applied. Column 1 shows the raw or unadjusted gender pay gap with no statistical controls. Moving to the right, columns 2 through 5 show how the pay gap changes as additional statistical controls are added as we attempt to provide an apples-to-apples comparison of male and female workers.

Figure 3. New Estimates of the Unadjusted and Adjusted U.S. Gender Pay Gap from 2016 to 2018



Source: Glassdoor Economic Research (Glassdoor.com/research).

For base pay, the unadjusted male-female pay gap is 21.4 percent in column 1. This means that on average, men as a group on Glassdoor from 2016 to 2018 reported earning about 21.4 percent higher base pay than women as a group. For total compensation, the unadjusted pay gap was larger at 25.3 percent.

By adding controls for age, education and years of experience in column 2, the gender pay gap shrinks to 19.1 percent for base pay and 23.0 percent for total compensation. Economists refer to these types of personal worker characteristics as "human capital," as they're often linked to productivity differences among workers. This shows that accounting for differences in education and experience for men versus women only eliminates a small part of the U.S. pay gap—about 2 percentage points of the overall 21.4 percent gap.

In column 3, we add more controls for industry, occupation, state, year, and company size. These controls help adjust for the fact that men and women tend to sort into differently paying jobs and industries in the economy, which is a well-known cause of the pay gap. For example, human resources workers in the U.S. were 69 percent female in 2018, while computer programmers were 79 percent male.[16] Adding these controls sharply reduces the U.S. gender pay gap to 7.6 percent for base pay and 10.8 percent for total compensation.

Finally, in columns 4 and 5 we show the gender pay gap after we've made our most detailed comparison of male and female employees. Using Glassdoor salary data, we are able to add powerful statistical controls for differences in job titles and employers for men and women. This lets us isolate the adjusted pay gap for men and women who work in similar jobs and companies.

In column 4, adding controls for different employers where men and women work lowers the pay gap to 6.3 percent for base pay and 8.8 percent for total compensation. Finally, in column 5 we show our most detailed estimates of the adjusted pay gap that account for differences in job titles between men and women. In that column, we see the fully adjusted U.S. gender pay gap is 4.9 percent for base pay, and 7.1 percent for total compensation.

PAY GAP IS DOWN

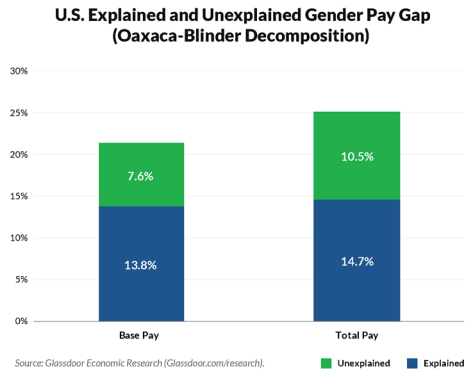
Across the board, the U.S. pay gap over the past three years is smaller than what we found in our 2016 study. In that study, we examined the pay gap between 2006 and 2015, finding a gender pay gap ranging from 24.1 percent for the unadjusted pay gap down to 5.4 percent for the adjusted gap. By comparison, our latest analysis of 2016 through 2018 salary data show the pay gap is down significantly, to between 21.4 percent for the unadjusted gap to 4.9 percent for the adjusted gap.

Overall, these results show that despite recent progress, there remains a persistent U.S. gender pay gap according to Glassdoor salary data—a conclusion supported by a large number of academic studies as well.

What Explains the Gap?

Figure 4 shows which factors help best explain the overall gap between male and female pay. It shows the Oaxaca-Blinder decomposition of the unadjusted pay gap into the part that is explained by differences between male and female workers, and the part that is unexplained due to gender bias or unobserved characteristics of workers we're not able to see in our data.

Figure 4. Decomposing the 2016–2018 U.S. Gender Pay Gap into Explained and Unexplained Portions



Source: Glassdoor Economic Research (Glassdoor.com/research).

Of the overall U.S. gender pay gap of 21.4 percent in base pay, we find that 13.8 percent is explained by differences between male and female workers: different ages, levels of education, experience, industries, occupations, company sizes and locations. The remaining 7.6 percent of the pay gap is "unexplained," due either to factors we aren't able to observe or to gender discrimination.

This finding means that about 64 percent (13.8/21.4 = 64 percent) of the overall U.S. gender gap in base pay from 2016 to 2018 is explained by worker characteristics. The remaining 36 percent is unexplained, and due to differences in how the job market rewards men and women with the same characteristics, or unobserved employee characteristics. The results for total compensation are similar: 14.7 percent is explained while the remaining 10.5 percent is "unexplained."

Overall, these results are similar to what we found in our 2016 study. Although the gender pay gap in the U.S. has narrowed considerably since 2015, the breakdown of how much is explained or unexplained has changed little.

HOW MUCH IS EXPLAINED BY JOB SEGREGATION?

As an additional step, we looked at how much of the U.S. gender pay gap can be explained by two distinct factors: (1) differences between the education and experience of workers, or what economists call "human capital"; and (2) the sorting of men and women into different occupations and industries in the economy.

We found that only 7.9 percent of the overall gender gap in base pay can be explained by differences in education and experience between men and women in the U.S. from 2016 to 2018. That's down sharply from roughly 14 percent in our previous study. It suggests that gaps between the education and experience of men and women are narrowing over time, and are playing a smaller role than in the past. By contrast, we found that job segregation—the sorting of men and women into different jobs and industries in the economy—explains about 56.5 percent of the gap, the largest factor by far.

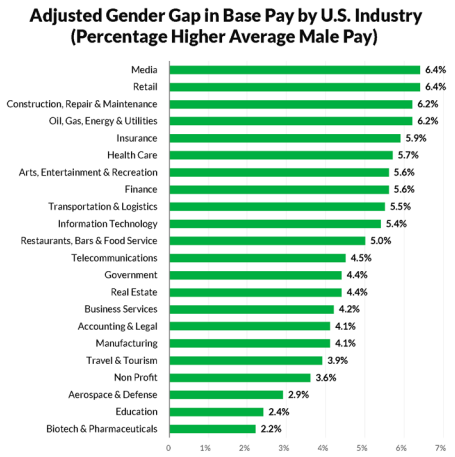
This is an important finding for policy solutions to address the gender pay gap. Most of today's pay gap in the U.S. is due to forces that push men and women onto different career tracks in the economy, not differences in experience and education, or other unexplained factors.

Industries with the Biggest Pay Gaps

Next we show differences in the U.S. gender pay gap among industries. To do this, we re-estimate the above regression model while including interaction terms for *male x industry*. The coefficients on those interaction terms tell us whether being male and working in a particular industry results in a statistically larger or smaller pay gap.[17]

Figure 5 shows the adjusted gender pay gap for our 22 industries.[18] Two industries are tied for the largest gender pay gap in Glassdoor salary data: media—an industry that includes book publishers, television networks, video game producers, newspapers, as well as many online media providers—and retail, both at 6.4 percent. This amounts to women earning on average 93.6 cents per dollar earned by men working in the same job title, same company, and with similar background and experience. That gap is roughly 31 percent larger than the

Figure 5: Adjusted Gender Pay Gap in U.S. Varies Widely by Industry



Source: Glassdoor Economic Research (Glassdoor.com/research)
Note: Only industries with at least 4,000 salary reports in our sample are reported. Includes controls for age, education, experience, state, year, job title and employer name.

U.S. average adjusted gender pay gap of 4.9 percent. The second largest gender pay gaps are found in construction, repair and maintenance (6.2 percent); oil, gas, energy and utilities (6.2 percent); insurance (5.9 percent); and health care (5.7 percent). Many of these same industries were also among those with the largest U.S. pay gaps in our previous study, suggesting the factors causing gender pay gaps we identified between 2006 and 2015 still persist in these industries today.

The smallest adjusted gender pay gaps among U.S. industries are found in the biotech and pharmaceuticals industry (2.2 percent). That amounts to women earning on average 97.8 cents per dollar earned by men in the same job title, same company, and with similar background and experience—less than half of the overall U.S. adjusted pay gap.

Other industries with adjusted pay gaps below the U.S. average include education (2.4 percent); aerospace and defense (2.9 percent); and the non-profit sector (3.6 percent). In all of these sectors, the U.S. gender pay gap is significantly below the national average. The much-discussed tech industry (information technology) falls in the middle of the pack among U.S. industries, with an adjusted gender pay gap of 5.4 percent, slightly above the national average of 4.9 percent.

Industries with Growing and Shrinking Gaps

Which U.S. industries have seen the biggest changes in gender pay gaps in recent years? Table 3 shows how our latest estimates of the gender pay gap by industry compare to our previous study. It shows estimates of the pay gap by industry from 2016–2018, along with changes since our last estimate based on 2006–2015 data.

The industry with the biggest increase in gender pay gap since our last study was restaurants, bars and food service, up 1.8 percentage points in 2016–2018 compared to our last analysis from 2006–2015. Other industries with widening pay gaps in recent years include travel and tourism (up 0.9 percentage points); oil, gas, energy and utilities (up 0.6 percentage points), and retail (up 0.5 percentage points).

By contrast, the industries with the biggest improvements in the gender pay gap since our last analysis include the non-profit sector (down 2.1 percentage points); health care (down 1.5 percentage points); real estate (down 1.4 percentage points), and business services (down 1.3 percentage points).

Table 3. Changes in Adjusted Gender Pay Gap by Industry Since our Last Study

INDUSTRY	ADJUSTED PAY GAP 2016 – 2018	ADJUSTED PAY GAP 2006 – 2015	CHANGE
Restaurant, Bars and Food Service	5.0%	3.2%	1.8%
Travel and Tourism	3.9%	3.0%	0.9%
Oil, Gas, Energy and Utilities	6.2%	5.6%	0.6%
Retail	6.4%	5.9%	0.5%
Aerospace and Defense	2.9%	2.5%	0.4%
Construction, Repair and Maintenance	6.2%	5.9%	0.3%
Manufacturing	4.1%	4.0%	0.1%
Telecommunications	4.5%	4.6%	-0.1%
Media	6.4%	6.6%	-0.2%
Government	4.4%	4.7%	-0.3%
Accounting and Legal	4.1%	4.5%	-0.4%
Information Technology	5.4%	5.9%	-0.5%
Finance	5.6%	6.4%	-0.8%
Biotech and Pharmaceuticals	2.2%	3.0%	-0.8%
Education	2.4%	3.3%	-0.9%
Arts, Entertainment and Recreation	5.6%	6.6%	-1.0%
Transportation and Logistics	5.5%	6.7%	-1.2%
Insurance	5.9%	7.2%	-1.3%
Business Services	4.2%	5.5%	-1.3%
Real Estate	4.4%	5.8%	-1.4%
Health Care	5.7%	7.2%	-1.5%
Non Profit	3.6%	5.7%	-2.1%

Source: Glassdoor Economic Research (Glassdoor.com/research)

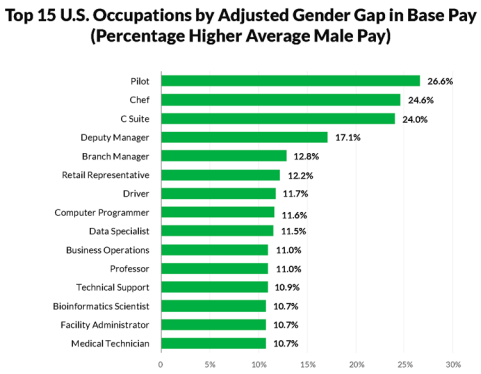
Jobs with the Biggest Pay Gaps

Next, we show the U.S. jobs with the largest and smallest gender pay gaps according to Glassdoor salary data. To do this, we re-estimate the above regression model while including interaction terms for *male x occupation*. The coefficients on those interaction terms tell us whether being male and working in a certain occupation results in a statistically larger or smaller pay gap.

Figure 6 shows the 15 occupations with the highest adjusted gender pay gaps, after statistically controlling for differences between jobs and workers. The occupation with the highest gender pay gap was pilot, with a gap of 26.6 percent. This amounts to women earning on average 73 cents per dollar earned by men, after controlling for all differences between job titles, companies and workers. That gap is over five times larger than the U.S. average adjusted gender pay gap of 4.9 percent.

Chef was the job with the second highest gender pay gap, with a gap of 24.6 percent. They are followed by C-suite executives (24.0 percent), a finding that is broadly consistent with academic research showing a persistent gender pay gap among executive-level positions in the U.S. Other occupations with larger-than average gender pay gaps include deputy manager (17.1 percent), branch manager (12.8 percent), retail representative (12.2 percent), driver (11.7 percent) and computer programmer (11.6 percent).

Figure 6. 15 Jobs with the Largest Adjusted Gender Pay Gaps in the U.S.Study



Source: Glassdoor Economic Research (Glassdoor.com/research)
Note: Only job titles with at least 200 salary reports in our sample are reported. Includes controls for age, education, experience, state, year, job title and employer name. Ambiguous or duplicative job titles are not reported.

Table 4. Changes Among the 15 Jobs with the Largest Pay Gaps (2019 vs. 2016 Study)

JOB TITLE	ADJUSTED PAY GAP 2016 – 2018	ADJUSTED PAY GAP 2006 – 2015	CHANGE
Pilot	26.6%	16.0%	10.6%
Deputy Manager	17.1%	9.9%	7.2%
Facility Administrator	10.7%	4.8%	5.9%
Bioinformatics Scientist	10.7%	7.5%	3.2%
Business Operations	11.0%	7.9%	3.1%
Branch Manager	12.8%	11.8%	1.0%
Technical Support	10.9%	10.4%	0.5%
Professor	11.0%	11.2%	-0.2%
Data Specialist	11.5%	13.6%	-2.1%
Retail Representative	12.2%	14.6%	-2.4%
Driver	11.7%	14.9%	-3.2%
Chef	24.6%	28.1%	-3.5%
Medical Technician	10.7%	14.4%	-3.7%
C Suite	24.0%	27.7%	-3.7%
Compter Programmer	11.6%	28.3%	-16.7%

Source: Glassdoor Economic Research (Glassdoor.com/research)

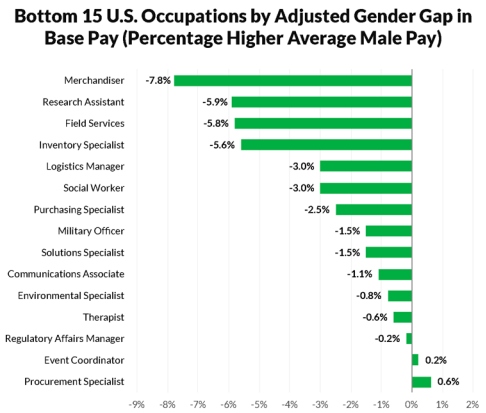
Table 4 shows how our latest estimates of the gender pay gap by occupation above compare to our previous study. It shows our latest estimate of the pay gap using data from 2016–2018, along with the change from our last estimate based on 2006–2015 data.

Among the 15 occupations with the largest pay gaps today, the one with the largest increase since our last study was pilot, up 10.6 percentage points in 2016–2018 compared to our last analysis from 2006–2015. Other occupations with widening pay gaps in recent years include deputy manager (up 7.2 percentage points), facility administrator (up 5.9 percentage points) and bioinformatics scientist (up 3.2 percentage points).

By contrast, the gender pay gap for computer programmer dropped 16.7 percentage points from our last analysis, by far the largest decrease out of these 15 occupations.

Figure 7 shows the U.S. occupations with the smallest adjusted gender pay gaps. For many of these occupations, there is a significant female pay advantage, or a "reverse" gender pay gap. The occupation with the smallest gap is merchandiser (minus 7.8 percent). This amounts to women earning on average 108 cents per dollar earned by men working the same job title, same company, and with similar background and experience. They are followed by research assistant (minus 5.9 percent)—an occupation comprised of many graduate students workers at various U.S. universities—field services (minus 5.8 percent), inventory specialist (minus 5.6 percent) and social worker (minus 3.0 percent).

Figure 7. 15 Jobs with the Smallest Adjusted Gender Pay Gaps in the U.S.



Source: Glassdoor Economic Research (Glassdoor.com/research)
Note: Only job titles with at least 200 salary reports in our sample are reported. Includes controls for age, education, experience, state, year, job title and employer name. Ambiguous or duplicative job titles are not reported.

Table 5 shows how our latest estimates of the gender pay gap by occupation above compare to our previous study for the occupations with the smallest gender wage gaps. It shows our latest estimate of the pay gap using data from 2016–2018, along with the change from our previous estimates based on 2006–2015 data.

Among these fifteen jobs with the smallest gender pay gaps, the occupation with the biggest improvement since our previous study was logistics manager, down 14.5 percentage points in 2016–2018 compared to our last analysis from 2006–2015. Other occupations with shrinking pay gaps in recent years include regulatory affairs manager (down 10.7 percentage points), inventory specialist (down 10.4 percentage points) and solutions specialist–a common sales support role–(down 8.0 percentage points).

Table 5. Changes Among the 15 Jobs with the Smallest Pay Gaps (2019 vs. 2016 Study)

JOB TITLE	ADJUSTED PAY GAP 2016 — 2018	ADJUSTED PAY GAP 2006 — 2015	CHANGE
Logistics Manager	-3.0%	11.5%	-14.5%
Regulatory Affairs Manager	-0.2%	10.5%	-10.7%
Inventory Specialist	-5.6%	4.8%	-10.4%
Solutions Specialist	-1.5%	6.5%	-8.0%
Military Officer	-1.5%	6.5%	-8.0%
Field Services	-5.8%	1.4%	-7.2%
Environmental Specialist	-0.8%	4.5%	-5.3%
Merchandiser	-7.8%	-7.6%	-0.2%
Therapist	-0.6%	-0.5%	-0.1%
Event Coordinator	0.2%	0.2%	0.0%
Research Assistant	-5.9%	-6.6%	0.7%
Communications Associate	-1.1%	-2.2%	1.1%
Procurement Specialist	0.6%	-0.8%	1.4%
Purchasing Specialist	-2.5%	-5.5%	3.0%
Social Worker	-3.0%	-7.8%	4.8%

Source: Glassdoor Economic Research (Glassdoor.com/research)

How the Pay Gap Changes with Age

A well-known fact is that gender pay differences tend to grow with age. Older workers typically experience significantly larger gender pay gaps than younger workers—both in the U.S. and around the world. We find a similar pattern in Glassdoor salary data from 2016–2018, consistent with the findings from our previous study.

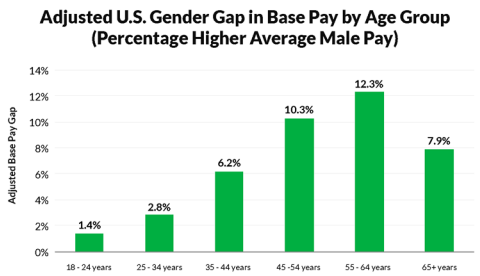
Figure 8 shows the gender pay gap by age groups, after statistically controlling for differences between workers, jobs and employers. The gender pay gap is smallest among young and early-career workers but grows steadily with age.

Workers aged 18 to 24 years experience a relatively small 1.4 percent adjusted gender pay gap, well below the U.S. average of 4.9 percent. Similarly, workers aged 25 to 34 years exhibit a 2.8 percent pay gap. By contrast, workers aged 45 to 54 years face a 10.3 percent gender pay gap, while those aged 55 to 64 years face a 12.3 percent pay gap—more than twice the U.S. average.

Why does the pay gap rise with age? For one, the gender pay gap is likely smaller among young workers because women beginning their careers today face fewer barriers than older workers faced in previous generations. Second, older women may face age discrimination in the job market, amplifying the gender pay gap for older workers. At least some research points to this latter interpretation.[19]

Finally, our results may be due to factors we don't observe in our data, such as whether older women have spent more time out of the labor force due to childbearing responsibilities, and who may face earnings penalties not faced by men who have not left the labor force during their careers.

Figure 8. The U.S. Gender Pay Gap Grows with Age of Employee



Source: Glassdoor Economic Research (Glassdoor.com/research)
Note: Includes controls for age, education, experience, state, year, job title and employer name.

United Kingdom

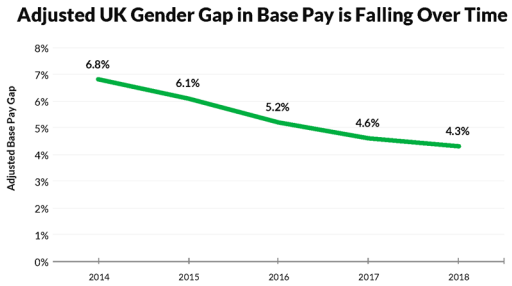
The Office of National Statistics estimates that the UK gender pay gap is roughly 17.9 percent in 2018.[20] In our sample of Glassdoor salary data, we find a comparable gender pay gap reported online by UK employees.

Similar to the U.S., we find that the UK's pay gap is slowly improving over time. Figure 9 shows the adjusted gap between male and female pay each year since 2014 in the UK. The adjusted pay gap has been steadily falling from 6.8 percent in 2014 to 4.3 percent in 2018.

For our analysis, we use a sample of 40,764 Glassdoor salaries reported by UK employees. As in our U.S. sample, we restrict our analysis to workers over age 16 working full time for whom we have basic demographic information such as age, education and years of experience.

In our Glassdoor UK salary sample, the average base pay was £39,740 per year for men and £32,659 for women. That amounts to a gender pay gap of £7,081 in base pay between men and women. In terms of median pay the UK gender gap is 17.9 percent. That amounts to UK women earning roughly 82p for every pound earned by men on average.The unadjusted gender pay gap for total compensation in the UK is slightly higher compared to base pay: 20.7 percent for median total pay.[21]

Figure 9. The UK Gender Pay Gap on Glassdoor is Gradually Improving



Source: Glassdoor Economic Research (Glassdoor.com/research)

Table 6 provides a summary of the UK sample used in our regression analysis. The sample contains 40,764 salaries reported from calendar years 2016 through 2018.[22] The data contains information on approximately 8,609 unique UK employers and 7,495 job titles. The average base pay in the sample was £37,122, ranging from £7,800 to a high of £816,000.[23] Average total compensation was significantly higher at £43,934. The sample is 63 percent male and 37 percent female, and the average age (as of 2018) was 32 years with 4.6 years of relevant work experience. 68 percent of the sample had bachelor's degrees, 20 percent had master's degrees, and 10 percent had only a high school diploma. The average employer size was 40,900 employees, ranging from small one person firms to employers with 2,300,000 employees.

Table 6. Summary Statistics for the United Kingdom Salary Sample

VARIABLE	OBSERVATIONS	MEAN	STANDARD DEVIATION	MIN	MAX
Year	40,764	n.a.	n.a.	2016	2018
Base Salary	40,764	£37,122	£24,939	£7,800	£816,000
Total Compensation	40,764	£43,934	£58,740	£7,800	£5,060,000
Gender (Male = 1)	40,764	0.63	0.48	0	1
Birth Year	40,764	1986	8	1926	2001
Years of Experience	40,764	4.6	5.4	0	60
Associate's Degree	40,764	0.01	0.12	0	1
Bachelor's Degree	40,764	0.68	0.47	0	1
High School Diploma	40,764	0.10	0.30	0	1
J.D.	40,764	0.00	0.02	0	1
Master's Degree	40,764	0.20	0.40	0	1
M.B.A.	40,764	0.00	0.07	0	1
M.D.	40,764	0.00	0.01	0	1
Ph.D.	40,764	0.01	0.08	0	1
Firm Size (# Employees)	40,764	40,900	116,805	1	2,300, 000

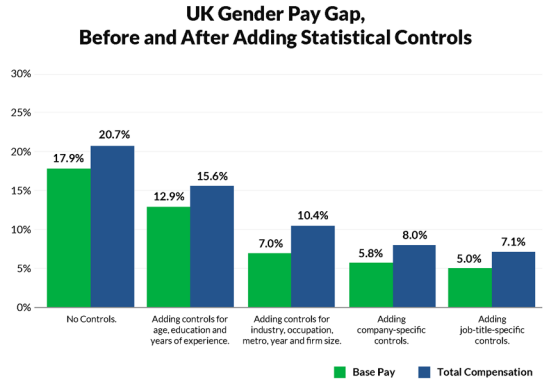
Source: Glassdoor Economic Research (Glassdoor.com/research)

UK Gender Pay Gap

Figure 10 presents our estimates of the unadjusted and adjusted gender pay gap in UK salaries from Glassdoor. Column 1 shows the unadjusted pay gap with no statistical controls for differences between workers or jobs. Overall, there is a 17.9 percent unadjusted gap in base pay between males and females, and a 20.7 percent gender pay gap in total compensation.

Applying controls for age, education and years of experience, the gender pay gap in column 2 shrinks to 12.9 percent for base pay, and 15.6 percent for total compensation. Finally adding in a rich set of controls for company and job title, in column 5 we find an adjusted gender pay gap of 5.0 percent for base pay, and 7.1 percent for total compensation.

Figure 10. Overall UK Results: Estimates of the Unadjusted and Adjusted Gender Pay Gap for Comparable Workers



Source: Glassdoor Economic Research (Glassdoor.com/research)

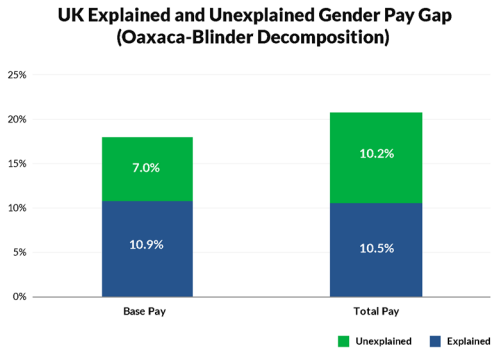
What Explains the Gap?

Figure 11 shows the decomposition of the UK gender pay gap in Glassdoor salary data into the portion that is explained by differences in worker characteristics, and the portion that remains unexplained due either to unobserved factors or subtle forms of workplace bias and discrimination.

Of the overall 17.9 percent gender gap in base pay, 10.9 percent is explained by differences in worker characteristics, while the remaining 7.0 percent is unexplained. This finding means that about 61 percent (10.9/17.9 = 61 percent) of the overall UK gender pay gap in base pay is explained by worker characteristics. The remaining 39 percent is unexplained, and due to differences in the way the labor market rewards men and women with the same characteristics.

Of the 61 percent of the gender gap that is explained, 37 percent is due to sorting of men and women into different industries and occupations, while just 23 percent is due to differences in education and experience between males and females.[24] Put differently, individual worker characteristics explain only about one quarter of the UK gender pay gap. By contrast, the fact that men and women systematically work in different roles explains almost 40 percent.

Figure 11. Decomposing the UK Gender Pay Gap into Explained and Unexplained Portions



Source: Glassdoor Economic Research (Glassdoor.com/research)

Canada

The Office of National Statistics estimates that the Canadian gender pay gap is roughly 13 percent in 2017.[25] In our sample of Glassdoor salary data, we find a slightly higher gender pay gap reported online by Canadian employees.

For our analysis, we use a sample of 21,008 Glassdoor salaries reported by Canadian employees. As in our U.S. sample we restrict our analysis to workers over age 16 working full time for whom we have basic demographic information such as age, education and years of experience.

In our Glassdoor Canada salary sample, the average base pay was $64,966 per year for men and $54,740 for women. That amounts to a gender pay gap of $10,277 in base pay between men and women. In terms of median pay the Canadian gender gap is 16.1 percent. That amounts to Canadian women earning roughly 84 cents for every dollar earned by men on average. The unadjusted gender pay gap for total compensation in Canada is slightly higher compared to base pay: 18.2 percent for median total pay.[26]

Table 7 provides a summary of the Canada sample used in our regression analysis. The sample contains 21,008 salaries reported from calendar years 2016 through 2018.[27] The data contain information on approximately 5,496 unique Canadian employers and 4,755 job titles. The average base pay in the sample was $61,085, ranging from $21,000 to a high of $672,000.[28] Average total compensation was significantly higher at $69,030. The sample is 62 percent male and 38 percent female, and the average age (as of 2018) was 33 years with 4.7 years of relevant work experience. 70 percent of the sample had bachelor's degrees, 19 percent had master's degrees, and 8 percent had only a high school diploma. The average employer size was 49,200 employees, ranging from small one person firms to employers with 2,300,000 employees.

Table 7. Summary Statistics for the Canada Salary Sample

VARIABLE	OBSERVATIONS	MEAN	STANDARD DEVIATION	MIN	MAX
Year	21,008	n.a.	n.a.	2016	2018
Base Salary	21,008	$61,085	$31,108	$21,000	$672,000
Total Compensation	21,008	$69,030	$49,717	$21,000	$1,614,000
Gender (Male = 1)	21,008	0.62	0.49	0	1
Birth Year	21,008	1985	9	1927	2001
Years of Experience	21,008	4.7	5.4	0	46
Associate's Degree	21,008	0.02	0.13	0	1
Bachelor's Degree	21,008	0.70	0.46	0	1
High School Diploma	21,008	0.08	0.27	0	1
J.D.	21,008	0.00	0.01	0	1
Master's Degree	21,008	0.19	0.39	0	1
M.B.A.	21,008	0.01	0.09	0	1
M.D.	21,008	0.00	0.01	0	1
Ph.D.	21,008	0.00	0.06	0	1
Firm Size (# Employees)	21,008	49,200	191,400	1	2,300,000

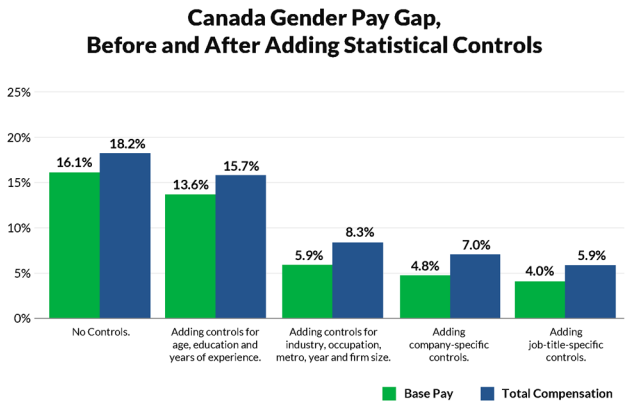
Source: Glassdoor Economic Research (Glassdoor.com/research)

Canada Gender Pay Gap

Figure 12 presents our estimates of the unadjusted and adjusted gender pay gap in Canada salaries from Glassdoor. Column 1 shows the unadjusted pay gap with no statistical controls for differences between workers or jobs. Overall, there is a 16.1 percent unadjusted gap in base pay between men and women, and a 18.2 percent gender pay gap in total compensation.

Applying controls for age, education and years of experience, the gender pay gap in column 2 shrinks to 13.6 percent for base pay, and 15.7 percent for total compensation. Finally adding in a rich set of controls for company and job title, in column 5 we find an adjusted gender pay gap of 4.0 percent for base pay, and 5.9 percent for total compensation.

Figure 12. Overall Canada Results: Estimates of the Unadjusted and Adjusted Gender Pay Gap for Comparable Workers



Source: Glassdoor Economic Research (Glassdoor.com/research)

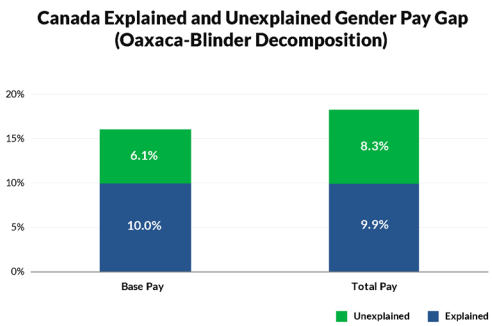
What Explains the Gap?

Figure 13 shows the decomposition of the Canada gender pay gap in Glassdoor salary data into the portion that is explained by differences in worker characteristics, and the portion that remains unexplained due either to unobserved factors or subtle forms of workplace discrimination.

Of the overall 16.1 percent gender gap in base pay, 10.0 percent (or 62 percent of the total gap) is explained by differences in worker characteristics, while the remaining 6.1 percent (or 38 percent of the total gap) is unexplained. This finding means that about 62 percent (10.0/16.1 = 62 percent) of the overall Canada gender pay gap in base pay is explained by worker characteristics. The remaining 38 percent is unexplained, and due to differences in the way the labor market rewards men and women with the same characteristics.

Of the roughly 62 percent of the gender gap that is explained, 52 percent is due to sorting of men and women into different industries and occupations, while just 11 percent is due to differences in education and experience between males and females.[29] Put differently, individual worker characteristics explain only 11 percent of the Canada gender pay gap. By contrast, the fact that men and women systematically work in different roles explains 52 percent—by far the largest factor explaining gender pay differences in our sample.

Figure 13. Decomposing the Canada Gender Pay Gap into Explained and Unexplained Portions



Source: Glassdoor Economic Research (Glassdoor.com/research)

Australia

The Australian Workplace Gender Equality Agency estimates that the Australian gender pay gap is roughly 16.2 percent in 2018.[30] In our sample of Glassdoor salary data, we find a somewhat smaller gender pay gap reported online by Australian employees.

For our analysis, we use a sample of 6,795 Glassdoor salaries reported by Australian employees. As in our U.S. sample we restrict our analysis to workers over age 16 working full time for whom we have basic demographic information such as age, education and years of experience.

In our Glassdoor Australia salary sample, the average base pay was A$97,719 per year for men and A$84,005 for women. That amounts to a gender pay gap of A$13,714 in base pay between men and women. In terms of median pay the Australian gender gap is 15.1 percent. That amounts to Australian women earning roughly 85 cents for every dollar earned by men on average. The unadjusted gender pay gap for total compensation is slightly higher than for base pay: 17.4 percent for median total pay.[31]

Table 8 provides a summary of the Australia sample used in our regression analysis. It contains 6,795 salaries reported from calendar years 2016 through 2018.[32] The data contain information on approximately 1,982 unique Australia employers and 1,901 job titles. The average base pay in the sample was A$93,085, ranging from A$35,500 to a high of A$1,428,000.[33] Average total compensation was somewhat higher at A$104,559. The sample is 66 percent male and 34 percent female, and the average age (as of 2018) was 33 years with 5.5 years of relevant work experience. 68 percent of the sample had bachelor's degrees, 22 percent had master's degrees, and 8 percent had only a high school diploma. The average employer size was 43,442 employees, ranging from small two-person firms to employers with 2,300,000 employees.

Table 8. Summary Statistics for the Australia Salary Sample

VARIABLE	OBSERVATIONS	MEAN	STANDARD DEVIATION	MIN	MAX
Year	6,795	n.a.	n.a.	2016	2018
Base Salary	6,795	$93,085	$48,455	$35,500	$1,428,000
Total Compensation	6,795	$104,559	$84,969	$36,000	$4,390,000
Gender (Male = 1)	6,795	0.66	0.47	0	1
Birth Year	6,795	1985	8	1932	2000
Years of Experience	6,795	5.5	5.5	0	60
Associate's Degree	6,795	0.01	0.09	0	1
Bachelor's Degree	6,795	0.68	0.47	0	1
High School Diploma	6,795	0.08	0.27	0	1
J.D.	6,795	0.00	0.02	0	1
Master's Degree	6,795	0.22	0.41	0	1
M.B.A.	6,795	0.01	0.09	0	1
M.D.	6,795	0.00	0.00	0	1
Ph.D.	6,795	0.00	0.05	0	1
Firm Size (# Employees)	6,795	43,442	87,190	2	2,300,000

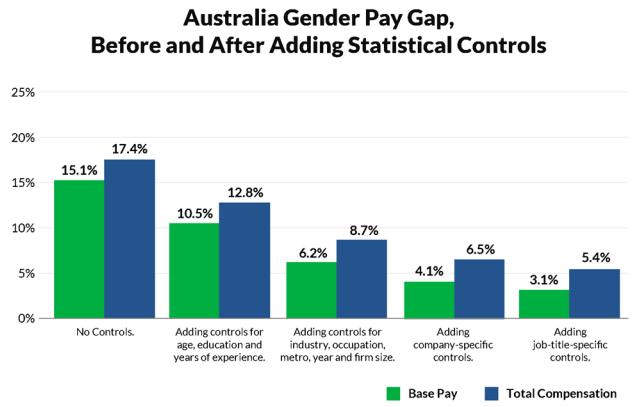
Source: Glassdoor Economic Research (Glassdoor.com/research)

Australia Gender Pay Gap

Figure 14 presents our estimates of the unadjusted and adjusted gender pay gap in Australia salaries from Glassdoor. Column 1 shows the unadjusted pay gap with no statistical controls for differences between workers or jobs. Overall, there is a 15.1 percent unadjusted gap in base pay between males and females, and a 17.4 percent gender pay gap in total compensation.

Applying controls for age, education and years of experience, the gender pay gap in column 2 shrinks to 10.5 percent for base pay, and 12.8 percent for total compensation. Finally adding in a rich set of controls for company and job title, in column 5 we find an adjusted gender pay gap of 3.1 percent for base pay, and 5.4 percent for total compensation.

Figure 14. Overall Australia Results: Estimates of the Unadjusted and Adjusted Gender Pay Gap for Comparable Workers



Source: Glassdoor Economic Research (Glassdoor.com/research)

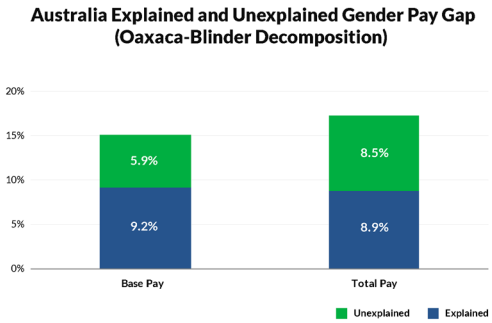
What Explains the Gap?

Figure 15 shows the decomposition of the Australia gender pay gap in Glassdoor salary data into the portion that is explained by differences in worker characteristics, and the portion that remains unexplained due either to unobserved factors or subtle forms of workplace discrimination.

Of the overall 15.1 percent gender gap in base pay, 9.2 percent (or 61 percent of the total gap) is explained by differences in worker characteristics, while the remaining 5.9 percent (or 39 percent of the total gap) is unexplained. This finding means that about 61 percent (9.2/15.1 = 61 percent) of the overall Australia gender pay gap in base pay is explained by worker characteristics. The remaining 39 percent is unexplained, and due to differences in the way the labor market rewards men and women with the same characteristics.

Of the roughly 61 percent of the gender gap that is explained, 37 percent is due to sorting of men and women into different industries and occupations, while just 24 percent is due to differences in education and experience between men and women. Put differently, individual worker characteristics explain only about one-fourth of the Australia gender pay gap. By contrast, the fact that men and women systematically work in different roles explains 37 percent—by far the largest factor explaining gender pay differences in our sample.

Figure 15. Decomposing the Australia Gender Pay Gap into Explained and Unexplained Portions



Source: Glassdoor Economic Research (Glassdoor.com/research)

Singapore

The Ministry of Manpower estimates that the Singaporean gender pay gap is 11.8 percent in 2018.[34] In our sample of Glassdoor salary data, we find a larger gender pay gap reported online by Singaporean employees.

For our analysis, we use a sample of 5,096 Glassdoor salaries reported by Singaporean employees. As in our U.S. sample we restrict our analysis to workers over age 16 working full time for whom we have basic demographic information such as age, education and years of experience.

In our Glassdoor Singapore salary sample, the average base pay was $71,631 per year for men and $61,653 for women. That amounts to a gender pay gap of $9,978 in base pay between men and women. In terms of median pay the Singapore gender gap is 12.8 percent. That amounts to Singaporean women earning roughly 87 cents for every dollar earned by men on average. The unadjusted gender pay gap for total compensation in Singapore is slightly higher than for base pay: 13.3 percent for median total pay.[35]

Table 9 provides a summary of the Singapore sample used in our regression analysis. The sample contains 5,096 salaries reported from calendar years 2016 through 2018.[36] The data contain information on approximately 1,477 unique Singaporean employers and 1,656 job titles. The average base pay in the sample was $68,391, ranging from $2,000 to a high of $864,000.[37] Average total compensation was higher at $82,925. The sample is 68 percent male and 32 percent female, and the average age (as of 2018) was 32 years with 4.8 years of relevant work experience. 67 percent of the sample had bachelor's degrees, 27 percent had master's degrees, and 4 percent had only a high school diploma. The average employer size was 51,127 employees, ranging from small two-person firms to employers with 2,300,000 employees.

Table 9. Summary Statistics for the Singapore Salary Sample

VARIABLE	OBSERVATIONS	MEAN	STANDARD DEVIATION	MIN	MAX
Year	5,096	n.a.	n.a.	2016	2018
Base Salary	5,096	$68,391	$49,189	$2,000	$864,000
Total Compensation	5,096	$82,925	$114,826	$2,000	$5,840,000
Gender (Male = 1)	5,096	0.68	0.47	0	1
Birth Year	5,096	1986	6	1928	1999
Years of Experience	5,096	4.8	4.9	0	60
Associate's Degree	5,096	0.00	0.06	0	1
Bachelor's Degree	5,096	0.67	0.47	0	1
High School Diploma	5,096	0.04	0.20	0	1
J.D.	5,096	0.00	0.00	0	1
Master's Degree	5,096	0.27	0.44	0	1
M.B.A.	5,096	0.01	0.09	0	1
M.D.	5,096	0.00	0.02	0	1
Ph.D.	5,096	0.00	0.07	0	1
Firm Size (# Employees)	5,096	51,127	91,470	2	2,300,000

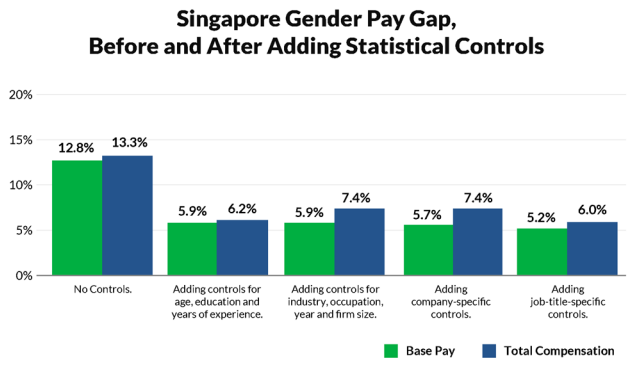
Source: Glassdoor Economic Research (Glassdoor.com/research)

Singapore Gender Pay Gap

Figure 16 presents our estimates of the unadjusted and adjusted gender pay gap in Singapore salaries from Glassdoor. Column 1 shows the unadjusted pay gap with no statistical controls for differences between workers or jobs. Overall, there is a 12.8 percent unadjusted gap in base pay between males and females, and a 13.3 percent gender pay gap in total compensation.

Applying controls for age, education and years of experience, the gender pay gap in column 2 shrinks to 5.9 percent for base pay, and 6.2 percent for total compensation. Finally adding in a rich set of controls for company and job title, in column 5 we find an adjusted gender pay gap of 5.2 percent for base pay, and 6.0 percent for total compensation.

Figure 16. Overall Singapore Results: Estimates of the Unadjusted and Adjusted Gender Pay Gap for Comparable Workers



Source: Glassdoor Economic Research (Glassdoor.com/research)

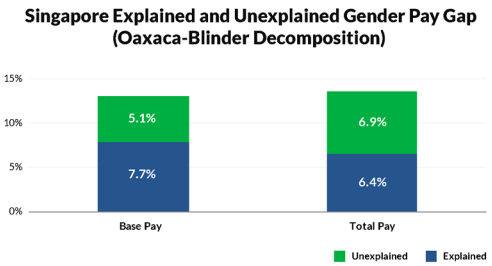
What Explains the Gap?

Figure 17 shows the decomposition of the Singapore gender pay gap in Glassdoor salary data into the portion that is explained by differences in worker characteristics, and the portion that remains unexplained due either to unobserved factors or subtle forms of workplace discrimination.

Of the overall 12.8 percent gender gap in base pay, 7.7 percent (or 60 percent of the total gap) is explained by differences in worker characteristics, while the remaining 5.1 percent (or 40 percent of the total gap) is unexplained. This finding means that about 60 percent (7.7/12.8= 60 percent) of the overall Singapore gender pay gap in base pay is explained by worker characteristics. The remaining 40 percent is unexplained, and due to differences in the way the labor market rewards men and women with the same characteristics.

Of the roughly 60 percent of the gender gap that is explained, 16 percent is due to sorting of men and women into different industries and occupations, while 45 percent is due to differences in education and experience between males and females. Put differently, individual worker characteristics explain 45 percent of the Singapore gender pay gap. By contrast, the fact that men and women systematically work in different roles explains only 16 percent.

Figure 17. Decomposing the Singapore Gender Pay Gap into Explained and Unexplained Portions



Source: Glassdoor Economic Research (Glassdoor.com/research)

Germany

Germany's Federal Statistical Office (Destatis) estimates that the German gender pay gap is roughly 21.0 percent in 2017.[38] In our sample of Glassdoor salary data, we find a slightly higher gender pay gap reported online by German employees.

For our analysis, we use a sample of 4,794 Glassdoor salaries reported by German employees. As in our U.S. sample we restrict our analysis to workers over age 16 working full time for whom we have basic demographic information such as age, education and years of experience.

In our Glassdoor Germany salary sample, the average base pay was €60,303 per year for men and €48,072 for women. That amounts to a gender pay gap of €12,231 in base pay between men and women. In terms of median pay the German gender gap is 22.3 percent. That amounts to German women earning roughly 78 cents for every euro earned by men on average. The unadjusted gender pay gap for total compensation in Germany is slightly higher than for base pay: 25.1 percent for median total pay.[39]

Table 10 provides a summary of the Germany sample used in our regression analysis. The sample contains 4,794 salaries reported from calendar years 2016 through 2018.[40] The data contains information on approximately 1,680 unique German employers and 1,420 job titles. The average base pay in the sample was €57,157, ranging from €17,040 to a high of €534,000.[41] Average total compensation was higher at €63,351. The sample is 74 percent male and 26 percent female, and the average age (as of 2018) was 33 years with 5.3 years of relevant work experience. 61 percent of the sample had bachelor's degrees, 28 percent had master's degrees, and 6 percent had only a high school diploma. The average employer size was 50,600 employees, ranging from small one-person firms to employers with 1,300,000 employees.

Table 10. Summary Statistics for the Germany Salary Sample

VARIABLE	OBSERVATIONS	MEAN	STANDARD DEVIATION	MIN	MAX
Year	4,794	n.a.	n.a.	2016	2018
Base Salary	4,794	€57,157	€26,149	€17,040	€534,000
Total Compensation	4,794	€63,351	€36,937	€17,400	€534,000
Gender (Male = 1)	4,794	0.74	0.44	0	1
Birth Year	4,794	1985	7	1926	2001
Years of Experience	4,794	5.3	5.3	0	38
Associate's Degree	4,794	0.01	0.10	0	1
Bachelor's Degree	4,794	0.61	0.49	0	1
High School Diploma	4,794	0.06	0.23	0	1
J.D.	4,794	0.00	0.05	0	1
Master's Degree	4,794	0.28	0.45	0	1
M.B.A.	4,794	0.03	0.17	0	1
M.D.	4,794	0.00	0.03	0	1
Ph.D.	4,794	0.01	0.12	0	1
Firm Size (# Employees)	4,794	50,600	102,604	1	1,300,000

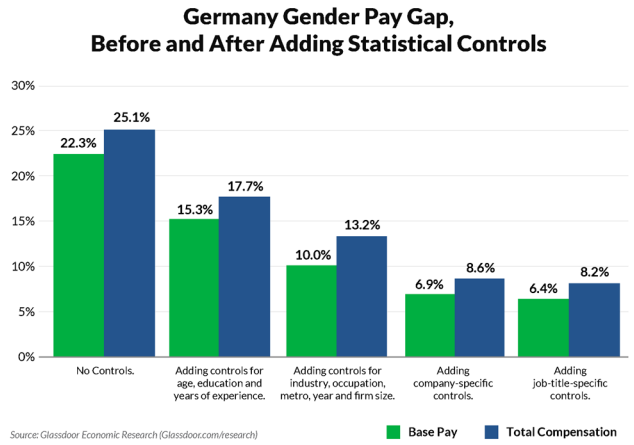
Source: Glassdoor Economic Research (Glassdoor.com/research)

Germany Gender Pay Gap

Figure 18 presents our estimates of the unadjusted and adjusted gender pay gap in German salaries from Glassdoor. Column 1 shows the unadjusted pay gap with no statistical controls for differences between workers or jobs. Overall, there is a 22.3 percent unadjusted gap in base pay between men and women, and a 25.1 percent gender pay gap in total compensation.

Applying controls for age, education and years of experience, the gender pay gap in column 2 shrinks to 15.3 percent for base pay, and 17.7 percent for total compensation. Finally adding in a rich set of controls for company and job title, in column 5 we find an adjusted gender pay gap of 6.4 percent for base pay, and 8.2 percent for total compensation.

Figure 18. Overall Germany Results: Estimates of the Unadjusted and Adjusted Gender Pay Gap for Comparable Workers



Source: Glassdoor Economic Research (Glassdoor.com/research)

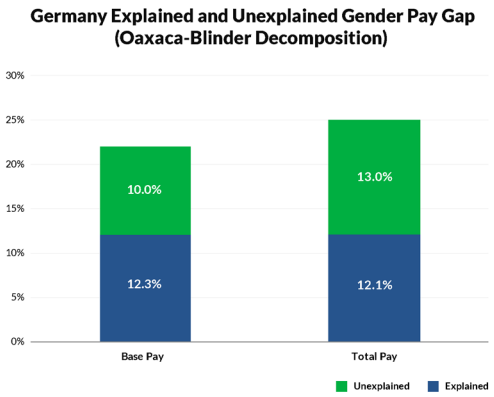
What Explains the Gap?

Figure 19 shows the decomposition of the German gender pay gap in Glassdoor salary data into the portion that is explained by differences in worker characteristics, and the portion that remains unexplained due either to unobserved factors or subtle forms of workplace bias and discrimination.

Of the overall 22.3 percent gender gap in base pay, 12.3 percent (or 55 percent of the total gap) is explained by differences in worker characteristics, while the remaining 10.0 percent (or 45 percent of the total gap) is unexplained. This finding means that about 55 percent (12.3/22.3 = 55 percent) of the overall Germany gender pay gap in base pay is explained by worker characteristics. The remaining 45 percent is unexplained, and due to differences in the way the labor market rewards men and women with the same characteristics.

Of the roughly 55 percent of the gender gap that is explained, 29 percent is due to sorting of men and women into different industries and occupations, while 26 percent is due to differences in education and experience between males and females. Put differently, individual worker characteristics explain only about 26 percent of the Germany gender pay gap, comparable to our findings in the UK and Australia. By contrast, the fact that men and women systematically work in different roles explains 29 percent—the single largest factor explaining gender pay differences in our sample.

Figure 19. Decomposing the Germany Gender Pay Gap into Explained and Unexplained Portions



Source: Glassdoor Economic Research (Glassdoor.com/research)

France

The European Commission's statistical office (Eurostat) estimates that the French gender pay gap was roughly 15.4 percent in 2017.[42] In our sample of Glassdoor salary data, we find a lower gender pay gap reported online by French employees.

For our analysis, we use a sample of 3,471 Glassdoor salaries reported by French employees. As in our U.S. sample we restrict our analysis to workers over age 16 working full time for whom we have basic demographic information such as age, education and years of experience.

In our Glassdoor France salary sample, the average base pay was €51,254 per year for men and €45,279 for women. That amounts to a gender pay gap of €5,974 in base pay between men and women. In terms of median base pay the French gender gap is 11.6 percent. That amounts to French women earning roughly 88 cents for every euro earned by men on average. The unadjusted gender pay gap for median total compensation in France is 12.3 percent.[43]

Table 11 provides a summary of the France sample used in our regression analysis. The sample contains 3,471 salaries reported from calendar years 2016 through 2018.[44] The data contain information on approximately 1,323 unique France employers and 1,012 job titles. The average base pay in the sample was €49,515, ranging from €19,340 to a high of €790,000.[45] Average total compensation was slightly higher at €55,272. The sample is 71 percent male and 29 percent female, and the average age (as of 2018) was 32 years with 4.9 years of relevant work experience. 51 percent of the sample had Bachelor's degrees, 42 percent had Master's degrees, and 4 percent had only a high school diploma. The average employer size was 49,500 employees, ranging from small one-person firms to employers with 627,000 employees.

Table 11. Summary Statistics for the France Salary Sample

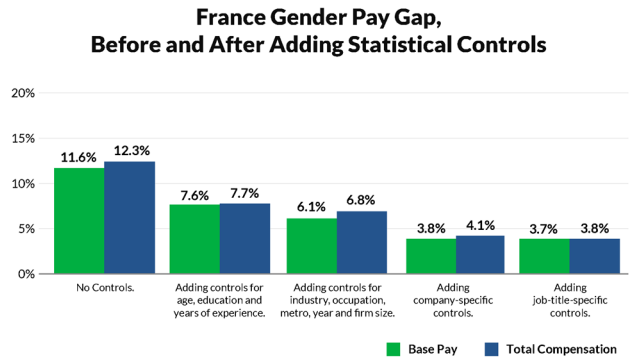
VARIABLE	OBSERVATIONS	MEAN	STANDARD DEVIATION	MIN	MAX
Year	3,471	n.a.	n.a.	2016	2018
Base Salary	3,471	€49,515	€36,568	€19,340	€790,000
Total Compensation	3,471	€55,272	€46,941	€19,340	€950,018
Gender (Male = 1)	3,471	0.71	0.45	0	1
Birth Year	3,471	1986	7	1933	2000
Years of Experience	3,471	4.9	5.1	0	40
Associate's Degree	3,471	0.01	0.08	0	1
Bachelor's Degree	3,471	0.51	0.50	0	1
High School Diploma	3,471	0.04	0.20	0	1
J.D.	3,471	0.00	0.02	0	1
Master's Degree	3,471	0.42	0.49	0	1
M.B.A.	3,471	0.01	0.12	0	1
M.D.	3,471	0.01	0.08	0	1
Ph.D.	3,471	0.00	0.05	0	1
Firm Size (# Employees)	3,471	49,500	91,800	1	627,000

Source: Glassdoor Economic Research (Glassdoor.com/research)

France Gender Pay Gap

Figure 20 presents our estimates of the unadjusted and adjusted gender pay gap in France salaries from Glassdoor. Column 1 shows the unadjusted pay gap with no statistical controls for differences between workers or jobs. Overall, there is a 11.6 percent unadjusted gap in base pay between men and women, and a 12.3 percent gender pay gap in total compensation. Applying controls for age, education and years of experience, the gender pay gap in column 2 shrinks to 7.6 percent for base pay, and 7.7 percent for total compensation. Finally adding in a rich set of controls for company and job title, in column 5 we find an adjusted gender pay gap of 3.7 percent for base pay, and 3.8 percent for total compensation.

Figure 20. Overall France Results: Estimates of the Unadjusted and Adjusted Gender Pay Gap for Comparable Workers



Source: Glassdoor Economic Research (Glassdoor.com/research)

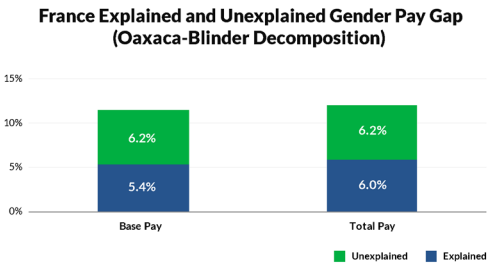
What Explains the Gap?

Figure 21 shows the decomposition of the France gender pay gap in Glassdoor salary data into the portion that is explained by differences in worker characteristics, and the portion that remains unexplained due either to unobserved factors or subtle forms of workplace bias and discrimination.

Of the overall 11.6 percent gender gap in base pay, 5.4 percent (or 46 percent of the total gap) is explained by differences in worker characteristics, while the remaining 6.2 percent (or 54 percent of the total gap) is unexplained. This finding means that about 46 percent (5.4/11.6 = 46 percent) of the overall France gender pay gap in base pay is explained by worker characteristics. The remaining 53 percent is unexplained, and due to differences in the way the labor market rewards men and women with the same characteristics.

Of the roughly 46 percent of the gender gap that is explained, 16 percent is due to sorting of men and women into different industries and occupations, while 30 percent is due to differences in education and experience between men and women. Put differently, individual worker characteristics explain about 30 percent of the France gender pay gap, which is significantly larger compared to our findings in the UK and Germany. By contrast, the fact that men and women systematically work in different roles explains only 16 percent.

Figure 21. Decomposing the France Gender Pay Gap into Explained and Unexplained Portions



Source: Glassdoor Economic Research (Glassdoor.com/research)

The Netherlands

The European Commission's statistical office (Eurostat) estimates that the gender pay gap in the Netherlands was roughly 15.2 percent in 2017.[46] In our sample of Glassdoor salary data, we find a higher gender pay gap reported online by Dutch employees.

For our analysis, we use a sample of 2,514 Glassdoor salaries reported by Dutch employees. As in our U.S. sample we restrict our analysis to workers over age 16 working full time for whom we have basic demographic information such as age, education and years of experience.

In our Glassdoor Netherlands salary sample, the average base pay was €53,644 per year for men and €44,483 for women. That amounts to a gender pay gap of €9,161 in base pay between men and women. In terms of median base pay the Dutch gender pay gap is 18.9 percent. That amounts to Dutch women earning roughly 81 cents for every euro earned by men on average. The unadjusted gender pay gap for median total compensation in the Netherlands is somewhat larger, at 22.9 percent.[47]

Table 12 provides a summary of the Netherlands sample used in our regression analysis. The sample contains 2,514 salaries reported from calendar years 2016 through 2018.[48] The data contains information on approximately 955 unique Dutch employers and 957 job titles. The average base pay in the sample was €51,315, ranging from €18,444 to a high of €372,000.[49] Average total compensation was slightly higher at €58,025. The sample is 75 percent male and 25 percent female, and the average age (as of 2018) was 34 years with 5.7 years of relevant work experience. 59 percent of the sample had Bachelor's degrees, 34 percent had Master's degrees, and 5 percent had only a high school diploma. The average employer size was 76,671 employees, ranging from small two-person firms to employers with 623,000 employees.

Table 12. Summary Statistics for the Netherlands Salary Sample

VARIABLE	OBSERVATIONS	MEAN	STANDARD DEVIATION	MIN	MAX
Year	2,514	n.a.	n.a.	2016	2018
Base Salary	2,514	€51,315	€26,545	€18,444	€372,000
Total Compensation	2,514	€58,025	€37,994	€18444	€565,200
Gender (Male = 1)	2,514	0.75	0.44	0	1
Birth Year	2,514	1984	8	1930	1999
Years of Experience	2,514	5.7	5.9	0	40
Associate's Degree	2,514	0.01	0.08	0	1
Bachelor's Degree	2,514	0.59	0.49	0	1
High School Diploma	2,514	0.05	0.21	0	1
J.D.	2,514	0.00	0.00	0	1
Master's Degree	2,514	0.34	0.47	0	1
M.B.A.	2,514	0.01	0.02	0	1
M.D.	2,514	0.01	0.10	0	1
Ph.D.	2,514	0.01	0.10	0	1
Firm Size (# Employees)	2,514	38,015	76,671	2	623,000

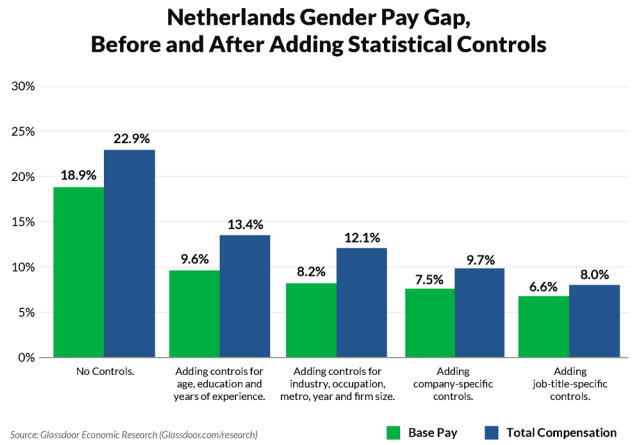
Source: Glassdoor Economic Research (Glassdoor.com/research)

Netherlands Gender Pay Gap

Figure 22 presents our estimates of the unadjusted and adjusted gender pay gap in Dutch salaries from Glassdoor. Column 1 shows the unadjusted pay gap with no statistical controls for differences between workers or jobs. Overall, there is a 18.9 percent unadjusted gap in base pay between men and women, and a 22.9 percent gender pay gap in total compensation.

Applying controls for age, education and years of experience, the gender pay gap in column 2 shrinks to 9.6 percent for base pay, and 13.4 percent for total compensation. Finally adding in a rich set of controls for company and job title, in column 5 we find an adjusted gender pay gap of 6.6 percent for base pay, and 8.0 percent for total compensation.

Figure 22. Overall Netherlands Results: Estimates of the Unadjusted and Adjusted Gender Pay Gap for Comparable Workers



Source: Glassdoor Economic Research (Glassdoor.com/research)

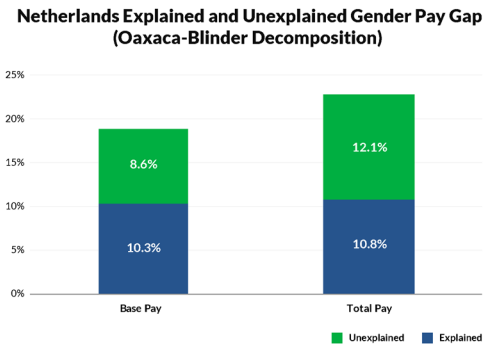
What Explains the Gap?

Figure 23 shows the decomposition of the Netherlands gender pay gap in Glassdoor salary data into the portion that is explained by differences in worker characteristics, and the portion that remains unexplained due either to unobserved factors or subtle forms of workplace bias and discrimination.

Of the overall 18.9 percent gender gap in base pay, 10.3 percent (or 54 percent of the total gap) is explained by differences in worker characteristics, while the remaining 8.6 percent (or 46 percent of the total gap) is unexplained. This finding means that about 54 percent (10.3/18.9 = 54 percent) of the overall Netherlands gender pay gap in base pay is explained by worker characteristics. The remaining 46 percent is unexplained, and due to differences in the way the labor market rewards men and women with the same characteristics.

Of the roughly 54 percent of the gender gap that is explained, 12 percent is due to sorting of men and women into different industries and occupations, while 43 percent is due to differences in education and experience between men and women. Put differently, individual worker characteristics explain about 43 percent of the gender pay gap in the Netherlands, which is significantly larger compared to our findings in the UK and Germany. By contrast, the fact that men and women systematically work in different roles explains only 12 percent. differences in our sample.

Figure 23. Decomposing the Netherlands Gender Pay Gap into Explained and Unexplained Portions



Source: Glassdoor Economic Research (Glassdoor.com/research)

Conclusion: Pay Gaps Around the World

Our latest analysis shows the gender pay gap remains real, both in the U.S. and around the world. Even after statistically comparing workers with similar job titles and employers, with comparable education, experience and locations, we still find a large and statistically significant difference between male and female pay in all eight countries we examined.

Before any statistical controls, men earn on average between 11.6 percent and 22.3 percent more than women across the eight countries we examined, ranging from the smallest unadjusted gender pay gap in France (11.6 percent) to the largest in Germany (22.3 percent).

Once we've statistically controlled for every difference we're able to observe between men and women, we still find an adjusted gender pay gap, ranging from 3.1 percent in Australia to 6.6 percent in the Netherlands. That amounts to women earning on average between 93 cents and 97 cents per dollar earned by men.

Although those gaps are smaller than appears from a simple comparison of average male and female pay, they represent a large and statistically significant gap between male and female earnings all over the world.

How do these findings compare to 2016?
The adjusted gender pay gap has narrowed in four of the five countries we analyzed in our 2016 study. In the United States, the United Kingdom, France and Australia, the gender pay gap has improved since 2016. The one exception is Germany, whose adjusted gender pay gap increased slightly from 5.5 percent to 6.4 percent.

In the U.S., the industries with the largest gender pay gap have shifted somewhat since 2016. In our last study, the health care and insurance industries were tied for largest adjusted pay gap, both at 7.2 percent. Today, we find the media and retail sectors have the largest pay gap in Glassdoor data, both at 6.4 percent. Among industries with the smallest pay gaps, aerospace & defense—which had the smallest gap in our 2016 study—saw a slight increase in pay gap from 2.5 percent to 2.9 percent. Today, the biotech & pharmaceutical industry has the smallest gap (2.2 percent) in our sample.

The biggest factor contributing to the gender pay gap in most countries continues to be occupational and industry sorting. In our 2016 study, women and men working in differently paying jobs in the economy explained 54 percent of the overall U.S. pay gap. Our updated analysis shows that percentage has increased to 56.5 percent. The percentage of the gap due to differences in education and experience has actually fallen, 14 percent to 8 percent. Societal pressures diverting women and men into different career paths remains the most important driver of the pay gap in most countries.

Despite evidence that occupational and industry sorting is a key driver of the pay gap, much popular discussion of pay equity focuses on choices individual women make in their own careers. The idea of a "confidence gap"—the notion that women could achieve more if they were more self-confident at work—is a commonly discussed barrier to pay equity today. Is there really a confidence gap? And does it show up in the salaries men and women aim for during the job search?

In the following section, we use unique data from Glassdoor to explore that issue, providing the first-ever analysis of gender pay gaps among real-world job applications on Glassdoor, and show whether that can explain much of today's gender pay gap.

IV.

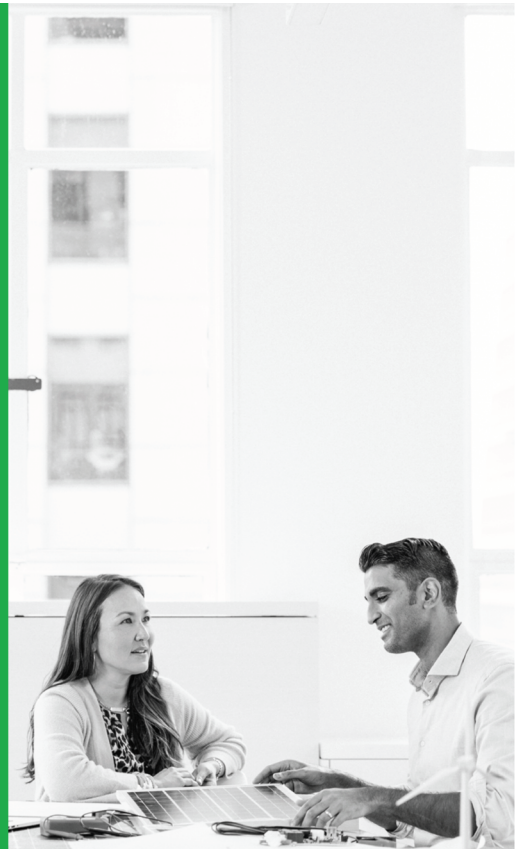
Do Women Ask for Equal Pay for Equal Work?

Introduction

In recent years, there has been much discussion of the "confidence gap" between men and women at work. But it is not well understood whether that gap–if real–may contribute to the gender pay gap. In this section, we analyze a unique data set of real-world job applications from Glassdoor to examine whether a salary confidence gap exists. Do women apply to jobs with lower salaries than men, or not?

If a salary confidence gap were real, it would be a potentially powerful mechanism by which differences in confidence between women and men could translate into a pay gap. If women are less confident about themselves as job applicants, they may avoid applying to higher-paying jobs, even if they are equally qualified. That fact alone could lead to a large pay gap over time.

Glassdoor data offer a unique ability to answer this question. Glassdoor's job search product exposes salary estimates to candidates before they decide to apply, allowing them to incorporate salary expectations into their job search decisions in a way that's not possible in other job search settings. Additionally, because of the high volume of data Glassdoor collects, we are able to control for detailed user and job characteristics to estimate an adjusted salary confidence gap and answer the question: are women today seeking out equal pay for equal work?



Data

As one of the world's largest jobs and recruiting sites, Glassdoor is the starting place for millions of job applications every month. For this analysis, we focus on job applications started on Glassdoor in the United States in 2018. We restrict our sample to records for which we have complete demographic information on applicants, including age, gender and education as well as information on the job listing, including job title and salary estimate. We also use user-submitted salary information to understand users' current base pay. All pay data in this analysis are for base pay only, and do not include other types of compensation.

Table 13 shows summary statistics for the data used in our analysis. It consists of 300,256 job applications started on Glassdoor. It is largely similar to the dataset of salaries used in the previous section to analyze the gender pay gap. This sample is made up of slightly more men compared to that dataset (56 percent compared to 54 percent) and has higher levels of educational attainment (23 percent hold graduate degrees compared to 18 percent). This over-representation may reflect more willingness among college-educated workers to apply to jobs online, compared to their willingness to share salary information.

In Table 13, "applied salary" refers to the salary estimate for the job that the user applied to. By contrast, "current salary" refers to the user's own self-reported salary.

Table 13: Summary Statistics for the Job Applications Used in Our Analysis

VARIABLE	OBSERVATIONS	MEAN	STANDARD DEVIATION	MIN	MAX
Applied Salary	300,256	$83,287	$37,904	$15,000	$445,000
Current Salary	300,256	$62,763	$33,898	$10,300	$570,671
Gender (Male = 1)	300,256	0.56	0.50	0	1
Age (2018)	300,256	35.2	9.8	19	79
Years of Experience	300,256	5.4	6.0	0	40
Associate's Degree	300,256	0.03	0.16	0	1
Bachelor's Degree	300,256	0.67	0.47	0	1
High School Diploma	300,256	0.08	0.26	0	1
J.D.	300,256	0.00	0.04	0	1
Master's Degree	300,256	0.20	0.40	0	1
M.B.A.	300,256	0.02	0.14	0	1
M.D.	300,256	0.00	0.02	0	1
Ph.D.	300,256	0.01	0.08	0	1
Firm Size (# Employees)	300,256	31,400	95,600	1	2,300,000

Source: Glassdoor Economic Research (Glassdoor.com/research)

Findings

In the previous section, we showed the overall U.S. pay gap is 21.4 percent, or that women earn roughly 79 cents for every dollar men earn. We find a similar gap in the salaries men and women apply to on Glassdoor. Men apply to jobs with salaries that are $13,635 higher on average, a gap of 18.3 percent. At first glance, this seems to suggest that a "confidence gap" may be a key driver of the gender pay gap, in which men seek out higher pay in new jobs. However, self-confidence is not the only driver of salary expectations: Men and women also may have different levels of education and experience, or work in different jobs and industries with different pay scales. To conclude there really is a pay gap in job applications, it's important to compare only similar men and women.

For example, the salary confidence gap between men and women varies widely based on the industry of the jobs men and women apply to. In Table 14, we show that, even though men overall apply to higher-paying jobs than women, the size of the gap varies from industry to industry. Men applying to jobs in the accounting & legal industry aim for jobs that pay $15,221 (18.6 percent) more than women, whereas men apply to jobs in the restaurant, bars & food service industry that pay only $3,565 (7.0 percent) more.

Table 14: Average Salaries Men and Women Apply to by Industry

INDUSTRY	MEN	WOMEN	UNADJUSTED GAP ($)	UNADJUSTED GAP (% OF MALE PAY)
Accounting and Legal	$81,812	$66,592	$15,221	18.6%
Finance	$86,803	$70,767	$16,036	18.5%
Health Care	$71,802	$58,741	$13,061	18.2%
Travel and Tourism	$66,594	$55,724	$10,870	16.3%
Non Profit	$67,006	$56,216	$10,790	16.1%
Retail	$64,670	$54,284	$10,387	16.1%
Media	$82,676	$69,882	$12,793	15.5%
Real Estate	$70,133	$59,468	$10,665	15.2%
Business Services	$75,850	$64,589	$11,260	14.8%
Oil, Gas, Energy and Utilities	$81,669	$69,977	$11,691	14.3%
Insurance	$76,015	$65,281	$10,735	14.1%
Education	$66,915	$57,865	$9,050	13.5%
Construction, Repair and Maintenance	$69,930	$60,619	$9,311	13.3%
Government	$69,277	$60,298	$8,980	13.0%
Telecommunications	$78,736	$68,972	$9,764	12.4%
Transportation and Logistics	$65,474	$57,425	$8,049	12.3%
Information Technology	$97,819	$86,248	$11,571	11.8%
Manufacturing	$77,579	$68,784	$8,795	11.3%
Biotech and Pharmaceuticals	$91,650	$81,287	$10,362	11.3%
Aerospace and Defense	$81,608	$72,956	$8,653	10.6%
Arts, Entertainment and Recreation	$63,836	$57,772	$6,064	9.5%
Restaurants, Bars and Food Service	$50,913	$47,348	$3,565	7.0%

Source: Glassdoor Economic Research (Glassdoor.com/research)

Overall, men make up a disproportionate share of applications to higher-paying jobs and industries, which inflates the size of the unadjusted salary confidence gap. In order to truly understand the salary confidence gap, we need to compare women and men with similar backgrounds applying to similar kinds of jobs.

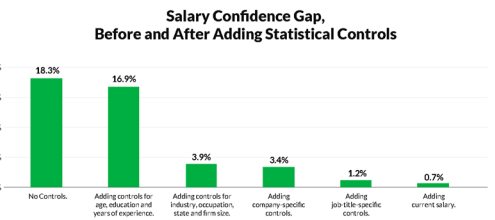
In Figure 24, we show estimates for the salary confidence gap before and after statistical controls have been applied. Column 1 is the unadjusted gap, indicating that men apply to jobs with 18.3 percent higher salaries on average than women. Each subsequent column adds additional controls in order to show the size of the gap when comparing similar workers applying to similar jobs.

Overall, the apparent salary confidence gap in job applicants shrinks as we get closer to making an apples-to-apples comparison between men and women. As shown in Column 3 of Figure 24, after adding controls for "human capital" characteristics of workers like experience and education, as well as job characteristics like occupation and industry, the salary confidence gap shrinks to 3.9 percent.

Most previous research on the salary confidence gap has only had access to the types of controls in Column 3 of Figure 24, not the more detailed controls available in Glassdoor data, which may overestimate the true salary confidence gap. In Columns 4 and 5, we apply our most granular statistical controls for individual companies and job titles, which further reduces the salary confidence gap to 1.2 percent.

In Column 6, we add one final control: users' self-reported current salary on Glassdoor. There are many unobservable characteristics of workers that may affect pay, such as work effort and ability, and these characteristics are partly incorporated into workers' current salaries. After adding current salary as a control, the salary confidence gap narrows further to 0.7 percent. This can be interpreted as an upper bound on the effect of the salary confidence gap on the gender pay gap. This implies that a confidence gap in salary expectations is, at most, a small contributor to the total U.S. unadjusted gender pay gap of 4.9 percent.

Figure 24: Little Evidence of a Salary Confidence Gap after Controls



Source: Glassdoor Economic Research (Glassdoor.com/research)

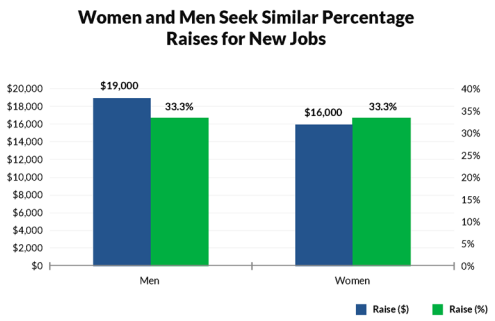
Do Women Ask for Smaller Raises?

Comparing the salary workers aim for against their current salary helps us understand how women and men think about looking for pay raises. Much academic research has asked whether men are more likely to ask for raises than women,[50] but little evidence exists on whether women and men seek similarly sized raises when applying for new jobs.

Data from real-world job applications on Glassdoor show that women and men largely seek the same size percentage raises when they apply to new jobs. In Figure 25, we show that the median percentage raise men and women seek is equal—both at 33.3 percent.

Why is this important? Because similar percentage raises may imply that workers fixate on percentage raises instead of using their actual market value as their salary goal. This could propagate a gender pay gap from job to job as men and women move through their careers, turning a small pay gap early in careers into one that could last a lifetime—one reason policymakers are increasingly considering banning recruiters from asking applicants about their salary history.

Figure 25: Women and Men Seek Similar Percentage Raises for New Jobs on Glassdoor



Source: Glassdoor Economic Research (Glassdoor.com/research)

Conclusion

Our analysis finds that there is a statistically significant but small 0.7 percent salary confidence gap. That is, once we compare similar men and women applying to jobs on Glassdoor, there is a less than one percent gap in pay for jobs that men versus women apply to. This effect is small, and is not likely a primary driver of the overall gender pay gap. Taken together, data from Glassdoor show that women do ask for equal pay for equal work when applying to new jobs online.

One limitation of our research is that the job search on Glassdoor may differ from the overall labor market in one important way: Glassdoor exposes salary information to job candidates before they apply to jobs. As a result, candidates in our sample may have different pay information than workers in the economy as a whole. In other words, other job search methods where pay is less transparent may suffer from a larger salary confidence gap than what we see on Glassdoor.[51] However, our findings based on data from Glassdoor suggest that whatever salary confidence gap exists between men and women isn't likely a main driver of today's gender pay gap.

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V. Conclusion
PROGRESS ON THE GENDER PAY GAP: 2019

Three years have passed since our original study of the gender pay gap in Glassdoor salaries. What has changed?

We find the gender pay gap in the United States has narrowed in recent years but is still significant. In 2018, men as a group earned 21.4 percent more than women in the U.S., down from 26.6 percent in 2011. When comparing women and men with similar experience and jobs, the adjusted pay gap in America has shrunk from 6.5 percent in 2011 to 4.6 percent in 2018. Similarly, in the United Kingdom we find the adjusted pay gap has fallen to 6.3 percent in 2018, down from 9.1 percent in 2014.

While these adjusted gaps may seem small, the accumulated impact on women's lifetime earnings is very significant. Additionally, the presence of a gender pay gap is universal among all eight countries we analyzed. The unadjusted pay gap ranges from a high of 22.3 percent in Germany to a low of 11.6 percent in France, while the adjusted pay gap ranges from a high of 6.6 percent in the Netherlands to 3.1 percent in Australia.

Using unique data from job applications on Glassdoor, we also examined the salary confidence gap between men and women. We found that, after applying statistical controls, women largely ask for equal pay for equal work when applying to jobs online. Men do seek out jobs that pay a statistically significant 0.7 percent higher than those for women. However, the effect is too small to be an important driver of the adjusted U.S. pay gap of 4.6 percent.

How Can We Do Better?

The progress on the gender pay gap in the last 3 years is encouraging. But sustained action from business, government and individuals will be required to meet our most optimistic projections of closing the gap within the next twenty years.

For job seekers, the most important tool for achieving pay equity is knowledge. Understanding one's own market value helps workers seek out and negotiate higher salaries. Research shows, however, that many candidates look for salary information from people like them, or simply by using mental rules of thumb. Incomplete information or subconscious biases can result in workers inadvertently propagating the pay gap themselves. Our analysis of job applicants on Glassdoor shows there isn't a large gap in salary expectations between men and women, suggesting that pay transparency can help close the pay gap if workers take advantage of online pay information.[52] Seeking out and sharing information more widely can be a valuable way for individual workers to contribute to closing the pay gap.

For employers, a key finding of our study is that sharing salary information directly with candidates can be a powerful cultural differentiator in a tight labor market, and can also help close the pay gap. Second, although education and experience are becoming less of a factor behind the gender pay gap, occupational and industry sorting remain significant causes. That suggests that employers should be consistently re-evaluating hiring pipelines to ensure that they are attracting, hiring and retaining diverse talent pools. Finally, because occupational sorting is such an important driver of the pay gap, it's important for employers to promote workplace policies that allow flexibility in work hours and paid family leave, ensuring both men and women can balance work and family responsibilities.

For policymakers, our results offer guidance on what policies are likely to have the biggest impact on the gender pay gap. Policies that promote paid family leave and invest in educational programs to encourage women and minorities to enter STEM fields can help reduce occupational segregation of men and women into differently paying jobs. Additionally, our findings suggest that because men and women target identical percentage raises when looking for new jobs, prohibitions on asking applicants for salary history may help reduce the pay gap over time.

Ultimately, progress on the gender pay gap will require time and sustained effort. Whether through improved salary transparency, more flexible workplace policies, more comprehensive paid family leave, or company pay disclosure requirements, closing the pay gap will require action from policymakers, employers, and job seekers alike. Our hope is that this study helps draw attention to factors behind gender pay gaps around the world, and encourages a smarter dialogue on how to close those gaps for good.

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End Notes

1. Andrew Chamberlain, "Demystifying the Gender Pay Gap," Glassdoor Economic Research, March 2016.

2. We estimate equation (1) using the natural log of salaries, so β_1 has the interpretation of being the approximate percentage male-female pay gap conditional on other statistical controls contained in X. See Footnote 7 for details on how this differs from an exact calculation of percentage pay gaps.

3. See Oaxaca (1973) and Blinder (1973). For a practical overview of how the Oaxaca-Blinder decomposition is implemented by researchers at the World Bank, see O'Donnell, Owen et al. (2008).

4. We implement the Oaxaca-Blinder decomposition in Stata using the "oaxaca" command using a two-fold decomposition with 50-50 weights on male and female coefficient vectors.

5. Past research has clearly documented a gender confidence gap in education settings where Else-Quest, Hyde and Lynn (2010) found male students have higher reported self-confidence in math despite similar performance. And there is some evidence of a confidence gap in the workplace, but many different mechanisms have been proposed: Bosquet, Combes and García-Peñalosa (2018) found that female economists in France were less likely to apply for promotion, while Leibbrandt and List (2012) found female applicants to an administrative assistant job were less likely to negotiate pay than men.

6. Surveys of college students like Martin (1989), Schweitzer, Ng, Lyons and Kuron (2011) and Schweitzer, Lyons, Kuron and Ng (2014) or of job seekers like Zhang and Zheng (2019) indicate that women have lower salary expectations than men but are limited by the fact that surveys are necessarily self-reported and have little visibility into the specific occupations women and men ultimately enter.

7. Note that the regression coefficients we present here give approximate percentage male pay advantages only. The exact percentage male pay advantage—that is, the percentage pay advantage from the male dummy changing from 0 to 1 in our estimating equation—is given by e^β - 1. For additional technical detail, see https://goo.gl/t31YCJ.

8. Glassdoor salary reports are based on surveys administered to site visitors. The survey can be viewed online at http://gldr.co/1TzalcS. It collects detailed information on job title, employer name, location, years of experience, full-time vs. part-time employment status, and base pay as well as all other forms of compensation including bonuses, tips, commissions, stock options and profit sharing. All submissions of this type of "user-generated content" are subjected to a rigorous approval process, including a combination of machine-learning and human-touch review.

9. See, for example, "Six Major U.S. Banks Take Steps on Gender Pay Gap," (February 26, 2018) CPA Practice Advisor, available at https://www.cpapracticeadvisor.com/payroll/news/12399824/six-major-us-banks-take-steps-on-gender-pay-gap.

10. Our sample is based on 426,512 salary reports shared on Glassdoor by U.S.-based, full-time workers as of February 2019. Users can report salaries from up to three calendar years in the past. For our regression estimates, we remove from the sample 2,695 individuals (0.6 percent of the sample) who misreported earnings as less than the 2016 federal minimum wage of $7.25 per hour worked full time for 2,000 hours, or $14,500 per year. We also restrict our sample to salaries with reported base salary of less than $5,000,000 per year and total compensation of less than $10,000,000 per year, which removes 13 observations from our sample. Including these individuals does not materially affect any estimates in the study. All amounts reported as hourly wages are expressed in annual terms assuming a 2,000-hour full-time work year. Amounts reported as monthly salaries are expressed as an annual figure assuming a 12-month work year.

11. Glassdoor's online salary survey collects information on base salary as well as total compensation. Base salary is a required field, but users may optionally report income from tips, bonuses, commissions and other forms of pay. Because these fields are optional, they are subject to underreporting by users. For this reason, our primary focus is on base pay, and we provide figures for total compensation as an illustration only. In general, we suggest caution in interpreting any of the figures reported in this study for total compensation, and all of our main conclusions throughout are based only on our base pay results.

12. See U.S. Bureau of Labor Statistics, "Employment Status of the Civilian Population by Sex and Age," at http://goo.gl/YjJJB.

13. See U.S. Census Bureau, "Educational Attainment in the United States: 2018," at https://goo.gl/bb4z4w.

14. See Vanessa Fuhrmans (March 1, 2019), "Female Factor: Women Drive the Labor-Force Comeback," Wall Street Journal. Available at https://www.wsj.com/articles/female-factor-women-drive-the-labor-force-comeback-11551436214?mod=e2twe

15. Jed Kolko and Claire Cain Miller (December 14, 2018), "As Labor Market Tightens, Women Are Moving Into Male-Dominated Jobs," New York Times. Available at https://www.nytimes.com/2018/12/14/upshot/as-labor-market-tightens-women-are-moving-into-male-dominated-jobs.html

16. See U.S. Bureau of Labor Statistics, "Median Weekly Earnings of Full-Time Wage and Salary Workers by Detailed Occupation and Sex, 2018" at http://gldr.co/21r9Jy7.

17. To calculate each industry's gender pay gap, we sum together the coefficient on male in the model and the coefficient on each industry's male x industry interaction term. Mathematically, the industry gender pay gaps represent βindustry = βmale + βmale x industry. The statistical model for industry and occupation estimates corresponds to our full model with all controls, including age, education, experience, state, year, job title and company name.

18. We only report pay gaps for industries with at least 4,000 salary reports in our sample. Agriculture and Forestry, Consumer Services, and Mining and Mining & Metals were omitted due to insufficient data.

19. See, for example Farber, Silverman and von Wachter (2015), whose findings are summarized at http://gldr.co/1QEwVao.

20. Source: UK Office of National Statistics, at https://bit.ly/2BhYfrF.

21. As with U.S. salary data, we focus on base pay in our analysis, and provide figures for total compensation as an illustration only. We suggest caution in interpreting total compensation figures due to potentially large underreporting bias.

22. The sample was pulled from Glassdoor's salary database on March 1, 2019. Only full-time workers are included in the sample.

23. For our regression estimates, we remove from the sample 107 individuals (0.26 percent of the sample) who misreported earnings as less than the 2016 UK minimum wage of £3.87 per hour worked full time for 2,000 hours, or £7,740 per year (Source http://gldr.co/1TG55eh) or reported earnings totaling over £5,000,000 base pay per year or £10,000,000 total pay per year. Including these individuals does not materially affect any estimates in the study. All salaries reported as hourly wages are expressed in annual terms assuming a 2,000-hour full-time work year.

24. Percentages do not add to the total due to rounding of individual figures.

25. Source: Statistics Canada, at https://bit.ly/2TtWxO6.

26. As with U.S. salary data, we focus on base pay in our analysis, and provide figures for total compensation as an illustration only. We suggest caution in interpreting total compensation figures due to potentially large underreporting bias.

27. The sample was pulled from Glassdoor's salary database on March 1, 2019. Only full-time workers are included in the sample.

28. For our regression estimates, we remove from the sample 368 individuals (1.8 percent of the sample) who misreported earnings as less than the lowest Canadian jurisdiction minimum wage of $10.5 per hour worked full time for 2,000 hours, or $21,000 per year (Source https://bit.ly/2U7LdHL) or reported earnings totaling over $5,000,000 base pay per year or $10,000,000 total pay per year. Including these individuals does not materially affect any estimates in the study. All salaries reported as hourly wages are expressed in annual terms assuming a 2,000-hour full-time work year.

29. Percentages do not add to the total due to rounding of individual figures.

30. Source: Australia Workplace Gender Equality Agency, at https://bit.ly/2Tu5NgV.

31. As with U.S. salary data, we focus on base pay in our analysis, and provide figures for total compensation as an illustration only. We suggest caution in interpreting total compensation figures due to potentially large underreporting bias.

32. The sample was pulled from Glassdoor's salary database on March 1, 2019. Full-time workers only are included in the sample.

33. For our regression estimates, we remove from the sample 172 individuals (2.5 percent of the sample) misreporting earnings as less than the 2016 Australia minimum wage for full time workers, or A$35,400 per year (Source: https://ab.co/2FA0kl2) or reported earnings totaling over A$5,000,000 base pay per year or A$10,000,000 total pay per year. Including these individuals does not materially affect any estimates in this study. All salaries reported as hourly wages are expressed in annual terms assuming a 2,000-hour full-time work year.

34. Source: Singapore Ministry of Manpower, at https://bit.ly/2xoy7cA.

35. As with U.S. salary data, we focus on base pay in our analysis, and provide figures for total compensation as an illustration only. We suggest caution in interpreting total compensation figures due to potentially large underreporting bias.

36. The sample was pulled from Glassdoor's salary database on March 1, 2019. Full-time workers only are included in the sample.

37. For our regression estimates, we remove from the sample 2 individuals (.04 percent of the sample) who reported earnings totaling under $2,000 base pay per year or totaling over $5,000,000 base pay per year or $10,000,000 total pay per year. Including these individuals does not materially affect any estimates in this study. All salaries reported as hourly wages are expressed in annual terms assuming a 2,000-hour full-time work year.

38. Source: German Federal Statistical Office (Destatis), at https://bit.ly/2HF19eI.

39. As with U.S. salary data, we focus on base pay in our analysis, and provide figures for total compensation as an illustration only. We suggest caution in interpreting total compensation figures due to potentially large underreporting bias.

40. The sample was pulled from Glassdoor's salary database on March 1, 2019. Full-time workers only are included in the sample.

41. For our regression estimates, we remove from the sample 84 individuals (1.8 percent of the sample) misreporting earnings as less than the 2016 Germany minimum wage for full time workers, or €17,000 per year (Source: https://bit.ly/2HUXB7l) or reported earnings totaling over €5,000,000 base pay per year or €10,000,000 total pay per year. Including these individuals does not materially affect any estimates in this study. All salaries reported as hourly wages are expressed in annual terms assuming a 2,000-hour full-time work year.

42. Source: European Union's Eurostat, at https://bit.ly/2UbpX3M.

43. As with U.S. salary data, we focus on base pay in our analysis, and provide figures for total compensation as an illustration only. We suggest caution in interpreting total compensation figures due to potentially large underreporting bias.

44. The sample was pulled from Glassdoor's salary database on March 1, 2019. Full-time workers only are included in the sample.

45. For our regression estimates, we remove from the sample 134 individuals (3.9 percent of the sample) misreporting earnings as less than the 2016 France minimum wage of €9.67 per hour worked at 2,000 hours per year, or €19,340 per year (Source: France National Institute of Statistics and Economic Studies, at https://bit.ly/2BSiWYI). Including these individuals does not materially affect any estimates in this study. All salaries reported as hourly wages are expressed in annual terms assuming a 2,000-hour full-time work year.

46. Source: European Union's Eurostat, at https://bit.ly/2UbpX3M.

47. As with U.S. salary data, we focus on base pay in our analysis, and provide figures for total compensation as an illustration only. We suggest caution in interpreting total compensation figures due to potentially large underreporting bias.

48. The sample was pulled from Glassdoor's salary database on March 1, 2019. Full-time workers only are included in the sample.

49. For our regression estimates, we remove from the sample 48 individuals (1.9 percent of the sample) misreporting earnings as less than the 2016 Netherlands minimum wage of €18,444 per year (Source: International Labour Organization, at https://bit.ly/2Yo9NmY). Including these individuals does not materially affect any estimates in this study. All salaries reported as hourly wages are expressed in annual terms assuming a 2,000-hour full-time work year.

50. Babcock and Laschever (2003) and Bowles et al. (2007) find that women are less likely to ask for raises. In contrast, Gerhart and Rynes (1989), Belliveau (2012) and Artz, Goodall and Oswald (2018) find that men and women are equally likely to ask for raises.

51. Past research has suggested salary transparency alone may not be sufficient to close the salary confidence gap. Martin (1989) found that providing an industry-level salary estimate did not close the gap, but we argue that an industry-level estimate is too vague to be useful. In contrast, Schweitzer, Lyons, Kuron and Ng (2014) found that women rely on information from same-sex role models or comparators more than men which may propagate pay gaps and, thus, suggest that more accurate salary information may, in fact, help equalize salary expectations.

52. For an overview of research on how salary transparency affects gender pay differences, see Chamberlain (2015)

About Glassdoor

Glassdoor combines all the latest jobs with millions of reviews and insights to make it easy for people to find a job that is uniquely right for them. The company is on a mission to help people everywhere find a job and company they love. In pursuit of this mission, Glassdoor helps employers hire truly informed candidates at scale through effective recruiting solutions like job advertising and employer branding products. Launched in 2008, Glassdoor now has reviews and insights for more than 900,000 companies located in more than 190 countries. For more information, visit glassdoor.com.

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The Pipeline Problem: How College Majors Contribute to the Gender Pay Gap

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and

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Executive Summary

- In the 2016 study, *Demystifying the Gender Pay Gap*, Glassdoor Economic Research found that the biggest cause of today's gender pay gap is that men and women sort into different jobs — men into higher-paying positions and women into traditionally lower-paying jobs.
- In this study, we dig deeper into this "pipeline problem" by taking a step backward in time to study how college majors affect career paths and pay later on.
- During college, men and women gravitate toward different majors, often due to societal pressures. This puts men and women on different career tracks — with different pay — after college. How does this contribute to America's gender pay gap?
- Using a unique dataset of more than 46,900 resumes shared on Glassdoor, we illustrate how men and women sorting into different college majors translates into gender gaps in careers and pay later.
- Many college majors that lead to high-paying roles in tech and engineering are male dominated, while majors that lead to lower-paying roles in social sciences and liberal arts tend to be female-dominated, placing men in higher-paying career pathways, on average.
    - The most male-dominated majors are Mechanical Engineering (89 percent male), Civil Engineering (83 percent male), Physics (81 percent male), Computer Science and Engineering (74 percent male), and Electrical Engineering (74 percent male).
    - The most female-dominated majors are Social Work (85 percent female), Healthcare Administration (84 percent female), Anthropology (80 percent female), Nursing (80 percent female), and Human Resources (80 percent female).
- Nine of the 10 highest paying majors we examined are male-dominated. By contrast, 6 of the 10 lowest-paying majors are female-dominated.
- Even within the same major men and women often end up on different career tracks, resulting in a pay gap that could follow them for a lifetime. In our sample, across the 50 most common majors, men and women face an 11.5 percent pay gap on average in the first five years of their careers.
    - Majors leading to the largest pay gaps favoring men include Healthcare Administration (22 percent pay gap), Mathematics (18 percent pay gap) and Biology (13 percent pay gap).
    - Majors leading to the largest pay gaps favoring women — a reverse pay gap — include Architecture (-14 percent pay gap), Music (-10.1 percent pay gap) and Social Work (-8.4 percent pay gap).
- Choice of college major can have a dramatic impact on jobs and pay later on. Our results suggest that gender imbalances among college majors are an important and often overlooked driver of the gender pay gap.

I. Introduction

For many people, college is a time for personal growth and exploration. However, it's also a time that affects future careers. The choice among college majors can have a dramatic impact on jobs and pay in the years after graduation. While many think of choosing a college major as an expression of personal interests and values, it's also a practical financial decision — one with implications for a lifetime of work and earnings.

Many college majors are divided by gender. For a variety of reasons, men and women tend to cluster into different fields in college. For example, in 2014 women earned 57 percent of all bachelor's degrees granted in America,[1] but earned just 9 percent of degrees in Construction Management. By contrast, women earn 89 percent of degrees in Occupational Therapy today, compared to just 11 percent earned by men.

This gender divide among college majors effectively places men and women on different career tracks early in life. Although college majors certainly don't completely determine careers, differences in skills and training imparted by different college majors clearly affects which career doors are open or closed after graduation — skills like coding, knowledge of financial principles, written communication, engineering methods, statistical theory, best practices of design, and more.

Because men and women systematically sort into different college majors, they experience different early career paths, which pay differently. These pay differences in turn reveal themselves as major contributors to the well-documented gap between male and female pay in the labor market. Because the choice of college major affects job prospects and pay later on, choosing a field of study goes far beyond an expression of personal preference; it is also a decision that affects America's persistent gender pay gap.

In 2016, Glassdoor published a study showing a significant gender pay gap around the world.[2] In each country we examined, men earned more than women on average, both before and after adding statistical controls to make an apples-to-apples comparison between similar male and female workers, including age, education, job title, company, industry and other factors. On average, men in the U.S. earn about 24.1 percent higher base pay than women, and a gender pay gap of 5.4 percent remains even after statistically controlling for all observable differences between workers.

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[1] See National Center for Education Statistics, "Table 318.30. Bachelor's, Master's, and Doctor's Degrees Conferred by Postsecondary Institutions, by Sex of Student and Discipline Division: 2013-14." Available at https://nces.ed.gov/programs/digest/d15/tables/dt15_318.30.asp.

[2] Andrew Chamberlain (March 2016), "Demystifying the Gender Pay Gap: Evidence from Glassdoor Salary Data," Glassdoor Economic Research report. Available at https://www.glassdoor.com/research/studies/gender-pay-gap/.

What's causing that gender pay gap? In our study, we found the largest single factor that explains the 24.1 percent adjusted gender pay gap in the U.S. is *occupation and industry sorting of men and women* into different jobs that pay differently throughout the economy. For example, men tend to disproportionately work in high-paying executive roles, while women are over-represented among lower-paying retail positions. In the U.S., this type of occupational sorting explains about 54 percent of the overall gender pay gap — more than half the observed difference between men and women's pay.

In this study we examine an important part of the "pipeline" cause of the occupational sorting of men and women into different roles in the economy: Gender differences in college major. Using a large database of resumes shared on Glassdoor, we examine the gender, college major, and early career paths of more than 46,900 resumes from individuals who finished college between 2010 and 2017.[3] We then estimated pay for each post-college job using Glassdoor salary data. This provides a unique data set that shows the complete link between gender, choice of college major, and differences in male and female pay later on.

The remainder of this study is organized as follows. In Section II, we illustrate how the choice of college major affects pay with some examples. In Section III, we describe our data set. Section IV shows which college majors are most gender divided. Section V shows the most common jobs for each college major. Section VI connects career paths with pay to show the highest and lowest paying college majors. Section VII illustrates how men and women cluster into differently paying majors, fueling the gender pay gap. Section VIII notes some limitations of our data. Finally, Section IX summarizes what our results mean for job seekers, employers and universities.

[3] All names and other personally identifying information were removed from resumes before access by our researchers. No personally identifying information of any kind was used in this research.

II. Pathways from College to Jobs

How does the choice of college major affect pay? In Figure 1, we illustrate how we think about the pipeline from college majors to jobs and compensation in this study. It illustrates a stylized choice between two popular college majors: Accounting and Communications. For each major, we've shown three of the most common jobs people go into during their first five years in the labor market after graduation, as well as the estimated median base pay for each job based on Glassdoor salary data.

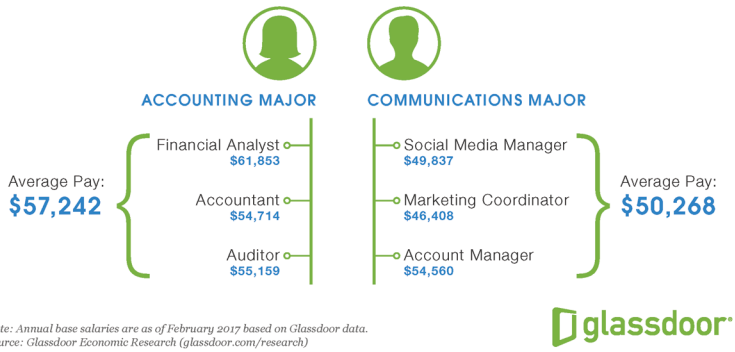
For Accounting majors, common jobs during the first five years after graduation include financial analyst, accountant, and auditor. Median base pay for these jobs ranges from $54,714 to $61,853, for an average of pay of $57,242 per year. For Communications majors, typical career paths after college include social media manager, marketing coordinator, and account manager. Median base pay for these jobs ranges from $46,408 to $54,560 per year, for an average pay of $50,268 per year. Between the two majors, there's a roughly $7,000 per year difference in typical earnings.

If men and women choose Accounting and Communications majors equally in college, there will be no average difference in pay between men and women after graduation. However, if the gender balance tips in favor of one or the other, men and women are placed on different career paths with different pay. In the extreme case of *all* women majoring in Accounting while all men choose Communications, average post-graduation pay would reveal a gender gap of $6,974 or 13.9 percent in favor of women. This is the basic connection between gender, choice of college major, and pay that we examine in this study.

While the example in Figure 1 is hypothetical, research shows the impact of college majors on pay is real. In 2011, a study from the Center on Education and the Workforce at Georgetown University explored differences in earnings for 171 college majors in the U.S.[4] They found wide gaps in median pay among different college majors, ranging from $29,000 per year earned by Counseling Psychology majors to $120,000 per year earned by Petroleum Engineering majors. These vast differences in pay among college majors mean small differences in the gender balance within majors can lead to large gender pay gaps later on.

[4] Anthony Carnevale, Jeff Strohl and Michelle Melton (2011). "What's It Worth? The Economic Value of College Majors," Center on Education and the Workforce at Georgetown University. Available at https://cew.georgetown.edu/wp-content/uploads/2014/11/whatsitworth-complete.pdf.

FIGURE 1. How College Majors Affect Career Paths and Pay



Note: Annual base salaries are as of February 2017 based on Glassdoor data.
Source: Glassdoor Economic Research (glassdoor.com/research)

WHAT DRIVES CHOICE OF MAJOR?

One question that immediately arises is: What factors influence men and women to choose different college majors? While it may be tempting to describe the choice among college majors as a purely individual choice by students, research paints a more complex picture. Studies show that many broader social factors also influence the gender patterns we see among college majors.

For example, research shows that early academic preparation in elementary and high school has a powerful effect on the choice of college majors by men and women. A 2017 study published in the academic journal *Labour Economics* found that differences in college preparation account for many gender disparities by major, including "two-thirds of the gap in science, half of the gap in humanities, and almost half of the gap in engineering."[5]

[5] See Jamin Speer (2017), "The Gender Gap in College Major: Revisiting the Role of Pre-College Factors," Labour Economics, Vol. 44 No.1. Available at http://www.sole-jole.org/16352.pdf.

Other research points to broader social norms as a factor driving men and women into different fields of study. A 2012 study published in the *Journal of Human Resources* found that gaining parents' approval played a key role in gender differences among majors.[6] The study also found that "males and females differ in their preferences in the workplace, with males caring about the [monetary] outcomes in the workplace much more than females." These factors are clearly influenced by broader gender norms in society, not just the personal choice of individual students.

In reality, gender differences among college majors reflect many factors beyond a simple individual choice by students. Instead, they reflect a complex mixture of pre-college preparation, social norms regarding gender and work, and the preferences of male and female students and their families.

SELECTION BIAS OR COLLEGE PREPARATION?

One criticism often made of studies that link the choice of college major to pay is that they suffer from *selection bias*.

When it comes to picking college majors, students are not randomly assigned — they sort themselves into majors. If "high ability" students cluster in certain fields, those majors will earn high pay in the labor market later. But that high pay isn't just because of the skills and training students received from their college major — it's because of the underlying high ability of the students who chose that field.

Economists call this type of bias *selection on unobservables*. It makes it difficult to study the causal impact of picking a college major on earnings, because it's not possible to untangle how the choice of college major affects pay, separately from the impact of a student's underlying ability.

In this study, we're able to partly avoid this concern by separately estimating career paths and pay. That is, first we map the jobs each person worked at after college from resumes. We then independently estimate the market value of those jobs. That helps remove some of the selection bias in pay due to unobserved high or low ability of any particular student. Although we're not able to completely overcome selection bias concerns, this approach helps to mitigate them

[6] See Basit Zafar (2012), "College Major Choice and the Gender Gap," Journal of Human Resources, Vol. 48, No. 3. Available at http://jhr.uwpress.org/content/48/3/545.refs.

III. How We Built the Data

In this study, we focus on the labor market experiences of recent college grads in the United States. From a large database of resumes shared anonymously on Glassdoor, we extracted a sample of 46,934 individual resumes that listed at least a college degree, such as a B.A., B.S. or similar degree. We restricted our sample to individuals who completed college between January 1, 2010 and January 31, 2017, and only to jobs started within the first five years after graduation. Some students went on to grad school during this period, and some did not — we include everyone, and all the jobs they list on resumes during the first five years after college.

Using Glassdoor salary data, we then estimated the median base pay for each job along graduates' early career paths. Because our sample consists of workers with five or fewer years of experience, we only use salary reports on Glassdoor from users who reported five or fewer years of relevant work experience for our estimates. From this sample of 824 U.S. college majors, we then restricted our analysis to the top 50 most common college majors in the data.

Table 1 shows summary statistics for the data. The file contains in 78,031 observations of college major and work experience from 46,934 unique resumes, representing workers in 719 U.S. metro areas working in 2,253 job titles.

TABLE 1. Summary of the Data Used in this Study

Education Time Period	Individuals completing college between January 1, 2010 and January 31, 2017
Work Time Period	Jobs started within five years of college graduation
College Majors in Sample	824, from which 50 most common were selected
Unique Resumes in Top 50 Majors	46,934
Observations of Work and College Degree in Top 50 Majors	78,031
Unique Job Titles Represented	2,253
U.S. Metro Locations Represented	719

Source: Glassdoor Economic Research (glassdoor.com/research)

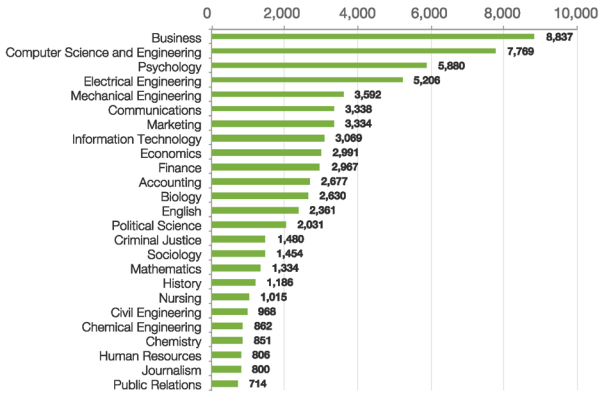
MOST COMMON COLLEGE MAJORS

Figure 2 shows the most common college majors in the sample. According to figures from the National Center for Education Statistics, Business was the most popular U.S. college major during the 2014-15 academic year.[7] In that year, U.S. colleges and universities granted a total of 363,799 undergraduate Business degrees. Business was also the most common college major listed in our sample of resumes, comprising 11.3 percent or 8,837 observations in our sample.

The second most common major in our sample was Computer Science and Engineering, which made up 7,769 observations or 10.0 percent of our sample. That was followed by Psychology (5,880 observations or 7.5 percent), Electrical Engineering (5,206 observations or 6.7 percent), Mechanical Engineering (3,592 observations or 4.6 percent), and Communications (3,338 observations or 4.3 percent).

The least common major among the 50 we examined was Kinesiology (227 observations or 0.3 percent), followed by Music (278 observations or 0.4 percent), Statistics (316 observations or 0.4 percent), Architecture (317 observations or 0.4 percent), and Spanish (319 observations or 0.4 percent). A complete list of the 50 majors we examined in this study is available in the Appendix.

FIGURE 2. 25 Most Common College Majors in Our Sample



Source: Glassdoor Economic Research (glassdoor.com/research)

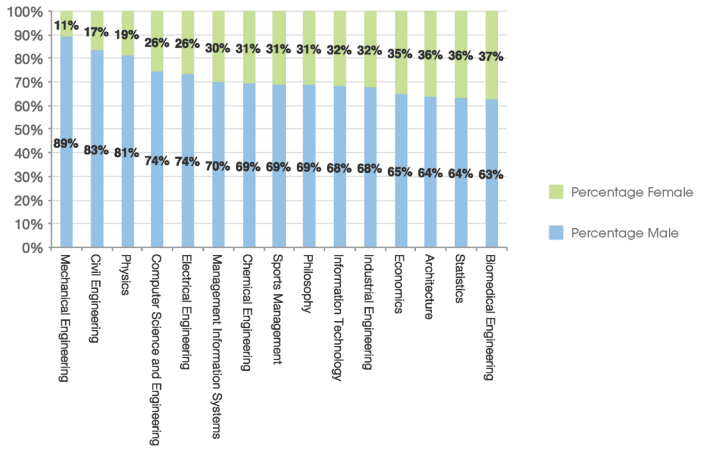
[7] See National Center for Education Statistics, Table 322.10, "Bachelor's Degrees Conferred by Postsecondary Institutions, By Field of Study: Selected Years, 1970-71 Through 2014-15." Available at https://nces.ed.gov/fastfacts/display.asp?id=37.

IV. Gender Divide by College Major

For a variety of reasons, men and women gravitate toward different college majors. In Figure 3, we show the 15 most male-dominated college majors in our sample. For each major, the percentage of males in our sample is shown in blue, while the percentage of females is shown in green.

The most male-dominated college major in our sample was Mechanical Engineering. In that major, 89 percent of bachelor's degrees were earned by men, compared to just 11 percent by women. That was followed by Civil Engineering (83 percent male, 17 percent female), Physics (81 percent male, 19 percent female), Computer Science and Engineering (74 percent male, 26 percent female), and Electrical Engineering (74 percent male, 26 percent female).

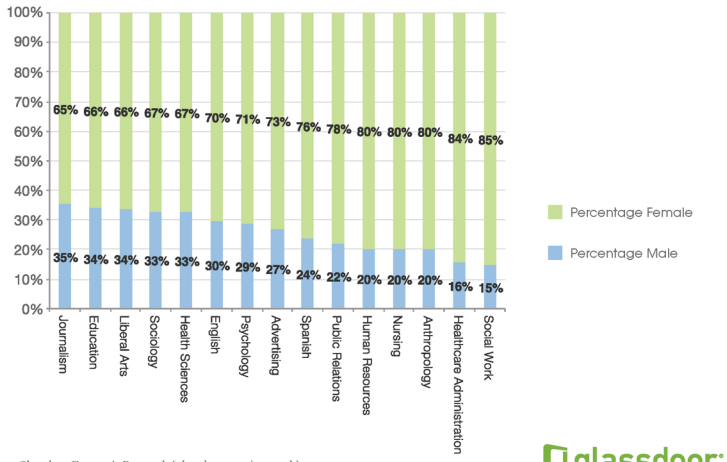
FIGURE 3. 15 Most Male-Dominated College Majors



Source: Glassdoor Economic Research (glassdoor.com/research)

In Figure 4, we show the 15 most female-dominated college majors in our sample. The college major with the largest share of women in our sample was Social Work, with 85 percent of bachelor's degrees earned by women, compared to 15 percent by men. That was followed by Healthcare Administration (16 percent male, 84 percent female), Anthropology (20 percent male, 80 percent female), Nursing (20 percent male, 80 percent female) and Human Resources (20 percent male, 80 percent female).

FIGURE 4. 15 Most Female-Dominated College Majors



Source: Glassdoor Economic Research (glassdoor.com/research)

It is a well-known fact that women today are underrepresented in many fast-growing science, technology, engineering and mathematics (STEM) fields.[8] According to a 2010 study by the American Association of University Women (AAUW), "men outnumber women in nearly every science and engineering field, and in some, such as physics, engineering, and computer science, the difference is dramatic."

As we illustrate in the sections below, this under-representation of women among STEM majors in turn helps fuel the gender differences in jobs and pay we observe in the broader U.S. labor market.

[8] See for example, Catherine Hill, Christianne Corbett, and Andresse St. Rose (2010). "Why So Few? Women in Science, Technology, Engineering and Mathematics," American Association of University Women (AAUW) research report. Available at http://www.aauw.org/resource/why-so-few-women-in-science-technology-engineering-mathematics/.

V. Job Pathways by College Major

Which major we choose in college helps determine what career doors are open or closed during the early years after graduation. In this section, we show the most common jobs students from each major work in during the first five years of their careers — illustrating how choosing among different majors places workers on sharply different career tracks.

A. MOST COMMON JOBS BY MAJOR

In Table 2, we show the 25 most common college majors in our sample. For each major, the columns show the five most common job titles worked in during the first five years after graduation, along with the percentage of our sample who held each type of job.

For some majors, jobs are closely linked to college coursework. For example, the most common job for Computer Science and Engineering majors is software engineer, with 17 percent working in that role during the first five years after college. Similarly, the most common job for Nursing majors is registered nurse (31 percent), while the most common role for Human Resources majors is HR assistant (10 percent).

By contrast, some majors work in jobs not closely related to coursework. For example, the most common job for Communications majors is account executive (3 percent), which is typically a sales role. Similarly, the most common job for History majors is manager (3 percent) — a general business role — while the most common job for Sociology majors is intern (4 percent).

TABLE 2. Most Common Jobs After College for the Top 25 Majors

	← Most Common Jobs								Least Common Jobs →	
	FIRST		SECOND		THIRD		FOURTH		FIFTH	
Major Field of Study	**Job Title**	**%**	**Job Title**	**%**	**Job Title**	**%**	**Job Title**	**%**	**Job Title**	**%**
Business	Manager	2%	Account Manager	2%	Admin. Assistant	2%	Operations Manager	2%	Sales Associate	1%
Computer Science and Engineering	Software Engineer	17%	Software Developer	7%	Systems Engineer	4%	Teaching Assistant	4%	Research Assistant	3%
Psychology	Mental Health Counselor	2%	Intern	2%	Research Assistant	2%	Case Manager	2%	Manager	2%
Electrical Engineering	Software Engineer	8%	Research Assistant	6%	Systems Engineer	6%	Teaching Assistant	5%	Engineer	3%
Mechanical Engineering	Mechanical Engineer	9%	Research Assistant	7%	Engineer	6%	Design Engineer	6%	Teaching Assistant	4%
Communications	Account Executive	3%	Social Media Manager	3%	Admin. Assistant	3%	Account Manager	2%	Marketing Coordinator	2%
Marketing	Account Manager	3%	Marketing Coordinator	2%	Account Executive	2%	Manager	2%	Marketing Manager	2%
Information Technology	Software Engineer	9%	Software Developer	5%	Systems Engineer	4%	Web Developer	2%	Research Assistant	2%
Economics	Financial Analyst	4%	Analyst	3%	Intern	3%	Manager	2%	Research Assistant	2%
Finance	Financial Analyst	6%	Analyst	3%	Intern	3%	Accountant	2%	Associate	2%
Accounting	Accountant	15%	Tax Accountant	2%	Accounting Manager	2%	Financial Analyst	2%	Auditor	2%
Biology	Research Assistant	4%	Lab Technician	3%	Teaching Assistant	2%	Pharmacy Technician	2%	Lab Assistant	2%
English	Editor	2%	Sales Associate	2%	Social Media Manager	2%	Teaching Assistant	2%	Admin. Assistant	1%
Political Science	Law Clerk	3%	Intern	2%	Account Executive	2%	Manager	2%	Account Manager	2%
Criminal Justice	Security Officer	3%	Customer Service Rep.	3%	Case Manager	2%	Admin. Assistant	2%	Manager	1%
Sociology	Intern	4%	Manager	3%	Admin. Assistant	2%	Sales Associate	2%	Customer Service Rep.	2%
Mathematics	Teaching Assistant	6%	Research Assistant	6%	Data Analyst	5%	Intern	3%	Software Developer	2%
History	Manager	3%	Intern	2%	Sales Associate	2%	Customer Service Rep.	2%	Account Executive	1%
Nursing	Registered Nurse	31%	Nurse Practitioner	8%	Nursing Manager	5%	Case Manager	4%	Registered Nurse Case Manager	2%
Civil Engineering	Project Engineer	8%	Engineer	8%	Civil Engineer	7%	Research Assistant	6%	Structural Engineer	5%
Chemical Engineering	Process Engineer	9%	Research Assistant	8%	Teaching Assistant	6%	Engineer	4%	Project Engineer	3%
Chemistry	Research Assistant	5%	Teaching Assistant	4%	Chemist	4%	Lab Technician	3%	Researcher	3%
Human Resources	HR Assistant	10%	HR Generalist	8%	HR Coordinator	5%	Recruiter	5%	Corporate Recruiter	2%
Journalism	Editor	3%	Social Media Manager	3%	Writer	2%	News Reporter	2%	Admin. Assistant	2%
Public Relations	Account Manager	4%	PR	4%	Marketing Coordinator	4%	Intern	4%	Social Media Manager	3%

Note: Most common jobs after college are restricted to jobs held within five years of graduation. This report uses job title normalization, which groups similar job titles.
Source: Glassdoor Economic Research (glassdoor.com/research)

WHY SO MANY TEACHING ASSISTANTS?

Many college majors in Table 2 list "teaching assistant" and "research assistant" as a common job on resumes during the first five years after college. Why is this?

Most of these are students who enrolled in graduate school during that period. It's common for students in Master's and Doctorate programs to work as teaching and research assistants, law clerks, or other grad-school related jobs while completing their coursework.

The college majors with the highest fraction of teaching and research assistants indicates a bigger share of those majors go on to grad school during the first five years after college. In our study, we include all jobs listed in the five years after college, and include both students who go directly to grad school and those who find jobs in the ordinary labor market.

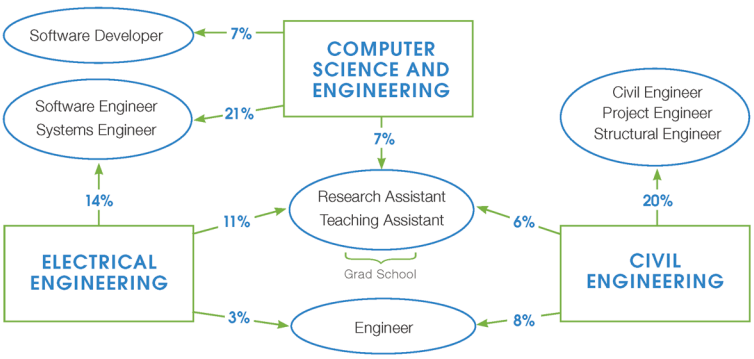
B. NETWORKS OF JOBS AND MAJORS

One useful way of visualizing the figures from Table 2 is as a *network* between majors and jobs, showing the differences and similarities in the types of work done by different college majors.

Figure 5 shows a simple visualization of how three common engineering majors lead to different career paths: Computer Science and Engineering, Electrical Engineering, and Civil Engineering. In the figure, college majors are shown as squares. The lines connecting majors to jobs are labeled with the percentage who worked in each job in our sample.

Students who choose Computer Science and Engineer and Electrical Engineering majors have many common career paths. For example, between 14 percent and 21 percent of these majors work as software engineers and systems engineers after college. However, these types of tech roles are less common among Civil Engineering majors, who instead often work in roles like civil engineer, project engineer and structural engineer. A common theme among all three majors is they send a significant fraction of students on to graduate school, with between 6 percent and 11 percent working as research or teaching assistants after college.

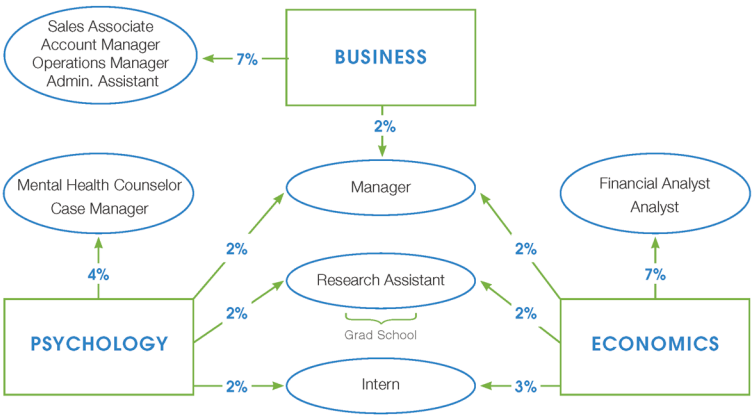
FIGURE 5. Network of Most Common Jobs for Engineering Degrees



Source: Glassdoor Economic Research (glassdoor.com/research)

Figure 6 shows a similar visualization of common jobs for three non-engineering majors: Business, Psychology, and Economics. A common job path for all three majors is manager, a general business role that attracts about 2 percent of students from each. Each major has their own unique job paths as well. Among Economics majors, 7 percent work in financial occupations like financial analyst. Business majors tend to work in sales-related roles, with 7 percent working in sales associate, account manager, or other operations and administrative roles. By contrast, 4 percent of Psychology majors find jobs as mental health counselors and case managers — a role that is uncommon for the other two majors.

FIGURE 6. Network of Most Common Jobs for Business, Economics and Psychology



Source: Glassdoor Economic Research (glassdoor.com/research)

C. MOST SPECIALIZED COLLEGE MAJORS

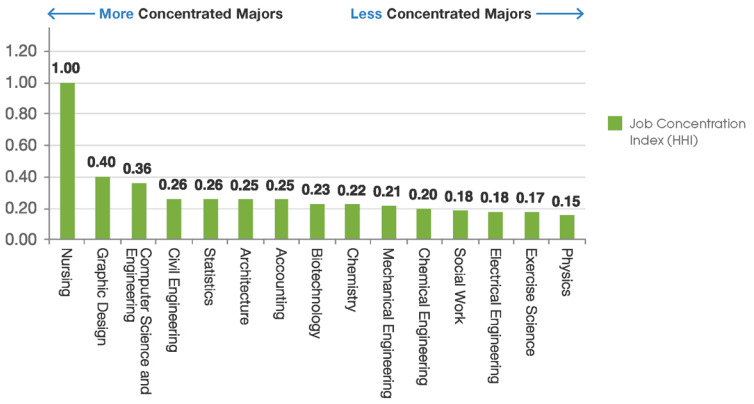
As is clear from the previous section, some college majors are specialized and prepare students for a few narrow jobs after graduation. Others are more general, with students working in a variety of jobs after graduation. To quantify this idea, we calculated an index of the most and least "clustered" college majors in terms of the variety of jobs students are likely to work in after graduation.[9]

This can be thought of as a measure of "uncertainty" facing students about their post-graduation career paths and pay. If college majors are tightly clustered into just a few jobs, students can be fairly sure what they'll end up doing for work after college. If instead majors are widely spread among many types of jobs, there is more uncertainty after college about what your career path and pay will be.

[9] The degree of concentration of college degree holders among jobs is measured using a standard Herfindahl-Hirschman index (HHI). More information about HHI indices is available at https://www.justice.gov/atr/herfindahl-hirschman-index.

In Figure 7, we show the 15 most "job concentrated" college majors in our sample. The most concentrated major is Nursing, with students disproportionately working in directly related jobs such as registered nurse, nurse practitioner and nursing manager. The second most concentrated major was Graphic Design, with most students working in related jobs like graphic designer, web designer and art manager. Other concentrated majors with relatively clear career paths include Computer Science and Engineering, Civil Engineering and Statistics.

FIGURE 7. 15 College Majors with the Clearest Career Paths

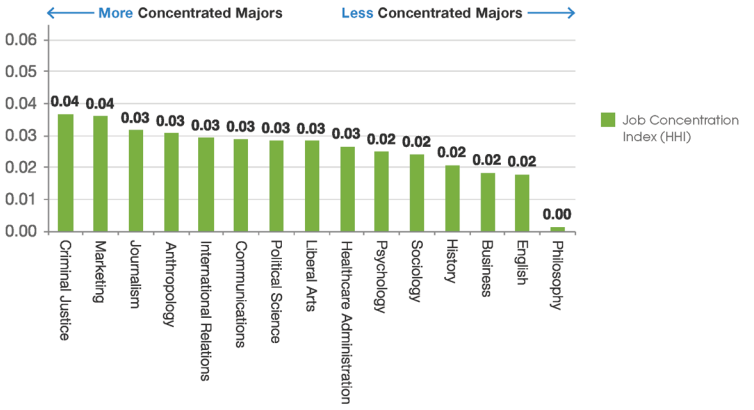


Note: Concentration index is based on a Herfindahl-Hirschman index with the scale normalized such that Nursing = 1.0.
Source: Glassdoor Economic Research (glassdoor.com/research)

glassdoor

In Figure 8, we show the least concentrated college majors. The least concentrated was Philosophy, followed by English, Business, History and Sociology. In each case, graduates from these majors worked in a wide variety of jobs after college — likely reflecting the general nature of most coursework in these degree programs — rather than clustering in a few related occupations. From the standpoint of future careers and pay, these college majors present a lot of uncertainty to students.

FIGURE 8. 15 College Majors with the Least Clear Career Paths



Note: Concentration index is based on a Herfindahl-Hirschman index with the scale normalized such that Nursing = 1.0.
Source: Glassdoor Economic Research (glassdoor.com/research)

glassdoor

D. WHAT MAJORS LEAD TO EACH JOB?

Just as some college majors lead to a few specific jobs, some jobs attract most candidates from specific majors. This is important for students to understand upfront — if aiming for a particular career path after college, it's helpful to know which college major is mostly likely to lead to it.

In Table 3, we show a list of 25 popular jobs and the most common college majors found in each. In some cases, the pathway into jobs is clearly linked to the choice of college major. For registered nurse jobs, 75 percent of our sample held a degree in Nursing. Similarly, for jobs as mechanical engineers, 70 percent held Mechanical Engineering degrees, while 48 percent of jobs as software engineers were held by those with degrees in Computer Science and Engineering. For those looking for careers in these in-demand roles, the choice of college major really matters.

By contrast, some jobs in Table 3 are open to a variety of college majors. Those working as teachers in our sample were drawn relatively evenly from Psychology, English, Mathematics, and other majors. Similarly, jobs as sales associate were common for Business, Marketing, Biology and many other majors. In these roles, because job requirements are not closely linked to specialized skills from a particular major, the choice of college major plays a minor role.

TABLE 3. Most Frequent College Majors Working in 25 Common Jobs

	← Most Common Majors								Least Common Majors →	
	FIRST		SECOND		THIRD		FOURTH		FIFTH	
Job Title	Major	%	Major	%	Major	%	Major	%	Major	%
Accountant	Accounting	50%	Business	11%	Finance	8%	Economics	4%	English	1%
Admin. Assistant	Business	11%	Psychology	7%	Communications	5%	Biology	3%	English	3%
Business Analyst	Computer Science and Engineering	9%	Business	9%	Electrical Engineering	8%	IT	6%	Finance	5%
Consultant	Computer Science and Engineering	10%	Business	7%	Economics	6%	IT	5%	Finance	5%
Data Scientist	Computer Science and Engineering	18%	Mathematics	11%	Electrical Engineering	9%	Statistics	5%	Economics	4%
Editor	English	20%	Journalism	10%	History	3%	Creative Writing	3%	Journalism and Media Studies	2%
Financial Analyst	Finance	26%	Economics	15%	Business	11%	Accounting	9%	Mathematics	2%
Graphic Designer	Graphic Design	22%	Visual Communications	4%	Computer Science and Engineering	2%	Illustration	2%	Studio Art	2%
HR Manager	Business	19%	Human Resources	10%	Psychology	8%	Accounting	4%	English	2%
Lab Technician	Biology	21%	Chemistry	11%	Chemical Engineering	4%	Biochemistry	4%	Environmental Science	2%
Manufacturing Engineer	Mechanical Engineering	48%	Industrial Engineering	5%	Manufacturing Engineering	3%	Production Engineering	2%	Materials Science	2%
Marketing Coordinator	Marketing	16%	Business	11%	Communications	10%	Public Relations	5%	Psychology	3%
Mechanical Engineer	Mechanical Engineering	70%	Aerospace Engineering	3%	Mechanical Engineering Technology	2%	Engineering Mechanics	1%	Thermal Energy and Power Engineering	1%
Medical Assistant	Biology	14%	Business	11%	Nursing	8%	Psychology	7%	Healthcare Admin.	4%
Personal Trainer	Exercise Science	11%	Business	5%	Kinesiology	5%	Psychology	4%	Communications	3%
Pharmacy Technician	Biology	23%	Chemistry	5%	Psychology	4%	Biomedical Science	4%	Business	3%
PR	Communications	12%	Public Relations	10%	Business	5%	Marketing	4%	Journalism	3%
Project Manager	Business	10%	Marketing	5%	Civil Engineering	3%	Mechanical Engineering	3%	Economics	3%
Recruiter	Business	11%	Human Resources	9%	Communications	8%	Psychology	7%	Marketing	7%
Registered Nurse	Nursing	75%	Psychology	4%	Nursing Science	2%	Exercise Science	1%	Accounting	1%
Sales Associate	Business	8%	Psychology	6%	Marketing	3%	English	3%	Biology	3%
Social Media Manager	Communications	14%	Marketing	8%	English	7%	Public Relations	4%	Journalism	4%
Software Engineer	Computer Science and Engineering	48%	Electrical Engineering	15%	IT	10%	Mechanical Engineering	1%	Information Science	1%
Teacher	Psychology	8%	English	4%	Mathematics	3%	Business	3%	Marketing	2%
Web Developer	Computer Science and Engineering	35%	IT	12%	Electrical Engineering	10%	Business	3%	Mathematics	2%

Note: Similar job titles are grouped or "normalized" using a proprietary machine-learning algorithm.
Source: Glassdoor Economic Research (glassdoor.com/research)

VI. College Majors and Pay

Because college majors affect career paths, they also affect pay. In this section we connect the dots from college majors to compensation by estimating the "market value" of each job people in our sample worked in after graduation. That allows us to aggregate these pay estimates by college major into a median base pay for each of the 50 majors we examined.

In Table 4, we show the 25 highest-paying college majors in our sample. These estimates take into account the pay for each job held by graduates in our sample from each college major during the first five years after graduation. It includes all workers in our sample — including those who go straight to work after college, those who go onto grad school during this period, and all other work and life circumstances.

The highest paying major in our sample is Computer Science and Engineering with a median base pay of $70,000 per year. Other high-paying majors include Electrical Engineering ($68,438 per year), Mechanical Engineering ($66,040 per year), Chemical Engineering ($65,000 per year), and Information Technology ($63,500 per year) — all relatively specialized STEM majors featuring heavy quantitative requirements including mathematics, programming and statistics.

TABLE 4. 25 Highest-Paying College Majors

Major Field of Study	Median Base Pay (All Jobs in First 5 Years)
Computer Science and Engineering	$70,000
Electrical Engineering	$68,438
Mechanical Engineering	$66,040
Chemical Engineering	$65,000
Information Technology	$63,500
Civil Engineering	$63,000
Nursing	$63,000
Industrial Engineering	$62,270
Management Information Systems	$60,960
Statistics	$60,000
Biomedical Engineering	$57,200
Economics	$55,000
Finance	$55,000
Physics	$52,500
Accounting	$51,562
Mathematics	$51,250
Architecture	$50,000
Biotechnology	$48,442
Biochemistry	$46,406
Philosophy	$46,328
Business	$46,302
Marketing	$46,000
Political Science	$45,000
International Relations	$45,000
History	$45,000

Source: Glassdoor Economic Research (glassdoor.com/research)

In Table 5, we show the 25 lowest-paying college majors. The lowest paying major is tied between Criminal Justice and Kinesiology — the study of mechanics of body movements, a major closely related to Exercise Science — both with a median base pay of $40,000 per year. That's followed by Exercise Science ($40,640 per year), Healthcare Administration ($41,000 per year) and Social Work ($41,000 per year). A common theme between these low-paying majors is that all are relatively non-technical majors, which typically involve limited quantitative requirements and few job-specialized skills.

Tables 4 and 5 paint a clear picture of the connection between choice of college major and pay. Majors with the highest estimated median base pay in our sample are drawn almost exclusively from engineering, technology, and scientific fields that offer specific technical training applicable to today's fast-growth STEM careers in tech, engineering, biotechnology, and healthcare. By contrast, the college majors with the lowest estimated pay are typically less technical, more general, and do not offer a direct career path into today's highest-paying roles in the labor market.

TABLE 5. 25 Lowest-Paying College Majors

Major Field of Study	Median Base Pay (All Jobs in First 5 Years)
Criminal Justice	$40,000
Kinesiology	$40,000
Exercise Science	$40,640
Healthcare Administration	$41,000
Social Work	$41,000
Education	$41,203
Liberal Arts	$41,250
Music	$41,290
Psychology	$41,500
Biology	$42,000
Anthropology	$42,116
Sociology	$42,200
Health Sciences	$42,500
Chemistry	$43,040
Spanish	$43,040
Hospitality Management	$43,306
Public Relations	$43,500
Communications	$43,576
Journalism	$43,576
Sports Management	$43,576
English	$43,688
Environmental Science	$43,925
Human Resources	$45,000
Graphic Design	$45,000
Advertising	$45,000

Source: Glassdoor Economic Research (glassdoor.com/research)

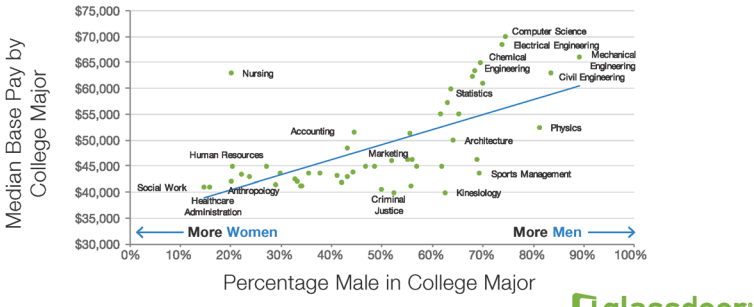
VII. Gender, College Majors, and the Gender Pay Gap

Because men and women are not equally represented among college majors, America's system of colleges and universities effectively places men and women on different career tracks early in life, with different pay. This phenomenon is a key driver of the gender pay gap we observe in the overall U.S. labor market.

In Figure 11, we gather the findings from previous sections to illustrate the clear link between choice of college major and the gender pay gap. It shows a scatterplot of the gender balance in each college major in our sample, along with the estimated base pay for each. Each dot represents one college major. The horizontal axis shows the percentage male in each major, and the vertical axis shows median base pay by major for the first five years after graduation.[10]

The overall pattern in Figure 11 is clear. Among the 10 highest-paying majors in our sample, women are under-represented in all but one: Nursing. In each other case, the gender balance among the remaining nine highest-paying majors ranged from 64 percent male in Statistics to 89 percent male in Mechanical Engineering. This gender imbalance means colleges and universities are effectively feeding men into today's highest paying jobs at a greater rate than women, boosting the average gender pay gap.

FIGURE 11. Men & Women Sort Into Different Majors, Affecting Base Pay Later



Source: Glassdoor Economic Research (glassdoor.com/research)

[10] For a complete table of gender balance and pay for all 50 majors we examined, please see the Appendix.

By contrast, women are over-represented in 6 of the 10 lowest-paying college majors in our sample, with a gender balance ranging from 58 percent female in Biology to 85 percent female in Social Work. This imbalance has the effect of feeding a disproportionate share of women into today's relatively lower-paying jobs, putting downward pressure on average female wages relative male wages in the U.S. labor market.

In Glassdoor's 2016 study of the gender pay gap in Glassdoor salary data, we found this type of occupational sorting of men and women into differently paying jobs explains about 54 percent of the overall pay gap between men and women in the U.S.[11] Figure 11 illustrates starkly how the academic pipeline from America's colleges and universities helps contribute to gender segregation in the workforce and the nation's persistent gender pay gap.

GENDER PAY GAPS BY COLLEGE MAJOR

One surprising finding is that even *within the same college major*, men and women tend to sort into different jobs — which pay differently — after college. This leads to a gender pay gap after college, even for students who major in the same subject.

For example, among women who major in Biology, the most common three jobs after college are lab technician, pharmacy technician, and sales associate. By contrast, the three most common jobs for male Biology majors are lab technician, data analyst, and manager. The fact that men are more likely to work as higher-paying data analysts or managers, while women are more likely to work in lower-paying roles as pharmacy technicians and sales associates creates a gender pay gap, even for students with the same college major.

For our sample overall, men across all college majors earned on average a median base pay of $56,957 per year, while women earned $50,426 per year. That amounts to an overall gender pay gap of $6,531 per year or 11.5 percent of male pay. Table 6 shows the 15 college majors in our sample with the biggest gender pay gaps due to occupational sorting of men and women into different types of jobs after graduation.

The largest gender pay gap was found in Healthcare Administration majors, with men working in jobs that paid $11,250 per year more on average than women, about 22 percent of male pay. For those majoring in Healthcare Administration, the three most common jobs after college for women are administrative assistant, customer care representative, and intern. For men, the three most common jobs are higher-paying roles as implementation consultant, quality specialist and data consultant. This pattern is what's behind the large pay gap between men and women from that major.

[11] Andrew Chamberlain (March 2016), "Demystifying the Gender Pay Gap: Evidence from Glassdoor Salary Data," Glassdoor Economic Research report. Available at https://www.glassdoor.com/research/studies/gender-pay-gap/.

The second-highest gender pay gap is found in Mathematics (18 percent pay gap). For female Mathematics majors, the three most common jobs after college (ignoring grad-school jobs like teaching and research assistants) are data analyst, analyst, and business analyst. For men, the three most common jobs are (ignoring grad-school jobs) analyst, data analyst, and data scientist. The larger share of male math majors working as highly-paid data scientists is the primary factor driving this male-female pay gap after college.

Other college majors with large gender pay gaps due to occupational sorting are Biology (13 percent pay gap), Human Resources (11.6 percent pay gap) and Health Sciences (11.1 percent pay gap). In all of these fields, women on average tend to work in lower-paying roles after college compared to men, despite having the same college major.

TABLE 6. 15 Largest Gender Pay Gaps Within College Majors (Due to Occupational Sorting by Men and Women)

	MEDIAN BASE PAY (ALL JOBS IN FIRST 5 YEARS)		
Major	**Male**	**Female**	**Gender Pay Gap %**
Healthcare Administration	$51,250	$40,000	22.0%
Mathematics	$60,000	$49,182	18.0%
Biology	$46,000	$40,000	13.0%
Human Resources	$50,000	$44,222	11.6%
Health Sciences	$45,000	$40,000	11.1%
Biomedical Engineering	$60,000	$53,450	10.9%
Industrial Engineering	$65,000	$58,000	10.8%
Business	$50,000	$45,000	10.0%
Marketing	$50,000	$45,000	10.0%
Exercise Science	$44,232	$40,000	9.6%
Statistics	$60,000	$54,469	9.2%
Physics	$55,714	$50,800	8.8%
Political Science	$47,103	$43,000	8.7%
Management Information Systems	$65,000	$60,000	7.7%
Biochemistry	$48,000	$44,500	7.3%

Source: Glassdoor Economic Research (glassdoor.com/research)

In Table 7, we show the 15 college majors with the smallest gender pay gaps due to occupational sorting. In two-thirds of these majors, women actually worked in higher paying roles than men from the same major after college — a "reverse" gender pay gap. The smallest gap is in Architecture, with women earning an $7,000 more per year on average than men, or a -14 percent pay gap. That's followed by Music (-10.1 percent pay gap), Social Work (-8.4 percent pay gap), Advertising (-8.1 percent pay gap) and Environmental Science (-6.8 percent pay gap).

TABLE 7. 15 Smallest Gender Pay Gaps Within College Majors (Due to Occupational Sorting by Men and Women)

	MEDIAN BASE PAY (ALL JOBS IN FIRST 5 YEARS)		
Major	**Male**	**Female**	**Gender Pay Gap %**
Architecture	$50,000	$57,000	-14.0%
Music	$40,000	$44,020	-10.1%
Social Work	$37,500	$40,640	-8.4%
Advertising	$43,020	$46,500	-8.1%
Environmental Science	$44,000	$47,000	-6.8%
Chemical Engineering	$60,480	$63,770	-5.4%
Kinesiology	$41,000	$43,000	-4.9%
Mechanical Engineering	$66,040	$68,000	-3.0%
Sports Management	$42,000	$42,672	-1.6%
Anthropology	$40,640	$41,250	-1.5%
Accounting	$51,562	$51,562	0.0%
Finance	$55,000	$55,000	0.0%
Nursing	$63,000	$63,000	0.0%
Graphic Design	$45,000	$45,000	0.0%
Civil Engineering	$60,000	$60,000	0.0%

Source: Glassdoor Economic Research (glassdoor.com/research)

The key takeaway from Tables 6 and 7 is that although gender differences in the choice of college major is an important cause of today's gender pay gap, it's not the complete story. College majors alone don't completely determine the career destiny of men and women. Instead, we find that even within the same college major men and women often find themselves on different career tracks early in their working lives — a complex phenomenon that helps drive apart male and female pay in the U.S. labor market.

VIII. Limitations

All data have limitations, and the resume data used for this study are no exception. Here are the key limitations to keep in mind when thinking about the results of this study.

- **REPRESENTATIVENESS:**
  Our study is based on anonymized resumes from Glassdoor for which users reported having earned a college degree between 2010 and 2017. We do not examine those with less than a college degree, and we examine both workers who went on to grad school during the first five years after college, as well as those who did not. Our sample may not be representative of all college graduates during this time period, or of the broader U.S. workforce.
- **ACCURACY:**
  Individuals don't always report their college and work experience accurately on resumes. By using college majors and jobs from resumes, we rely the job information provided by those individuals, which cannot be independently verified.
- **"PIPELINE" FACTORS BEYOND COLLEGE MAJOR:**
  This study examines how differences in college major help drive the gender pay gap. It does not examine why men and women sort into different majors, or how many other conscious and unconscious biases in hiring, pay and promotion may help amplify the gender pay gap we observe in the labor market. While many factors other than college major affect career paths and pay, they are beyond the scope of this study.

IX. Conclusion

In recent decades, there's been significant progress toward gender equality in America. As recently as 1982, women in the U.S. earned roughly 62 cents per dollar earned by men on average.[12] By 2016, that gap had receded to women earning 82 cents per dollar on average earned by men.[13] But closing this remaining gender pay gap has proven a stubborn challenge.

In this study, we examine a key driver of the gender pay gap: Gender differences in the choice of college major, and how these differences drive men and women into different early career paths, with different pay.

Based on an analysis of more than 46,900 resumes shared anonymously on Glassdoor, we find dramatic differences in gender balance among college majors. On average, men are sharply over-represented among high-paying engineering and technical majors. This in turn places men disproportionately on career tracks for high-paying roles in tech, finance, health care, biotechnology and engineering — helping fuel the average pay gap between men and women observed in the labor market over time.

Even within the same college major, our analysis shows men and women routinely end up working in different roles — with different pay — in the years after graduation. This highlights how America's system of colleges and universities plays a complex role in the persistent gender pay gap we observe in the labor market.

While the choice of college major partly reflects an individual choice by students, research shows that broader social factors heavily influence men and women's choice of major — including pre-college preparation, gender norms regarding work and family, and more.

For employers, these findings suggest that hiring candidates based on skills — rather than strictly based on college majors — may be a useful strategy to prevent gender imbalances among majors from translating into gender biases at work. And for students, our findings emphasize the critical importance of researching how fields of study are linked to jobs and pay later on, before choosing among majors.

America has made considerable progress toward gender pay equality in recent decades, but much work remains. Our findings suggest that solutions to today's remaining gender pay gap must go beyond examining current pay practices among employers. Instead, they must also address pipeline issues — including the choice of college major — that help drive men and women into different career paths and pay.

[12] See "American Women: Three Decades of Change" (November 9, 1983). Hearing before the Joint Economic Committee of the United States. Available at https://www.jec.senate.gov/reports/98th%20Congress/American%20Women%20-%20Three%20Decades%20of%20Change%20(1257).pdf.
[13] See "Women's Median Earnings 82 Percent of Men's in 2016" (March 8, 2017). The U.S. Bureau of Labor Statistics The Economics Daily. Available at https://www.bls.gov/opub/ted/2017/womens-median-earnings-82-percent-of-mens-in-2016.htm.

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Submitted to the
U.S. House Financial Services Committee
Subcommittee on Diversity and Inclusion

Hearing on
"Closing the Racial and Gender Wealth Gap Through Compensation Equity"
Thursday, April 29, 2021

Introduction

Chairwoman Beatty, Ranking Member Wagner, and members of the U.S. House Financial Services Subcommittee on Diversity and Inclusion (the "Subcommittee"), thank you for the opportunity to testify before the Subcommittee today and for holding this important and timely hearing.

At the Society for Human Resource Management (SHRM), we strive to create better workplaces where employers and employees thrive together. Our vision is to build a world of work that works for all. This vision cannot be realized if there continue to be inequities in compensation and pay. SHRM's over 300,000+ HR and business executive members, serving more than 115 million workers and their families, sit at the intersection of work, workers and the workplace. Our members are directly responsible for developing and implementing compensation packages to recruit and retain top talent.

Though I've been working since the age of 14, it's only been in the last five years that I have come to fully understand the multiple facets of total compensation. That is mainly due to the fact that in that time, I've served as a general counsel with oversight for HR, an interim Chief Human Resources Officer, and currently as an executive with oversight for multiple divisions and multiple people. As a people manager committed to ensuring equitable pay for my employees, as a recruiter working to maintain a diverse and inclusive environment, and as a friend of other female executives, my experience has become even more nuanced.

I've been fortunate to have had these experiences as I continue to navigate my way and the way of others through the workplace, but I am keenly aware that many more people don't have this exposure and experience. We all need to do a better job shedding light on how complex compensation is, and why it must be addressed with a lens toward the employee, the employer

and the marketplace as a whole. Therefore, my intention for this testimony is to educate the Subcommittee and others with interest on:

a. Compensation *versus* total compensation,
b. Effective compensation practices, and
c. The importance of having good compensation practices to dismantle compensation inequities—especially today, as we are battling a deadly virus while also starting to formulate strategies for an economic recovery.

Additionally, I hope my testimony and the input from the other witnesses will provide a better understanding of how much of the pay disparity between groups is attributable to inequity, legitimate pay practices, the individual's ability to negotiate pay, an individual's time away from the workforce or other workplace dynamics.

Compensation versus Total Compensation

As the voice of all things work, workers and the workplace, SHRM equips HR professionals with resources such as research, toolkits, best practices and much more. In fact, SHRM offers over 2,000 different types of resources on the topic of compensation. To address questions on compensation, SHRM has created an "Introduction to the Human Resources Discipline of Compensation" toolkit.[1] This toolkit focuses on the various forms of compensation that employers use to attract, recognize and retain talent.

Direct compensation refers to wages and salary paid by employers to employees in exchange for work. This type of Direct Compensation is also known as "base pay."[2]

For base pay to be effective, both the organization and employees must view it as being internally equitable, externally competitive, affordable and cost-effective, legal and defensible, understandable, and appropriate for the organization and for the workforce.[3] Base pay is the foundation of total compensation because it establishes the standard of living for employees. It also serves as an indication of the value the organization places on the role each employee plays and on the contributions each employee makes.[4]

Another form of Direct compensation is variable pay in the form of short- and long-term incentives, such as cash bonuses, commissions and company stock awards. In most short-term variable pay plans, participants have a target—typically a percentage of base pay—that is paid out when the individual, team, business unit or organization meets a goal or combination of goals.[5] Long-term incentive plans are usually utilized to retain key employees, often executives, by vesting a percentage of the plan award over several years. In addition to cash plans,

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[1] See SHRM online toolkit "Introduction to the Human Resources Discipline of Compensation" (May 5, 2017), https://www.shrm.org/resourcesandtools/tools-and-samples/toolkits/pages/introcompensation.aspx (last visited April 22, 2021).
[2] *Id.*
[3] *Id.*
[4] *Id.*
[5] *Id.*

employers can choose from a variety of stock-based plans, including stock options, restricted stock and performance-based stock plans.

A SHRM article on the value of stock-based incentives being overlooked, told the story of an employee who left one company to accept a job with another firm offering a $20,000 pay increase.[6] In doing so, that individual left behind unvested stock options his employer had awarded him as part of a stock-based incentive plan. The value of those options was more than ***$200,000***.[7] The reason this employee unintentionally left this compensation on the table was because he was not educated on the value of his stock options.

An additional element of direct compensation is when employees are paid a premium over their regular wages and incentives.[8] Organizations often pay a premium to employees who are required to work under nonstandard working conditions, such as evening or night shifts; who work in unusually cold, warm or dangerous environments; who perform a lead function; or who are on call after regular working hours for emergency or highly specialized situations.[9]

Next, is the development of a **compensation philosophy.** This is a statement about how the organization manages compensation. It explains the "why" behind employee pay and creates a framework for consistency.[10] Employers use their compensation philosophy to attract, retain and motivate employees.[11] The philosophy is based on many factors, including the company's financial position, the size of the organization, the industry, business objectives, market salary information, the level of difficulty in finding qualified talent and the unique circumstances of the business.[12] Organizations have several options for setting wages in relation to the relative market: (1) match the market, (2) lead the market, (3) lag the market or (4) a combination of the three.[13] Each option has advantages and disadvantages:

> **Match the market:** This compensation structure enables the organization to remain competitive, thereby improving its ability to attract and retain top talent; however, this

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[6] See *SHRM Online* article "Value of Stock-Based Incentives Overlooked," Joanne Sammer (April 7, 2014), https://www.shrm.org/resourcesandtools/hr-topics/compensation/pages/stock-incentives-value.aspx (last visited on April 26, 2021).
[7] *Id.*
[8] See SHRM online toolkit "Introduction to the Human Resources Discipline of Compensation" (May 5, 2017), https://www.shrm.org/resourcesandtools/tools-and-samples/toolkits/pages/introcompensation.aspx (last visited April 26, 2021).
[9] See SHRM online HR Q&A "What Are Some Common Types of Differential/Premium Pay?" https://www.shrm.org/resourcesandtools/tools-and-samples/hr-qa/pages/commondifferentialpremiumpayandwhenofferedbyemployers.aspx (last visited April 22, 2021).
[10] See SHRM online HR Q&A "What Is a Compensation Philosophy? What Should Be Included in a Compensation Philosophy?" https://www.shrm.org/resourcesandtools/tools-and-samples/hr-qa/pages/compensationphilosophy.aspx (last visited April 22, 2021).
[11] *Id.*
[12] *Id.*
[13] See SHRM online HR Q&A "Planning & Design: Compensation Philosophy: What Are the Advantages or Disadvantages of a Lead, Match or Lag Compensation Strategy?" (April 24, 2018), https://www.shrm.org/resourcesandtools/tools-and-samples/hr-qa/pages/cms_024253.aspx (last visited April 26, 2021.

structure places employers in a position of having to play catch-up and requires larger adjustments to the compensation structure during tight labor markets.[14]

Lead the market: This compensation structure may increase the supply of candidates, selection rates of qualified applicants, morale and productivity, while decreasing employee turnover and discouraging unionization efforts. However, this structure will increase overall labor costs.[15]

Lag the market: This compensation structure is not a common structure as organizations that adopt it are much more susceptible to fluctuations in the labor market; risk greater difficulty in retaining and attracting highly qualified candidates; and typically experience higher rates of employee dissatisfaction, poor performance and turnover. These employers may attempt to reward employees in nonmonetary ways to minimize dissatisfaction and turnover.[16]

There is not one structure that will work for every employer, and organizations will need to ensure that the approach they choose matches their mission, vision and culture, in addition to supporting the overall business strategy, attracting qualified applicants, and retaining top employees who are drawn to the mix of work and rewards of that employer.[17]

As noted earlier, HR professionals are directly responsible for designing and implementing compensation strategies. Larger employers frequently have a compensation department within the HR department, staffed with one or more compensation analysts (also called specialists or consultants).[18] In addition, compensation philosophies are typically developed by HR professionals in collaboration with the executive team; therefore, it is HR professionals who are responsible for guiding leadership in setting equitable compensation standards. It is important to review the organization's compensation philosophy periodically and update it based on current factors affecting the business, in addition to communicating the philosophy, policy and overall program to employees.[19] This builds transparency and trust with employees.

Benefits are an important aspect of total compensation that many may overlook. SHRM conducts an annual employee benefits survey of its 300,000+ members that includes hundreds of different benefits offerings, including health care and health services benefits, investment and retirement benefits, leave and flexible working benefits, family-friendly and wellness benefits, and

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[14] *Id.*
[15] *Id.*
[16] *Id.*
[17] See SHRM online HR Q&A "Planning & Design: Compensation Philosophy: What Are the Advantages or Disadvantages of a Lead, Match or Lag Compensation Strategy?" (April 24, 2018), https://www.shrm.org/resourcesandtools/tools-and-samples/hr-qa/pages/cms_024253.aspx (last visited April 26, 2021).
[18] See SHRM online toolkit "Introduction to the Human Resources Discipline of Compensation" (May 5, 2017), https://www.shrm.org/resourcesandtools/tools-and-samples/toolkits/pages/introcompensation.aspx (last visited April 26, 2021).
[19] See SHRM online HR Q&A "Planning & Design: Compensation Philosophy: What Are the Advantages or Disadvantages of a Lead, Match or Lag Compensation Strategy?" (April 24, 2018), https://www.shrm.org/resourcesandtools/tools-and-samples/hr-qa/pages/cms_024253.aspx (last visited April 26, 2021.

programs and services benefits such as professional development.[20] In each of these categories, the employer has a role in not only offering the benefit, but also contributing to the benefit. For example:

- **Health Care:** According to SHRM's 2019 Employee Benefits Survey, 83 percent of employers share the cost of health insurance premiums with employees.[21] Additionally, an employer may contribute to a health savings account (HSA). Employers believe that health care and retirement benefits are the most important to their workforce. Organizations are most likely to increase health-related and wellness benefits.[22]

- **Retirement:** An employer may match a percentage of employee contributions. Currently, over 50% of employers contribute to retirement savings.[23]

- **Education & Financial Wellness:** An employer may provide tuition assistance or contribute to a 529 plan. More than half of employers offer tuition assistance.[24]

- **Leave benefits:** An employer may offer paid parental leave above what is required by state or federal laws or paid elder care leave that supplements state and federal laws. Paid maternity leave is offered by 34% of organizations and paid paternity leave is offered by 30% of organizations, while open (unlimited) leave is uncommon (6%).[25] SHRM is part of this 6% with its open leave policy implemented in 2019.

- **Family-friendly benefits:** An employer may provide emergency child care services or offer a subsidized child care center or program. A quarter of organizations allow parents to bring children to work in an emergency.[26]

All of the above-mentioned examples equate to money that an employer would have contributed to the overall health and wellness of an employee, which is included in the employee's overall compensation package.

Effective Compensation Practices

Effective compensation practices should enlarge the talent pool to serve diverse markets in addition to supporting better personal and team efforts. According to SHRM research, more than 1 in 5 American workers feel their organization doesn't use fair criteria to make advancement and promotion decisions.[27] To be fair and inclusive, employers must use consistent, transparent

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[20] Executive Summary, SHRM 2019 Employee Benefits Survey.
[21] *Id.*
[22] *Id.*
[23] *Id.*
[24] *Id.*
[25] *Id.*
[26] *Id.*
[27] SHRM Post Election/American Workforce Roadmap Study (February 2021).

and actionable compensation practices every day. Examples of some of these practices include the following[28]:

- Being transparent and clear in communications to all employees about how individual pay decisions are determined.
- Providing hands-on training to supervisors and hiring managers to ensure that they manage disciplined, objective pay practices.
- Educating employees about the organization's compensation package, as this will assist employees in making more informed decisions that do not result in an employee leaving money on the table.
- Conducting comprehensive pay equity reviews that encompass base pay, incentive pay, benefits and total compensation.
- Examining promotion decisions for evidence of "pay bias" (i.e., awarding promotions based on salary history rather than performance and fit with position).
- Closely monitoring the market to ensure that the organization's compensation philosophy supports the organization's mission and values while also attracting and retaining talent.
- Improving communication practices to ensure that employees and supervisors have a clear understanding of fair pay practices.

Compensation Equity

As the Biden Administration advances its comprehensive equity agenda, the workplace should be an important component. It is the place where people spend most of their time, and work is the gateway to addressing economic disparities. Therefore, HR professionals have a pivotal role in advising on systemic compensation equity changes. This is important as SHRM research found that nearly 1 in 5 American workers don't trust that their employer pays people equally for equal work, regardless of gender, race or ethnicity[29] and more than 1 in 5 organizations (22%) plan to conduct a voluntary pay audit to proactively assess for any gender-related disparities in compensation in 2021[30].

There are several factors driving compensation inequity, including recruitment, job descriptions, performance reviews, age/tenure, incentive pay, education level(s), promotion opportunities, socio-demographic factors, industry and career path(s).[31] Compensation equity issues existed prior to the COVID-19 pandemic, and the pandemic has exacerbated them.

Conclusion

We have come a long way in addressing pay equity and prohibiting wage discrimination since the enactment of the Fair Labor Standards Act of 1938, Title VII of the Civil Rights Act of 1964, and the Equal Pay Act, but SHRM research has shown that we still have a long way to go for total compensation equity. The path toward equity requires more than recognizing that there are

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[28] ADP Research Institute "Rethinking Gender Pay Inequity in a More Transparent World" (January 21, 2019), https://www.adpri.org/wp-content/uploads/2020/08/21031403/Rethinking-Gender-Pay-Inequity-in-a-More-Transparent-World-Full-Report.pdf (last visited April 26, 2021).
[29] SHRM 2021 HR Lookahead data points COVID-19 (March 2021).
[30] SHRM Post Election/American Workforce Roadmap Study (February 2021).
[31] ADP Research Institute "Rethinking Gender Pay Inequity in a More Transparent World" (January 21, 2019), https://www.adpri.org/wp-content/uploads/2020/08/21031403/Rethinking-Gender-Pay-Inequity-in-a-More-Transparent-World-Full-Report.pdf (last visited April 26, 2021).

systemic gaps that adversely impact one group over another and then addressing them proactively. It requires more directed education on the compensation process, increased engagement with compensation specialists and HR professionals, and an understanding of how to leverage one's talent through personal advocacy when armed with this information and allyship within the organization.

Every day, SHRM's 300,000+ HR professional and business executive members are working toward this huge goal of ensuring compensation equity. SHRM will continue to educate and equip its members in accomplishing this goal. However, we also need you, the lawmakers, to make educating the American public about the complexities of compensation equity a priority. Thank you for the opportunity to serve as a witness before the Subcommittee. I look forward to your questions.

Written Testimony of Dwana Franklin-Davis
CEO, Reboot Representation

Before Subcommittee on Diversity & Inclusion
United States House of Representatives Committee on Financial Services

Virtual Hearing entitled "Closing the Racial and Gender Wealth Gap Through Compensation Equity"

April 29, 2021

Chairwoman Beatty, Ranking Member Wagner, Chairwoman Waters, Ranking Member McHenry, and distinguished members of the Subcommittee, thank you for the opportunity to testify today. It is an honor to be here and speak to something that is near and dear to my heart.

My name is Dwana Franklin-Davis, and I am the Chief Executive Officer of the Reboot Representation Tech Coalition, a partnership of leading tech companies that have pooled funding and committed to a goal of doubling the number of Black, Latina, and Native American women graduating with computing Bachelor's degrees by 2025.

I'm going to speak about my background, including the organization I now lead, and then describe how the issues my organization works on will affect compensation equity.

I have a background in technology and spent the 13 years prior to joining Reboot at a top financial services corporation leading global technology teams. I also have the pleasure of serving on the National Center for Women & Information Technology Board of Directors, am on the Break Through Tech Advisory Committee, and the Last Mile Education Fund's Champions Board. I graduated from Purdue University with a bachelor's degree in Management, and from Washington University with a Master's degree in Information Management.

My experience and expertise are through the lens of the tech sector; however, the concepts and principles can be applied across industries because after all, tech transcends industry.

Collective Action

It is noted in the memorandum overview that wage gaps exist for women of color because "[they] have not had— nor do they have now—access to the same education and employment opportunities that white people have....[and] are disproportionately working in service, domestic, caregiving and agricultural jobs, which have been systemically undervalued and undercompensated."[1]

The organization I represent today, the Reboot Representation Tech Coalition, is working specifically to increase access to computing education and employment opportunities. Increasing access to computing education for high school and college students is one of the fastest and most sustainable ways to improve compensation equity.

The Reboot Representation Tech Coalition is focused on recruiting and retaining Black, Latina, and Native American female-identifying students in computing Bachelor's degree programs in the United States. Reboot is a nonprofit re-granting organization that pools and directs funds from corporate funders (Coalition member-companies) to nonprofits programs in alignment with our mission.

The Coalition was launched alongside the report, *Rebooting Representation: Using CSR & Philanthropy to Close the Gender Gap in Tech,* published in September 2018. The report's goal was to conduct research on how tech companies approach gender diversity using corporate philanthropy and corporate social responsibility giving. The media had indicated that companies were "throwing money at this diversity problem," but the report gathered data on how much companies were actually spending on gender diversity, where their resources were going, how they were making decisions, and how they could improve the efficacy and impact of their giving. The research surveyed 32 leading tech companies representing over $500 billion in revenue and over $500 million in philanthropic giving, as well as extensive interviews with ~100 tech company leaders and experts.[2]

The research report found that most companies do not take a gender-specific lens to their CSR and philanthropy. Only 5% ($32M/year) of companies' philanthropy (of the 32 we surveyed) went towards gender diversity in tech. Only 0.1% ($335K/year) of tech companies' grants (of the 32 we surveyed) focus on women of color specifically. In part because companies had prioritized investing in programs serving underrepresented people of color in general rather than investing in underrepresented women in tech specifically, they were still letting women & girls of color fall through the cracks.[2]

As a result, Black, Latina, and Native American women's share of computing degrees has been declining for the past 15 years, and their absolute number of computing degrees is progressing at a glacial pace. If we don't take action, we won't double the already-small number of underrepresented women of color majoring in computing until 2052. Specifically, Black, Latina, and Native American women represent X percent of the US population, but only 4% of computing bachelor's degrees.[2]

The research found that tech companies' contributions to the gender/tech space is largely fragmented and there is little alignment among donors.

If we are going to truly move the needle on gender and racial diversity in tech, we are at a pivotal moment for the tech sector to collaborate. It won't be one company's efforts alone that will close the gender gap for women of color in tech.

As part of the research a Tech Advisory panel of 15 companies (Adobe, Google, Best Buy, Cisco, Dell, LinkedIn, Intel, Microsoft, Nvidia, PayPal, Snapchat, Twitter, Workday, eBay, and Salesforce) was convened to inform the report and develop a set of recommendations from the industry itself. This research report was uniquely positioned because it was based on data collected directly from tech companies themselves and had enlisted their leadership in creating a roadmap of action with the goal of ensuring that the tech industry itself would own executing these follow-up actions. As a result, the tech companies came together to drive forward collective impact as the Reboot Representation Tech Coalition.

Reboot Representation was launched in September 2018 with 11 member-companies and has since grown to 19 organizations (Adobe, Applied Materials, Amazon, Best Buy, BNY Mellon, Cognizant, Comcast NBCUniversal, Dell, F5, Intel, LinkedIn, Microsoft, NortonLifeLock, Qualcomm, Riot Games, Salesforce, S&P Global Foundation, Verizon, Walmart).

The Future of Work

According to the National Center for Women & Information Technology *By the Numbers* fact sheet, there will be 3.6 million U.S. computing-related job openings by 2029.Only 24% of these jobs could be filled by U.S. computing bachelor's degree recipients by 2029.[3] These numbers alone should tell you that we need to do more to prepare individuals in this country for these high paying jobs and better position our companies to compete on the global stage.

One way that our Tech Coalition is trying to prepare students to compete is ensuring that they have access to computer science in high school. When high school students have access and take AP Computer Science Principles (CSP), they are more than 3 times likely to major in computer science in college, compared to similar students who did not take CSP.[4] Differences are similarly large for female, Black, Hispanic, and first-generation college students. College freshmen who declare a computer science major take a critical step toward receiving the second highest paid college degree in the nation, according to the National Association of Colleges and Employers.[5]

States should continue to broaden participation in computer science by passing policies to make computer science a fundamental part of the K–12 education system. Only 40% of states require high schools to teach computer science and only 2 schools require CS for graduation.[3] I support the 9 policies[6] that many agree are necessary to make computer science fundamental to a state's K-12 education system.

1. Create a state plan for K-12 computer science. [6]
2. Define computer science and establish rigorous K-12 computer science standards. [6]
3. Allocate funding for rigorous computer science teacher professional learning and course support. [6]
4. Implement clear certification pathways for computer science teachers. [6]
5. Create programs at institutions of higher education to offer computer science to preservice teachers. [6]
6. Establish dedicated computer science positions in state and local education agencies. [6]
7. Require that all secondary schools offer computer science with appropriate implementation timelines. [6]
8. Allow computer science to satisfy a core graduation requirement. [6]
9. Allow computer science to satisfy an admission requirement at institutions of higher education. [6]

I encourage each of you to go to code.org/advocacy and look up your own state's progress on these policies.

Data and Accountability

Data is key! It is important that companies and organizations collect and disaggregate data in order to take an intersectional approach while creating targeted solutions to make an impact. This

needs to be woven into policy. To address the intersectional barriers that so many experience we cannot treat groups as monoliths. These metrics simply cannot reveal the total number of Blacks, or the total number of men and women and fail to provide the total number of Black women. These numbers help an organization know what their baseline is and then they can be explicit and intentional about designing programs and policies to impact specific subgroups while making their environments more inclusive and more equitable. Our Coalition encourages Member Companies and grantee partners to provide disaggregated data when possible.

However, it is not enough to collect and disaggregate the data. We also must track it over time.to hold organizations accountable. In a corporation, it would not be acceptable for a business unit's year over year return on investment (ROI) never to increase or to increase by only a few percentage points. So why is this acceptable for the organization's DEI metrics, when there have been countless studies proving that diverse teams are more productive and contribute to a higher ROI? Corporations must be inclusive through both diverse hiring methods and programs that support retention. Inclusive and equitable workplaces will lead to greater retention and contribute to the opportunity for pay equity.

An intentional intersectional approach is also necessary when creating policy. When programs and policies are informed and implemented for the least represented, they also benefit the greater good. Rising tides raise all ships.

We are at a critical inflection point. Meaningful solutions are impossible without collective action. No single company created gender and racial inequity in the industry, but as the collective, they have the unique power to change the current landscape. Bold leadership from the public and private sectors must step up, acknowledge the policies and practices that are fomenting inequity, and lead the change that is long overdue. Technology empowers, innovates, and adapts. It is the responsibility of all of us to ensure that our policies and our companies do the same.

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House Committee on Financial Services, Subcommittee on Diversity and Inclusion

Hearing on Closing the Racial and Gender Wealth Gap Through Compensation Equity

April 29, 2021

Thank you for the opportunity to provide testimony to the Committee and the Subcommittee on Diversity and Inclusion on closing the racial and gender wealth gap through compensation equity. The National Women's Law Center (NWLC) fights for gender justice—in the courts, in public policy, and in our society—working across the issues that are central to the lives of women and girls. For almost 50 years, we have used the law in all its forms to change culture and drive solutions to the gender inequity that shapes our society and to break down the barriers that harm all of us—especially women of color, LGBTQ people, and low-income women and families. Protecting against pay discrimination and wage gaps is a critical part of these efforts and key to addressing longstanding gender inequality at work and advancing women's economic security.

Race and gender wage gaps are pernicious and persistent. Women—especially Black and brown women—have long worked in essential but undervalued jobs that leave them struggling to support themselves and their families. One major driver of gender and race wage gaps is discrimination, often cloaked by employer-imposed pay secrecy policies and perpetuated by practices such as reliance on salary history in hiring. Bias (whether overt or implicit) and stereotypes can impact employer decisions at critical points— recruitment, hiring, performance evaluations and promotions, allocation of assignments and opportunities, and opportunities for advancement and leadership development—which not only create pay disparities, but perpetuate and magnify them over time and affect future compensation and employer contributions to retirement. Stereotypes about the needs, abilities and priorities of women, particularly those with families and caregiving responsibilities, or assumptions that only men are family breadwinners, contribute to women being denied promotions, or assignments or opportunities that would lead to career-track, high-paying jobs. Racial and gender bias and stereotypes also can intersect to create additional barriers to the hiring and advancement of women of color in the workplace.

Women's overrepresentation in underpaid, undervalued jobs is another factor driving wage gaps. Women are close to two-thirds of those working in jobs that pay the minimum wage or just a few dollars above it, as well as two-thirds of workers in tipped jobs.[1] Black women, Latinas, and Native American women are particularly overrepresented in the lowest-paying jobs.[2] They are thus particularly harmed by a $7.25 federal minimum wage, and for tipped workers, a base wage of just $2.13 an hour—unchanged in 30 years.

These inequities existed before the COVID-19 pandemic. But the current crisis has laid bare the deep gaps in our economic and social infrastructure that have resulted from decades of underinvestment and policy choices that failed to center the needs of women, especially Black, Latina, Native American, and Asian American and Pacific Islander women. Women of color are bearing the brunt of the COVID-19 pandemic and recession: as essential workers risking their lives for less pay than their male coworkers; as those who have disproportionately borne devastating job losses; and as those who are shouldering the majority of

responsibility for caregiving without necessary supports as our jerry-rigged caregiving infrastructure imploded this past year.

Proactive measures to promote compensation equity, and transparency of pay and demographic data, are especially critical as the COVID-19 pandemic has underscored and exacerbated race and gender inequities and barriers in the workplace.

I. The COVID-19 pandemic has decimated women's workforce participation and economic security.

A. The gender gap is a significant barrier to women and families' economic security.

Women are increasingly the primary or co-breadwinner in their families and cannot afford to be shortchanged by persistent gender pay gaps. Even before a global health crisis with devastating economic consequences, the gender wage gap undermined women's economic security. Overall, when the wages of all women are compared to the wages of all men, women in the United States working full-time, year-round typically are only paid 82 cents for every dollar paid to men.[3] The gender wage gap is widest for many women of color; among women who hold full-time, year-round jobs in the United States, Black women are typically paid 63 cents, Native American women 60 cents, and Latinas just 55 cents for every dollar paid to white, non-Hispanic men.[4] White, non-Hispanic women are paid 79 cents and Asian women 87 cents for every dollar paid to white, non-Hispanic men, and wage gaps for Asian American and Pacific Islander women of some ethnic and national backgrounds are much larger.[5] Mothers working full-time, year-round typically are paid only 75 cents for every dollar paid to fathers, but the gaps are significantly larger for Black mothers, who are paid 52 cents for every dollar paid to white, non-Hispanic fathers; Native American mothers, 50 cents; and Latina mothers just 46 cents.[6]

Women with disabilities working full-time, year-round are typically paid just 80 cents when compared to their male counterparts with disabilities; under the Fair Labor Standards Act, employers may pay people with disabilities below the minimum wage, further depressing wages for women with disabilities.[7]

According to the latest data available, lesbians make less than gay or straight men, and gay men make less than straight men. Transgender women make less after they transition.[8]

This wage gap has remained stagnant for a decade.[9] Women are still paid less than men in nearly every occupation,[10] and studies show that even controlling for race, region, unionization status, education, experience, occupation, and industry leaves 38% of the pay gap unexplained.[11]

The gender wage gap significantly diminishes the earning power of women. In 2019, the last year for which data are available, women's median earnings were $10,157 less per year than the median earnings for men, with even higher losses for many women of color.[12] Put another way: that is equal to about three months of rent, three months of child care payments, three months of health insurance premiums, two months of groceries, four months of student loan payments, and six tanks of gas.[13]

The wage gap affects women as soon as they enter the labor force, expands over time, and leaves older women with a gap in retirement income. Over the course of a 40-year career, a woman beginning her career today typically stands to lose $406,280 to the wage gap.[14] Women of color stand to lose the most, with Black women typically losing $964,400, Native American women losing $986,240, and Latinas losing $1,163,920 over their lifetime to the wage gap as compared to white, non-Hispanic men.[15] These lost wages severely reduce women's ability to save for retirement and threaten their economic security later in life.

These figures are based primarily on data collected in 2019, before the COVID-19 pandemic began. Earnings lost to the wage gap have exacerbated the financial effects of the pandemic, falling particularly heavily on

women of color and the families who depend on their income. For many, race and gender wage gaps have left them without a financial cushion to weather the health and economic impacts of the pandemic.

The gender wage gap also is one contributing factor that has pushed millions of women out of the workforce during the COVID-19 pandemic as our nation's caregiving infrastructure broke down and families were forced to make impossible decisions about whose income they could "afford" to lose. Women's high jobless numbers and low workforce participation numbers also threaten to exacerbate gender wage gaps when women return to employment. Lost earnings due to the wage gap and unemployment not only leave women without a financial cushion to weather the current crisis, but also make it harder for them to build wealth, contributing to racial and gender wealth gaps and creating barriers to families' economic prosperity.

B. Women are on the front lines of the pandemic and are being paid less than their male counterparts while they perform essential work.

Women have been and continue to be on the front lines[16] of the pandemic. Women make up nearly two in three front-line workers, and women of every race and ethnicity—but especially Black women, Native American women, and Latinas—are overrepresented in the front-line workforce.[17] For example, 88% of registered nurses, 79% of teachers, and 69% of waiters and waitresses are women.[18] Women—disproportionately Black women and Latinas—make up more than eight in ten of those working as home health aides, personal care aides, and nursing assistants,[19] working for poverty-level wages and also at great risk for contracting COVID-19. Women of color also are overrepresented in the child care workforce; one in five (20%) child care workers are Latina, and an additional 19% are Black women.[20]

For more than a year, Black and brown women have been risking their lives to perform work deemed essential by the nation during this crisis, while being paid less than men in the same occupations. Women experience a gender wage gap in 94% of occupations, including low- and high-wage jobs,[21] and the wage gap in front-line occupations is yet another burden on the women taking on additional risk at work. For instance, pre-pandemic data show that women working as home health aides, personal care aides, or nursing assistants typically lose $250 per month, or $3,000 per year, due to the gender wage gap.[22] Moreover, the gender wage gap leaves women and their families less able to make ends meet through spells of unemployment in occupations with heightened risks of job loss. Waitresses, for instance, have faced high rates of unemployment and, prior to the pandemic, typically lost $542 per month, or $6,500 per year, to the gender wage gap.[23]

C. Women have borne the brunt of job loss during the pandemic and their workforce participation is at a historic low.

In addition to being overrepresented in essential jobs where they are paid less than their male counterparts, women have borne the majority of job losses since the onset of the pandemic and have left the workforce entirely in historic numbers. The industries where women predominate are among those that have been hardest hit, and women have tended to lose jobs at even higher rates than their representation in those industries would predict. Between February and April 2020, the leisure and hospitality sector shed about half of its workforce (49%, or more than 8.3 million jobs), with women accounting for the majority (54%) of those losses despite making up just 51% of the sector workforce pre-pandemic.[24] And between February 2020 and March 2021, women lost a net total of nearly 1.7 million leisure and hospitality jobs, representing 36% of women's total net job losses in the pandemic-induced recession.[25]

Women make up 48.4% of the retail trade workforce, but 94.9% of the net jobs lost in the retail sector from February 2020 through March 2021 were women's jobs.[26] Caught in a devastating Catch-22, many women in the retail sector continue to experience a high risk of being displaced from their jobs and a high risk of being

exposed to the virus if they go to work. And women in retail jobs were already undervalued and underpaid, a long-time problem now exacerbated by the current crisis.[27]

The situation is similarly grim for women working in health care. Between February 2020 and February 2021, the health care sector lost 568,300 jobs (about 4% of the pre-pandemic workforce).[28] More than three in four of the healthcare workers fighting the COVID-19 pandemic are women, and 88% of the jobs lost between February 2020 and February 2021 belonged to women. Home health aides, personal care aides, and nursing assistants are among the lowest paid workers across all industries and occupations, meaning they have been risking their lives to care for patients while being paid poverty-level wages.

State and local governments also provide vital services that are even more necessary in the current crisis – including education, social services, and public health protections--and they employ over 17.4 million workers, six in ten of whom are women.[29] Between February 2020 and February 2021, nearly 1.4 million state and local government jobs were lost, with women accounting for 61% of those losses.[30] This is a devastating blow to women, who are more likely than men to hold state and local government jobs, particularly given that these jobs have a higher median wage and are more likely to provide important benefits than private sector jobs.

Even as jobs lost in the first weeks and months of the pandemic have begun to return with 916,000 net jobs in March 2021, women accounted for only 34.4% of that net gain. In fact, women would need nearly 15 straight months of job gains at that level to recover the over 4.6 million net jobs they have lost since February 2020.[31] Furthermore, women's current overall unemployment rate of 5.7% masks even higher rates of unemployment for women of color, which remain exceptionally high: nearly 1 in 11 Black women ages 20 and over (8.7%) were unemployed in March 2021 and more than 1 in 13 Latinas ages 20 and over (7.3%).[32] Women are also facing high rates of long-term unemployment. Among adult women ages 20 and over who were unemployed in March 2021, 2 in 5 (46.5%) had been out of work for 6 months or longer and nearly 1 in 4 (24.0%) had been out of work for a year or longer.[33]

At the same time, official unemployment rates understate women's job loss, as the lack of supports during the pandemic for individuals who are caregivers as well as breadwinners has forced women out of the workforce in droves. The gender wage gap contributed to this pushout as our nation's caregiving infrastructure broke down and families were forced to make impossible decisions about whose income they could "afford" to lose. Over 1.8 million women have left the labor force entirely since the start of the pandemic, leaving women's labor force participation rate—the share of adult women who are either working or looking for work—at 57.4%.[34] Before the pandemic, women's labor force participation rate had not been this low since 1988.[35] The pandemic has led to a loss of a generation of gains.

D. The lack of supports for workers with caregiving responsibilities has contributed to women's unemployment and pay disparities.

Women still shoulder the bulk of caregiving responsibilities,[36] and Black women and Latinas are especially likely to be both breadwinners and caregivers for their families.[37] The pandemic has revealed that our reliance on the underpaid and undervalued caregiving work of women of color, and of women more generally, places an unsustainable burden on women, families, and the economy overall. Care—including child care and paid family and medical leave—supports our economy and makes all other work possible. Even before the pandemic, too many working people could not access or afford the child care they needed.[38] A survey from 2018 found that mothers were 40% more likely than fathers to report that issues around child care negatively impact their careers.[39]

As our nation's already unstable care infrastructure broke down in March 2020, many working mothers have been called upon to manage caregiving for children and other family members, remote learning, and other responsibilities on top of their jobs. Many child care programs were forced to close as families were unable to pay and operational costs grew too high. Parents are also attempting to navigate school closures and shifting school schedules and hybrid learning, which have only exacerbated the burden felt by caregivers. Similar shocks occurred through systems families relied on for support with elder care and care of family members with disabilities. Studies of parents with young children during the pandemic found that mothers were four to five times more likely to have reduced their work hours or adjusted their schedules because of caregiving than fathers.[40] Women exited the labor force in record numbers during the pandemic,[41] driven in large part by the inaccessibility of child care.[42]

Lack of access to paid family and medical leave also harms women's health, wellbeing, and economic security. Before the pandemic, only one fifth of workers in the United States had access to paid family leave through their employers,[43] and just 40% had paid medical leave to address their own serious health conditions through an employer-provided short-term disability program.[44] For people working in low-wage and part-time jobs—most of whom are women—access is even more limited; among workers in the lowest 25% of wage earners, for example, only 9% had access to paid family leave.[45] The absence of comprehensive paid family and medical leave compounds may contribute to the number of women cutting back on their hours or leaving the workforce during the pandemic, negatively impacting earnings.

This may have larger ramifications in the longer term for women's workforce participation and pay equity. Companies routinely screen out applicants with long gaps in employment, which may have a disparate impact on women who stepped back from the paid workforce during the pandemic because of caregiving needs.[46] If high quality, affordable care and paid leave continue to remain inaccessible, parents—and particularly mothers, who already experience significant wage gaps—may be unable to return to work or will need to reduce their hours and correspondingly their earnings.[47]

II. Advancing equal pay provides benefits for the economy and for businesses.

A. Equal pay would provide an enormous economic boost.

Women were already struggling to make ends meet before the pandemic; closing the wage gap is essential for helping to lift women and children out of poverty. In 2019, nearly one in nine women in the U.S. lived in poverty, with high rates for women of color, including 18% of Native American women, 18% of Black women, and 15% of Latinas.[48] More than 1 in 3 families headed by unmarried mothers lived in poverty in 2019, and 60% of all poor children lived in families headed by unmarried mothers.[49] Six months into the pandemic, in October 2020 one in six Latinas (16.5%) and one in five Black, non-Hispanic women (20.1%) reported not having enough food in the past week, and many reported being behind on rent or mortgage payments.[50]

Addressing discrimination and closing the gender wage gap would have a significant positive impact on the economy. A recent study found that if women received the same compensation as their comparable male co-workers, the poverty rate for all working women would be reduced by half, from 8.1% to 3.9%.[51] Increased wages would augment these workers' consumer spending power and benefit businesses and the economy.[52] Another study by McKinsey estimates that by closing the wage gap entirely, women's labor force participation would increase and $4.3 trillion in additional gross domestic product could be added in 2025, about 19% more than would otherwise be generated in 2025.[53]

B. A focus on pay equity is good for business.

When employers do proactively implement practices to help prevent pay disparities in the first instance and to develop a diverse workforce, they reap rewards. A diverse workforce and equitable employment practices can confer a wide array of benefits on a company, including decreased risk of liability, access to the best talent, increased employee satisfaction and productivity,[54] increased innovation, an expanded consumer base, and stronger financial performance.[55] Competitive — and thus equal — pay is critical for recruiting and retaining a diverse workforce and high performers, particularly for younger women workers.[56] And when workers are confident they are being paid fairly, they are more likely to be engaged and productive.[57]

Significantly, shareholders and potential investors are recognizing these benefits and are increasingly interested in companies' commitment to diversity and equal employment opportunity. They see compliance with workplace laws--particularly with regard to equal pay--as an important factor impacting risk and profitability, and therefore relevant to investment decisions.[58] Activist investors, including Arjuna Capital and Trillium Asset Management, have led successful initiatives to encourage companies in the tech, consumer and financial services sectors to publicly disclose efforts to address gender pay inequity.[59] And the Bloomberg Gender Equality Index offers investors new transparency into a range of measures of gender equity and inclusion across 325 participating publicly traded companies, including pay equity measures such as mean and median gender wage gaps.[60]

III. Greater transparency and worker access to and control over pay information can help close gender and race wage gaps.

The repercussions of the pandemic's impact on women's unemployment and labor force participation may reverberate for years to come, as women navigate not only the loss of seniority and advancement opportunities, but also barriers to re-entering the workforce in an economy that has fundamentally shifted available job opportunities. The pandemic also means women will be less likely to afford education and training that would allow them to move up or into another field. Long spells out of work also threaten to exacerbate race and gender wage gaps when women return to employment,[61] as unemployment and time out of the workforce tends to depress earnings when individuals do go back to work. Women returning to the workforce after months of unemployment or time out of the workforce entirely may have decreased bargaining power, because they cannot afford to be out of work any longer; employers, in turn, may pay lower wages to employees who have been unemployed or out of the workforce for long stretches of time. Both mean women may face larger wage gaps moving forward.

Even before the pandemic, individuals faced numerous barriers to accessing pay information and controlling how it is used in hiring and pay setting, resulting in gender and racial pay disparities that were often undetected or unchallenged. Those barriers remain, but the power disparity between workers and employers has been exacerbated by the economic impacts of the pandemic, further threatening to deepen wage gaps as women who were forced out of the labor market seek to re-enter it. Employers hold far more information than applicants and workers about budgets, the available wage for a job, compensation for different jobs within the company, compensation-setting guidelines, available benefits and whether they can be negotiated, and working conditions. This information asymmetry places applicants and workers at a distinct disadvantage in hiring and pay setting processes. As a result of widespread, illegal employer-imposed pay secrecy policies,[62] job applicants can find it difficult to gather pay information from current employees, who may be fearful of retaliation for sharing pay information with applicants or coworkers. The threat of retaliation is all too real; retaliation continued to be the most frequently cited claim in all charges filed with the EEOC in FY 2020.[63]

Such policies also undermine workers' ability and desire to challenge discrimination. Disparities that are present in initial salary at hiring often compound over time and affect salary increases, future performance-based compensation, and employer contributions to retirement—and are perpetuated by employers' reliance on applicants' prior salary history to set wages, allowing pay discrimination to follow women and people of color from job to job. These practices reduce employer incentives to proactively review and analyze their compensation practices, address any unjustified disparities between employees, and prevent such disparities from arising in the first instance.

Countering widening gender and race wage gaps as a result of our current economic crisis will require increasing workers' access to and control over pay information, and proactive measures by employers to review, evaluate, and disclose their compensation data and compensation-setting policies. Although there are several promising practices businesses can adopt, my testimony focuses on a few key measures.

A. Eliminating pay secrecy policies and providing salary ranges

Workers face significant obstacles in gathering the information that would suggest that pay disparities are the result of bias, which undermines their ability to challenge it. Punitive pay secrecy policies and practices allow this form of discrimination not only to persist, but to become institutionalized. About 60% of workers in the private sector nationally are either forbidden or strongly discouraged from discussing their pay with their colleagues.[64]

A culture of secrecy around pay is bad for business not only because it gives cover to discrimination and bias, but also because it leads to poorer performance, employee dissatisfaction and lower motivation, and mistrust of management. Conversely, increasing transparency by allowing employees to discuss compensation, and providing employees with information about pay scales and pay-setting practices, increases the likelihood that employees will believe they are paid fairly, which in turn promotes employee engagement and productivity.

Nineteen states and the District of Columbia have enacted protections for workers who discuss their wages with each other.[65] But under federal law, workers have a patchwork of insufficient protections. Pursuant to Executive Order 13665 of 2014, federal contractors are prohibited from discriminating against employees and job applicants who inquire about, discuss, or disclose either their own or others' compensation; but that rule does not reach all private employers.[66] Section 7 of the National Labor Relations Act (NLRA) protects workers' rights to have conversations about wages as "concerted activities for the purpose of collective bargaining or other mutual aid or protection";[67] courts and the National Labor Relations Board have also found that pay secrecy rules can be unfair labor practices under the NLRA because they restrain protected concerted activity.[68] But NLRA protections do not extend to supervisors, public sector employees, domestic and agricultural workers, and various employees of railways and airlines,[69] and remedies for violations of employee rights under the NLRA are often not robust enough to act as a significant deterrent to employers.[70] That is why a provision in the Paycheck Fairness Act (H.R. 7), recently passed by the House of Representatives, stops employers from prohibiting or punishing employees for asking about, discussing, or disclosing information about pay and makes clear that employees cannot contract away or waive their rights to discuss and disclose pay.

Providing more information to applicants and employees about a position's salary range further reduces information asymmetry between workers and employers in the hiring process, and better enables worker negotiation for market rate compensation. Such a requirement relies on information that companies already possess (either in compensation systems or budgets), and increases the efficiency of employers' hiring processes by ensuring that a pool of applicants is limited to those who would be willing to accept

the position within the indicated salary range. Disclosure of salary ranges also provides companies with an incentive to proactively review and evaluate their compensation practices and address any unjustified disparities between workers. Revealing a position's salary range also is critical in negotiations and provides some brake on the influence of bias in offers. Three states—California, Colorado, and Washington—have enacted laws requiring employers to provide applicants with a position's salary range during the hiring process.[71]

The significantly narrower gender wage gap for employees working in the public sector—where pay secrecy rules are uncommon and pay is often publicly disclosed—suggests the difference that transparency makes. Only 15.1% of public sector employees report that discussing their wages is either prohibited or discouraged.[72] In the federal government, where pay rates and scales are more transparent and publicly available, and unionization rates are higher, the overall gender wage gap is 7%—significantly smaller than the overall gender wage gap of 18%.[73]

B. Regularly conducting equal pay audits and disclosing compensation metrics

Reporting and disclosure of compensation metrics by employers promises to shine light on race and gender pay disparities, increase the likelihood of employer self-analysis and self-correction, and identify areas of concern for further investigation by enforcement agencies. Such analysis ensures that employers are reviewing wage data by sex, race, and ethnicity. A reporting requirement also provides an opportunity and strong incentive for employers to proactively self-evaluate their pay practices and not only correct unjustified pay disparities, but prevent them from occurring in the first place, helping to avoid litigation. Such analyses also are critical to the development of benchmarks to evaluate implementation of remedial measures and to guide future efforts.

Moreover, disclosure of some wage gap measures can promote employer compliance with equal pay standards in a number of important ways. States and countries around the world have passed legislation requiring analysis and disclosure of compensation data,[74] and research shows the positive effects of these mandates.[75] Disclosure requirements are a key driver of pay audits internationally; according to a recent survey of businesses in the U.K., which implemented a public disclosure requirement in 2018, "54% of U.K. respondents cite pay data reporting requirements from federal/national and regional governments as external drivers for them to perform pay equity analyses, versus 28% for their U.S. counterparts."[76]

Publicly available compensation metrics can help workplace equality advocates more efficiently direct their own enforcement, outreach, and public education activities to industries or regions where pay disparities are most egregious. Individual employees can find out if they are working in an industry or region where they are more at risk of experiencing pay disparities, and be prompted to investigate further to ensure that they are being treated fairly. They also can better understand pay trends with their region and industries, and be empowered to seek and negotiate fair pay. Finally, public release of such metrics provides a strong incentive to employers to understand and be able to explain the drivers of any such gaps in their own workforces, and sharing their plans to move toward equity is also an important accountability mechanism that allows employers to be held to these plans by their employees and the broader public.

Additionally, disclosure of compensation metrics will substantially assist shareholders in making informed investment and voting decisions. Reporting and public disclosures are likely to encourage employers to proactively implement practices to help prevent pay disparities in the first instance. A diverse workforce and equitable employment practices can confer a wide array of benefits on a company, including decreased risk of liability, access to the best talent, increased employee satisfaction and productivity, increased innovation, an expanded consumer base, and stronger financial performance.[77] All of these are of interest to investors. Voluntary disclosures are insufficient: investors cannot compare across companies; companies have incentives to report the rosiest possible picture and are not required to

explain their plans to remedy wage gaps; and smaller, less-resourced companies may be at a disadvantage.

1. State and international efforts to require pay data collection and disclosure

The Paycheck Fairness Act, passed by the House earlier this month, would require employers to report pay data by race, ethnicity, and gender to the Equal Employment Opportunity Commission (EEOC), and for that data to be shared with the Office of Federal Contract Compliance Programs (OFCCP). This requirement is especially critical because of opposition from employers and the prior administration to previous efforts by the EEOC and OFCCP to collect this type of pay data.[78] In 2017 the Trump administration halted an Obama administration initiative that required companies with 100 or more employees to report confidentially employee pay by job category, sex, race, and ethnicity as part of their annual Employer Information Report (EEO-1) to the EEOC.[79] Following litigation initiated by the National Women's Law Center and its partners, the EEOC was ordered to collect compensation information from employers for 2017 and 2018, and did so,[80] but the data has as yet neither been analyzed nor made available in an aggregated form to the public. In 2019, the EEOC revised the EEO-1 form to eliminate future Component 2 reporting,[81] and OFCCP announced that it would neither seek nor rely on the Component 2 compensation data collected by the EEOC for its enforcement efforts.[82] Finally, in the summer of 2020, the EEOC announced it had contracted with the National Academies of Science, Engineering and Medicine's Committee on National Statistics to select an expert panel to evaluate the utility of the 2017 and 2018 compensation data it collected pursuant to court order.[83] That effort is ongoing,[84] and its impact on future pay data collection initiatives by the EEOC and OFCCP is unknown.

In the absence of a federal requirement, states and localities have led a variety of efforts—through legislation and executive action—to compel corporate reporting and/or disclosure of compensation data or wage gap information. This year California implemented a law largely mirroring the EEO-1 Component 2 pay data collection, requiring private employers with one hundred or more employees to report annually pay data by gender, race, and ethnicity, based on the EEO-1 pay bands and job categories, to the state Department of Fair Employment and Housing.[85] Illinois recently passed a pay data reporting law requiring Illinois employers who file EEO-1 reports to submit that data to the state, which will then make the data public. The law also requires employers with 100 or more employees in the state to obtain an "equal pay registration certificate" from the state by providing a report listing each employee and their gender, race, ethnicity, and total wages.[86]

A number of jurisdictions require state or city contractors to affirmatively report employee pay data as a condition of applying for a contract, or maintaining a contract.[87] In many of these jurisdictions, such as New Jersey, public works and service contractors are required to report on numbers of employees broken down by gender, race, and compensation data across job categories and/or pay bands.[88] Minnesota requires that businesses seeking or having contracts for goods and services of $500,000 or more with the state must submit an "equal pay compliance statement," signed by the chair of the board or the CEO, to the Minnesota Commissioner of Human Rights in order to contract with the state; Minnesota does not require reporting or disclosure of the underlying data, although this data could be requested as part of an audit.[89]

Other countries have begun to pass legislation requiring analysis and disclosure of compensation data, as well. Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Iceland, Norway, Spain, Sweden, and the United Kingdom have all taken steps to require analysis, reporting, and either government or public disclosure of compensation by gender.[90] Research from abroad demonstrates the positive impact of reporting or disclosing compensation and wage gap metrics. For example, Denmark's 2006 Act on Gender Specific Pay Statistics mandates that companies with over thirty-five employees report on gender pay gaps.

A recent study of the law showed that from 2003 to 2008, the gender pay gap at mandatory reporting firms shrank 7% relative to the pre-regulation wage gap.[91] In Australia, reporting requirements apply to companies with one hundred or more employees. The pay gap has declined by more than four percentage points between 2013, when reporting began, and 2019—though a report issued in 2018 showed uneven results across industries with little progress in sectors such as accommodations and food service; health care and social assistance; and information, media and telecommunications.[92]

As of 2018, the United Kingdom requires public and private employers with at least 250 employees to annually submit to the U.K. Equality and Human Rights Commission, and publish on a publicly accessible website, information designed to show whether there is a difference in the average pay of their male and female employees, including: (1) the mean and median hourly rate of pay, (2) bonus pay paid to male and female employees, (3) proportions of male and female employees who were paid bonus pay, and (4) the proportions of male and female employees in preset pay bands by quartiles.[93] The government developed a guidance for employers regarding the collection and calculation of relevant data, and provided a portal on the government's website for submitting the data.[94] The data is publicly available and searchable on both a U.K. government website and various media websites.[95]

Since 2018, more than 10,000 companies have complied with the new regulation, including multinational U.S.- based companies with U.K. operations such as Apple, Adobe, and JP Morgan. Media organizations analyzed the data by employer, industry, and pay quartile, and published the results, publicly revealing the companies with the largest disparities.[96] Many companies also filed publicly accessible action plans, demonstrating that the reporting requirement spurred companies to explain their data and develop a plan to address disparities.[97] Nevertheless, the U.K. law has been criticized for failing to *require* employers to publish an action plan or report steps toward meeting their goals toward closing the wage gap—an improvement that some analysts recommend should apply in future changes to the U.K.'s law and to disclosure requirements elsewhere.[98] In addition, the U.K. is considering expanding its reporting and disclosure requirement to address race and ethnicity-based pay gaps.[99]

2. Reporting and disclosures by public issuers

The 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act requires a public company to disclose the ratio of the compensation of CEO to the median compensation of its employees. In 2015, the Securities and Exchange Commission (SEC) issued the final rule implementing this legislative provision which requires companies to disclose: (1) the median of the annual total compensation of all its employees, except the CEO; (2) the annual total compensation of its CEO; and (3) the ratio of those two amounts. The rule requires disclosure of the pay ratio in registration statements, proxy and information statements, and annual reports that call for executive compensation disclosure.[100] Disclosure of employee compensation metrics by race and gender would be a natural complement to the existing Dodd-Frank requirement.

In the last several years, the SEC has solicited public comment on, and explored the concept of, mandating disclosure of environmental, social, and governance (ESG) information, including diversity and inclusion data.[101] To date it has refused to do so. In August 2020, the SEC approved a revision to Regulation S-K requiring public companies to include disclosures about "human capital" or workforce resources, but declined to provide a definition of the term or specific guidelines for the disclosures.[102] A recent report observed that most of the human capital disclosures filed lacked specific workforce data.[103]

Nevertheless, shareholder pressure has resulted in voluntary disclosures by some corporations. Arjuna Capital, an investment firm focused on sustainability and impact investing with an emphasis on gender and racial wage gaps, recently reported that "over the last seven years, at least 11 different investor groups have

filed 132 shareholder proposals at more than 69 companies, and many more have been engaged through shareholder dialogues."[104] The shareholder campaign has primarily focused on encouraging companies in the financial services, consumer, healthcare, and technology/communications sectors to disclose gender and racial compensation metrics. Arjuna describes important developments as a result of the campaign, including the recommendation of proxy advisory firms like Institutional Shareholder Services (ISS) and Glass Lewis to shareholders that they vote in favor of these proposals.[105] Arjuna has helped secure Citigroup's public disclosure of median pay gaps, and has helped secure agreements with numerous public companies to disclose median pay gaps, rather than adjusted wage gap figures, to take into account wage differences for the firm as a whole.[106]

C. Standardizing compensation-setting, and reducing reliance on salary negotiation and prior salary

Setting compensation based on negotiation, rather than predetermined, objective standards and metrics can exacerbate gender and racial wage gaps, and create disparities between new and current employees. Women are less likely to negotiate for higher pay than men when they receive a job offer: in part, no doubt, because women who negotiate for higher pay are perceived more negatively than men who negotiate;[107] and in part because, based on their own prior experience with compensation, women are likely to expect and accept lower pay than men, assuming that such pay is consistent with the market rate.[108]

Limiting the use and scope of negotiation can narrow wage disparities between male and female employees, and for people of color—and taking these steps will also help avoid liability under the law, which can arise when employers rely on negotiation as a primary method of pay setting. Some companies have established compensation structures and practices to increase transparency and reduce discretion in pay-setting, including the use of salary ranges and objective criteria to set compensation, creating fixed salaries based on position or title, and prohibiting negotiation.[109]

During a negotiation, employers commonly rely on applicant's current or prior salary to determine what salary to offer an applicant, and for applicants who have received unequal pay or suffered pay discrimination in a past job, salary history information ensures that the effects of past discrimination will follow them from one job to the next. According to a recent study by Harvard Business Review, a significant percentage of employers who conduct pay equity audits found that relying on applicants' salary history is a key driver of gender pay gaps within their companies.[110] It is well-documented that women, especially women of color, face overt discrimination and unconscious biases in the workplaces, including in pay.[111] By using a woman's salary history to evaluate her suitability for a position or to set her new salary, new employers allow past discrimination to drive hiring and pay decisions, which in turn, keeps women's pay stagnant.[112] Gender-based discrimination in pay is further compounded by race for women of color.

Use of salary history as a pay-setting mechanism not only perpetuates these gender- and race-based disparities in the workforce, but it is also an imperfect proxy for an applicant's value or interest in a position. For example, as the pandemic has driven millions of women out of the workforce, extended time out of the workforce further limits the relevance of an applicant's salary history. Relying on salary history can lead to depressed wages for individuals who have previously worked in the public sector or in non-profits and are moving into the private sector. It can also deprive senior individuals with higher salaries who are looking to change jobs or re-enter the workforce the opportunity to be considered for lower paying jobs they might seek.

In 2016, Massachusetts became the first state to prohibit employers from seeking salary history from job applicants,[113] and thirteen states and Puerto Rico have followed.[114] Several governors and mayors have issued executive orders[115] and local municipalities have passed ordinances or issued human resources

policies incorporating similar bans.[116] The Paycheck Fairness Act ensures that an employer may rely on salary history if it is voluntarily provided by applicant, but only after the employer makes an offer of employment with an offer of compensation, and only to support a wage higher than the wage offered by the employer.

Recent research shows that state salary history bans are helping to narrow gender and racial wage gaps, including increasing employer transparency when it comes to pay.[117] These bans have resulted in higher wages for job-changers by an average of 8% for women and 13% for African Americans compared to control groups, according to a Boston University analysis of the effects of salary history bans in several states.[118]

D. Using and communicating objective, measurable metrics for performance evaluations

Studies show that unconscious gender bias is pervasive and leads men's skills, experience, and performance to be overvalued by employers, while those of women are undervalued.[119] Unconscious bias can drive gender pay disparities, particularly where performance evaluations and compensation setting is primarily based on subjective, discretionary decisions.[120] Structured compensation systems and objective performance evaluation criteria help reduce or eliminate ambiguity that can result in biased decisions at important points, including hiring, promotion, and awarding incentive payments.[121] Moreover, sharing such evaluation criteria and metrics with employees helps increase trust of management. Helping employees better understand expectations and justifications for employment decisions may lead to greater engagement and motivation.

Employers can also take steps to ensure that performance measures actually reflect employee performance and are not a reflection of factors outside employee control such as market swings, assignment of projects or clients, or a global pandemic. Despite the significant impact of the pandemic on workplace norms and expectations, not all employers have taken sufficient action in response. For instance, a recent study by McKinsey found that "[l]ess than a third of companies have adjusted their performance review criteria to account for the challenges created by the pandemic, and only about half have updated employees on their plans for performance reviews or their productivity expectations during COVID-19. That means many employees—especially parents and caregivers—are facing the choice between falling short of pre-pandemic expectations that may now be unrealistic, or pushing themselves to keep up an unsustainable pace."[122] This failure to adjust performance and productivity metrics will affect women, people with disabilities or health conditions, and caregivers disproportionately, affecting their opportunities for advancement and earnings.

IV. Closing the wage gap requires a broader policy agenda promoting economic security for women and families.

Measures promoting pay transparency, and worker access to and control over pay information, are a critical element of ensuring compensation equity. But wage gaps are also the result of gendered and racist stereotypes about women's work, and outdated workplace structures and policies, including low wages, lack of accommodations for pregnant workers, lack of paid leave and stable work schedules, lack of access to affordable child care, or union support, that make it hard for women to get and keep good jobs, and advance and become leaders at work. While the House has already passed key legislation in the 117th Congress including the Paycheck Fairness Act (H.R. 7), the Equality Act (H.R. 5), and the Protecting the Right to Organize (PRO) Act (H.R. 842), we need a number of other policies to address longstanding structural issues, including:

- Raising the federal minimum wage to $15 an hour by 2025 and phasing out any exclusions, including those that currently apply to tipped workers and people with disabilities, as the Raise the Wage Act (H.R. 603) would do.
- Providing job-protected paid leave to ensure that working people are able to take the time they need to care for themselves and their families without risking their livelihoods.

- Providing large-scale public investments in our care infrastructure to ensure that families can care for their loved ones, that the women who do this work are paid living wages, and that families can find and afford high-quality care, not just during the pandemic but into the future, through legislation based on the American Jobs Plan and the American Families Plan.
- Ensuring the availability of refundable tax credits like the Child Tax Credit and the Earned Income Tax Credit (and, for 2021, the Child and Dependent Care Tax Credit), and making improvements to these credits enacted in the American Rescue Plan to boost workers' incomes and ameliorate wage disparities.
- Extending collective bargaining rights to public service workers across the country, a majority of whom are women, through the Public Service Freedom to Negotiate Act (H.R. 3463 in the previous Congress).
- Giving working people more predictability, stability, and voice in their work schedules by advancing the Schedules That Work Act (H.R.5004 in the previous Congress) and the Part-Time Worker Bill of Rights (H.R. 5991 in the previous Congress).
- Protecting the rights of domestic workers and others excluded from key labor and employment protections through the Domestic Workers Bill of Rights (H.R. 3760 in the previous Congress).
- Ensuring pregnant workers are no longer forced to choose between a healthy pregnancy and a paycheck by passing the Pregnant Workers Fairness Act (H.R. 1065).
- Addressing workplace harassment by advancing the BE HEARD in the Workplace Act (H.R. 2148 in the previous Congress) and the EMPOWER Act. (H.R. 1521 in the previous Congress).

* * *

We cannot build back an economy that works for everyone without ensuring that people can work with equality, safety, and dignity—starting with equal pay. Proactive measures to close gender and race wage gaps are critical steps toward ensuring this becomes reality.

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[48] Amanda Fins, NATIONAL SNAPSHOT: POVERTY AMONG WOMEN AND FAMILIES, 2020, NWLC (Dec. 2020), https://nwlc.org/resources/national-snapshot-poverty-among-women-families-2020/.
[49] *Id.*

[50] Claire Ewing-Nelson & Jasmine Tucker, ONE IN SIX LATINAS AND ONE IN FIVE BLACK, NON-HISPANIC WOMEN DON'T HAVE ENOUGH TO EAT, NWLC (Nov. 2020), https://nwlc.org/resources/one-in-six-latinas-and-one-in-five-black-non-hispanic-women-dont-have-enough-to-eat/.

[51] Heidi Hartmann, Jeff Hayes & Jennifer Clark, *How Equal Pay for Working Women Would Reduce Poverty and Grow the American Economy*, INST. FOR WOMEN'S POL'Y RES. (IWPR) (Jan. 13, 2014), http://www.iwpr.org/publications/pubs/how-equal-pay-for-working-women-would-reduce-poverty-and-grow-the-american-economy/.

[52] *See id.* (finding that the U.S. economy would have produced additional income of more than $447 billion in 2012 if women received pay equal to that of their male counterparts).

[53] Kweilin Ellingrud et al., *The Power of Parity: Advancing Women's Equality in the United States*, MCKINSEY GLOBAL INST. (Apr. 2016), https://www.mckinsey.com/featured-insights/employment-and-growth/the-power-of-parity-advancing-womens-equality-in-the-united-states. The same study estimates that even if the wage gap were only partially closed, $2.1 trillion in additional GDP could be added in 2025.

[54] Research indicates that workers are more productive when salary is transparent. *See* Emiliano Huet-Vaughn, *Striving for Status: A Field Experiment on Relative Earnings and Labor Supply*, UC BERKELEY (Nov. 2013), http://econgrads.berkeley.edu/emilianohuet-vaughn/files/2012/11/JMP_e.pdf.

[55] Vivian Hunt et al., *Why Diversity Matters*, MCKINSEY & CO. (Feb. 2015), https://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters (finding diverse workforces correlate with better financial performance, because diversity helps to recruit the best talent, enhance the company's image, increase employee satisfaction, and improve decision making, including fostering innovation); Sylvia Ann Hewlett, et al., *How Diversity Can Drive Innovation*, HARV. BUS. REV. (Dec. 2013), https://hbr.org/2013/12/how-diversity-can-drive-innovation. Conversely, companies that fail to address gender wage disparities and discriminatory employment practices could damage their reputation and brand among consumers, leading to a loss of profits and shareholder value. *See* Natasha Lamb & Will Klein, *A Proactive Approach to Wage Equality is Good for Business*, EMP. REL. TODAY (July 16, 2015), http://arjuna-capital.com/news/a-proactive-approach-to-wage-equality-is-good-for-business/.

[56] A recent survey found that the top reasons Millennials and Gen Zs plan to leave their current employment in the next two years are "[d]issatisfaction with pay and lack of advancement and professional development opportunities." THE DELOITTE GLOBAL MILLENNIAL SURVEY 2019 (2019), https://www2.deloitte.com/global/en/pages/about-deloitte/articles/millennialsurvey.html; Lauren Noel & Christie Hunter Arscott, WHAT YOU SHOULD KNOW ABOUT THE YOUNG, FEMALE TALENT AT YOUR ORGANIZATION, ICEDR (2015), https://www.icedr.org/research/documents/14_millennial_snapshot.pdf (finding that Millennial women leave jobs primarily for more compensation).

[57] Courtney Seiter, *The Counterintuitive Science of Why Transparent Pay Works*, FASTCOMPANY.COM (Feb. 26, 2016), http://www.fastcompany.com/3056975/the-future-of-work/the-transparent-pay-revolution-inside-the-science-and-psychology-of-open-.

[58] *See Lamb & Klein, A Proactive Approach*, *supra* note 55; Natasha Lamb, *Closing the Pay Gap: Silicon Valley's Gender Problem*, ETHICAL BOARDROOM (June 7, 2016), https://ethicalboardroom.com/closing-the-pay-gap-silicon-valleys-gender-problem/; Trillium Asset Mgm't, Letter to Citigroup Shareholders (Apr. 16, 2016), https://www.sec.gov/Archives/edgar/data/831001/000121465916010905/j415 160px14a6g.htm.

[59] NATASHA LAMB & MICHAEL PASSOFF, RACIAL AND GENDER PAY SCORECARD (4th ed.), ARJUNA CAPITAL AND PROXY IMPACT 5 (Mar. 2021), Racial-Gender-Pay-Scorecard-2021-Arjuna-Capital-and-Proxy-Impact.pdf; Anders Keitz, *Why Arjuna Capital's Natasha Lamb Is a Force in Pay Equity Push*, THE STREET, Mar. 9, 2018, https://www.thestreet.com/markets/corporate-governance/arjuna-s-lamb-a-force-in-pay-equity-push-14516800; Trillium Asset Mgm't, *Letter to Citigroup Shareholders*, Apr. 16, 2016, https://www.sec.gov/Archives/edgar/data/831001/000121465916010905/j415160px14a6g.htm.

[60] Bloomberg, *Bloomberg Gender Equality Index 2021 Gender Reporting Framework* 5-6 (June 2020), https://data.bloomberglp.com/company/sites/46/2020/05/GEI2021-Framework_PDF_FNL.pdf.

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counted when calculating women's median weekly earnings. *Equal Pay Day 2021: The Results of a COVID-Impacted Economy*, INST. WOMEN'S POL'Y RESEARCH (Mar. 24, 2021), https://iwpr.org/media/in-the-lead/equal-pay-day-2021-the-results-of-a-covid-impacted-economy.

[62] *Combating Punitive Pay Secrecy Policies*, NWLC (Feb. 2019) https://nwlc.org/wp-content/uploads/2019/02/Combating-Punitive-Pay-SecrecyPolicies.pdf.

[63] In FY 2020, retaliation accounted for 55.8% of all charges filed. *See* EEOC, EEOC Releases Fiscal Year 2020 Enforcement and Litigation Data (Feb. 26. 2021), https://www.eeoc.gov/newsroom/eeoc-releases-fiscal-year-2020-enforcement-and-litigation-data.

[64] Shengwei Sun et al., IWPR, ON THE BOOKS, OFF THE RECORD: EXAMINING THE EFFECTIVENESS OF PAY SECRECY LAWS IN THE U.S. (Jan. 2021), https://iwpr.org/wp-content/uploads/2021/01/Pay-Secrecy-Policy-Brief-v4.pdf. "The proportion of private-sector workers who reported that they are formally prohibited from discussing their pay fell from 25 percent in 2010 to 16 percent in 2017-18, but at the same time, the share of private-sector workers reporting that they are discouraged from discussing their pay increased from 41 percent to 44 percent." *Id.*

[65] NWLC, PROGRESS IN THE STATES FOR EQUAL PAY (Nov. 2020), https://nwlc.org/wp-content/uploads/2019/11/State-Equal-Pay-Laws-2020-11.13-v2.pdf. Research indicates that some workers fared better in states that passed such laws. *See* Marlene Kim, *Pay Secrecy and the Gender Wage Gap in the United States*, INDUS. REL. (Oct. 2015) (finding that "women with higher education levels who live in states that have outlawed pay secrecy have higher earnings, and that the wage gap is consequently reduced"), https://www.researchgate.net/publication/281769563_Pay_Secrecy_and_the_Gender_Wage_Gap_in_the_United_States.

[66] DEP'T OF LABOR, OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS (OFCCP), *Government Contractors, Prohibitions Against Pay Secrecy Policies and Actions*, 80 Fed. Reg. 54934 (Sept. 11, 2015), https://www.govinfo.gov/content/pkg/FR-2015-09-11/pdf/2015-22547.pdf.

[67] 29 U.S.C. § 157; *see also Flex Frac Logistics, L.L.C. v. N.L.R.B.*, 746 F.3d 205, 208 (5th Cir. 2014) ("A 'workplace rule that forb[ids] the discussion of confidential wage information between employees . . . patently violate[s] section 8(a)(1)[of the NLRA].'") (internal citations omitted); *N.L.R.B. v. Inter-Disciplinary Advantage, Inc.*, 312 F. App'x 737, 744 (6th Cir. 2008); *Campbell Elec. Co. & Local Union 153*, 340 N.L.R.B. 825, 836 (2003); *N.L.R.B. v. Main St. Terrace Care*, 218 F.3d 531, 538 (6th Cir. 2000); *Wilson Trophy Co. v. N.L.R.B.*, 989 F.2d. 1502, 1510–11 (8th Cir. 1993); *N.L.R.B v. Vanguard Tours, Inc.*, 981 F.2d 62, 66–67 (2d Cir. 1992); *Jeannette Corp. v. N.L.R.B*, 532 F.2d 916, 918 (3d Cir. 1976).

[68] *See* NWLC, COMBATING PUNITIVE PAY SECRECY POLICIES (Feb. 2019), https://nwlc.org/resources/combating-punitive-pay-secrecy-policies/.

[69] *See* 29 U.S.C. § 152 (defining "employer" and "employee"). In 2006, the National Labor Relations Board issued three decisions providing further guidance for determining supervisor status under the NLRA. *See Oakwood Healthcare, Inc.*, 348 N.L.R.B. No. 37 (Sept. 29, 2006); *Croft Metals Inc.*, 348 NLRB No. 38 (Sept. 29, 2006); *Golden Crest Health Care Ctr.*, 348 NLRB No. 39 (Sept. 29, 2006).

[70] 29 U.S.C. § 152.

[71] *Salary Range Transparency Reduces the Wage Gap*, NWLC (Jan. 2020), https://nwlc.org/wp-content/uploads/2018/06/Salary-Range-and-Transparency-FS-2020-1.17.2020-v2.pdf

[72] Sun et al., *supra* note 64.

[73] U.S. GOV'T ACCOUNTABILITY OFFICE, GENDER PAY DIFFERENCES: THE PAY GAP FOR FEDERAL WORKERS HAS CONTINUED TO NARROW, BUT BETTER QUALITY DATA ON PROMOTIONS ARE NEEDED (Dec. 2020), https://www.gao.gov/products/gao-21-67#:~:text=The%20overall%20pay%20gap%20between,of%20Personnel%20Management%20(OPM).

[74] *See* NWLC, PROMOTING PAY TRANSPARENCY TO FIGHT THE GENDER WAGE GAP: CREATIVE INTERNATIONAL MODELS (Mar. 2020), https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2018/06/International-Pay-Transparency-Models-v2.pdf (providing an overview of the legislation); FAWCETT SOCIETY, THE GLOBAL INSTITUTE FOR WOMEN'S LEADERSHIP AND THOMSON REUTERS FOUNDATIONS, GENDER PAY GAP REPORTING: A COMPARATIVE ANALYSIS (Sept. 2020), https://www.kcl.ac.uk/giwl/assets/gender-pay-gap-reporting-a-comparative-analysis.pdf.

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[78] *See* U.S. DEP'T OF LABOR, OFCCP, NON-DISCRIMINATION IN COMPENSATION; COMPENSATION DATA COLLECTION TOOL, ADVANCED NOTICE OF PROPOSED RULEMAKING, 76 Fed. Reg. 49398 (Aug. 10, 2011); OFCCP, GOVERNMENT CONTRACTORS, REQUIREMENT TO REPORT SUMMARY DATA ON EMPLOYEE COMPENSATION, NOTICE OF PROPOSED RULEMAKING, 79 Fed. Reg. 46561 (Aug. 8, 2014).

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[81] EEOC, Notice of Information Collection – Request for New Control Number for a Currently Approved Collection: Employer Information Report (EEO-1) Component 1; Revision of Existing Approval for EEO-1 Component 2, 84 Fed. Reg. 48138 (Sept. 12, 2019).

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[83] EEOC, *EEOC Announces Analysis of EEO-1 Component 2 Pay Data Collection* (July 16, 2020), https://www.eeoc.gov/newsroom/eeoc-announces-analysis-eeo-1-component-2-pay-data-collection.

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[85] 2020 Cal. Legis. Serv. Ch. 363 (S.B. 973), https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200SB973.

[86] Ill. Laws P.A. 101-656 (SB 1480), https://www.ilga.gov/legislation/101/SB/PDF/10100SB1480lv.pdf.

[87] *See* N.M. Exec. Order No. 2009-049 (Dec. 18, 2009), http://www.generalservices.state.nm.us/uploads/FileLinks/864df4748b2440569b3af8a95ce155d8/eo2009-049.pdf; N.Y. Exec. Order No. 162 (Jan. 9, 2017), https://www.governor.ny.gov/news/no-162-ensuring-pay-equity-state-contractors; A.B. 1, 218th Leg., Reg. Sess. (N.J. 2018) (amending N.J. Pub. L. 1945, c.169, and supplementing 1952, c.9 (C.34:11-56.1 et seq.) (2018)), http://www.njleg.state.nj.us/2018/Bills/A0500/1_I1.HTM; https://www.nj.gov/oag/dcr/downloads/030220-Equal-Pay-Act-Guidance-Appendices-Only.pdf; Albuquerque, N.M., Ordinance 15-47 (May 21, 2015), https://cabq.legistar.com/LegislationDetail.aspx?ID=2242779&GUID=5F9F9F24-2151-4912- 85D3-5B8ADB27F29A&FullText=1; San Francisco, Cal., The San Francisco Equal Pay Ordinance (Dec. 23, 2015), https://sf-hrc.org/sites/default/files/Report%20on%20the%20Equal%20Pay%20Ordinance.pdf.

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[89] *See* Minn. Stat. Ann. § 363A.44; FAQs on Equal Pay Certificate, https://mn.gov/mdhr/assets/Equal_Pay_FAQ-2017_tcm1061-297767.pdf.

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[92] *See* AUSTRALIA'S GENDER PAY GAP STATISTICS 2020 & AUSTRALIAN GOVERNMENT WORKPLACE EQUALITY AGENCY, *supra* note 75.
[93] The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, 2017 No. 172, (U.K.), http://www.legislation.gov.uk/uksi/2017/172/pdfs/uksi_20170172_en.pdf; *What is the Equality Act?* EQUALITY AND HUM. RIGHTS COMM'N (Oct. 30, 2017), https://www.equalityhumanrights.com/en/equality-act-2010/what-equality-act; Government Equalities Office, *Gender Pay Gap Reporting*, GOV.UK (Jan. 28, 2017), https://www.gov.uk/government/news/gender-pay-gap-reporting.
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[95] *See Search and compare gender pay gap data*, GOV.UK, https://gender-pay-gap.service.gov.uk/; Lucy Meakin & Hayley Warren, *Second Year of U.K. Gender Pay Gap Reporting Indicates Little Has Changed So Far*, BLOOMBERG (Apr. 4, 2019), https://www.bloomberg.com/graphics/2019-uk-gender-pay-gap/. In 2020 the U.K. government suspended reporting requirements due to the effects of the COVID-19 pandemic, but recently reinstated them. *Coronavirus: Gender pay gap enforcement delayed by a further six months*, BBC NEWS (Feb. 23, 2021), https://www.bbc.com/news/uk-politics-56167925.
[96] *See* Aleksandra Wisniewska et al., *Gender Pay Gap: women still short-changed in the UK*, FIN. TIMES (Apr. 23, 2019), https://ig.ft.com/gender pay-gap-UK-2019/; *see also id.* Analyses of the pay quartile data demonstrate that in most companies, women are underrepresented in higher paying jobs and overrepresented in low paying jobs. See, e.g., Daniella McGuigan, *Gender Pay Gap Reporting—Happy Anniversary?*, NAT'L L. REV. (Apr. 5, 2019), https://www.natlawreview.com/article/gender-pay-gap-reporting-happy-anniversary.
[97] Hannah Murphy, *UK Pay Data Force Companies to Mind the Gender Gap*, FIN. TIMES (Sept. 26, 2017), https://www.ft.com/content/dd21e03e- 634a-11e7-8814-0ac7eb84e5f1 (e.g., "After digging into its pay data, Virgin Money drew up several initiatives to improve gender balance generally in its highest ranks"); MCKINSEY & CO., UK GENDER PAY GAP REPORT 2018 (2018), https://www.mckinsey.com/uk/our-people/uk-gender-pay-gap-report; Cisco, CISCO UK GENDER PAY GAP REPORT (2018), https://www.cisco.com/c/dam/en_us/about/inclusion-collaboration/uk-gender-pay-gap-report.pdf.
[98] THOMPSON REUTERS FOUNDATION, ET AL., GENDER PAY GAP REPORTING: A COMPARATIVE ANALYSIS (Oct. 14, 2020), https://www.kcl.ac.uk/giwl/assets/gender-pay-gap-reporting-a-comparative-analysis.pdf.
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[100] Deb Lifshey, *The CEO Pay Ratio: Data and Perspectives from the 2018 Proxy Season*, HARV. L. SCH.F. ON CORP. GOVERNANCE (Oct. 14, 2018), https://corpgov.law.harvard.edu/2018/10/14/the-ceo-pay-ratio-data-and-perspectives-from-the-2018-proxy-season/. Note, however, that companies can select their own methodologies and that the CEO-to-median worker pay ratios are not intended to be comparable across companies or industries.
[101] *See* Securities and Exchange Comm'n, Concept Release: Business and Financial Disclosure Required by Regulation SK, Release No. 33-10064; 34-77599; File No. S7-06-16 (April 16, 2016), https://www.sec.gov/rules/concept/2016/33-10064.pdf; Proposing Release, Modernization of Regulation S-K Items 101, 103, and 105, 84 Fed. Reg. 44358 (Aug. 23, 2019).
[102] *See* Securities and Exchange Comm'n, Final Rule, Modernization of Regulation S-K Items 101, 103, and 105, 85 Fed. Reg. 63726 (Aug. 26, 2020), https://www.govinfo.gov/content/pkg/FR-2020-10-08/pdf/2020-19182.pdf.
[103] *See* Tom Zanki, Most Firms Withhold Hard Data in Human Capital Disclosures, LAW360(Apr. 27. 2021), https://www.law360.com/articles/1379085/most-firms-withhold-hard-data-in-human-capital-disclosures.
[104] LAMB & PASSOFF, *supra* note 59, at 5.
[105] *Id.* at 10.
[106] *Id.* at 10–11.
[107] *See* LINDA BABCOCK & SARA LASCHEVER, WOMEN DON'T ASK: THE HIGH COST OF AVOIDING NEGOTIATION—AND POSITIVE STRATEGIES FOR CHANGE (2007); Hannah Riley Bowles et al., *Social Incentives for Gender Differences in the Propensity to Initiate Negotiations: Sometimes It Does Hurt to Ask*, 103 ORGANIZATIONAL BEHAV. & HUM. DECISION PROCESSES 84 (2007).

[108] *See* LINDA BABCOCK & SARA LASCHEVER, WOMEN DON'T ASK: NEGOTIATION AND THE GENDER DIVIDE (2003) (finding that women ask for less when they do negotiate and that women business school graduates who negotiate fare 30 percent worse than their peers who are men); Jenny Save-Soderbergh, *Are Women Asking for Low Wages? Gender Differences in Wage Bargaining Strategies and Ensuing Bargaining Success*, STOCKHOLM U. SWEDISH INST. SOC. RES. WORKING PAPER SERIES 7/2007 10 (2007), https://ideas.repec.org/p/hhs/sofiwp/2007_007.html.

[109] *See* Maya Raghu & Caitlin Lowell, *Employer Leadership to Advance Equal Pay: Examples of Promising Practices*, NWLC (Mar. 2017), https://nwlc.org/wp-content/uploads/2017/03/Equal-Pay-Practices-4.19.17.pdf.

[110] HARV. BUS. REV. ANALYTIC SERVS., *Navigating the Growing Pay Equity Movement, supra* note 76, at 5.

[111] For example, in a recent experiment where scientists were presented with identical resumes—one with the name John and the other with the name Jennifer—the scientists offered the male applicant for a lab manager position a salary of nearly $4,000 more than the female applicant. Corrine A. Moss-Racusin et al., *Science Faculty's Subtle Gender Biases Favor Male Students*, PROCEEDINGS OF THE NAT'L ACAD. OF SCI. OF THE UNITED STATES OF AMERICA (Aug. 2012), http://www.pnas.org/content/109/41/16474.abstract#aff-1.

[112] The class action lawsuit *Beck v. Boeing*, 203 F.R.D. 459 (W.D. Wash. 2000), settled in 2004 for $72.5 million, illustrates how reliance on past salary leads to employers paying women less. Boeing set the salaries of newly hired employees as their immediate past pay plus a hiring bonus which was set as a percentage of their past salary. Raises were also set as a percentage of an employee's salary. Boeing claimed it set pay based on a neutral policy, but since women had lower average prior salaries than men, these pay practices led to significant gender disparities in earnings that compounded over time and could not be justified by performance differences or other objective criteria.

[113] M.G.L. ch. 149 § 105A.

[114] Cal. Lab. Code § 432.3; 2019 Colo. Legis. Serv. Ch. 247 (S.B. 19-085); Conn. Gen. Stat. Ann. § 31-40z; Del. Code Ann. tit. 19 § 709B; Haw. Rev. Stat. § 378-2.4; Il. Pub. Act 101-017; 2019 Me. Legis. Serv. Ch. 35 (S.P. 90) (L.D. 278); 2018 NJ A.B. 1094 (enacted); 2019 Sess. Law News of N.Y. Ch. 94 (S. 6549); Or. Rev. Stat. §§ 652.210, 652.220, 652.230, 659A.820, 659A.870, 659A.875, 659A.885; P.R. Laws Ann. tit. 29 § 251-259; 21 V.S.A. § 495(m); 2019 WA H.B. 1696 (enacted); H.B. 123, 2020 Leg., 441st Sess. (Md. 2020).

[115] *See, e.g.,* Exec. Order No. 2019-02 (Jan. 15, 2019); Mi. Exec. Order No. 2019-10 (Jan. 8, 2019); N.J. Exec. Order No. 1 (Feb. 1, 2018); N.Y. Exec. Order No. 161 (Jan. 9, 2017); N.C. Exec. Order No. 93 (April 2, 2019); Pa. Exec. Order No. 2018-18-03 (Sept. 4, 2018); Chi. Exec. Order No. 2018-1 (Apr. 10, 2018); *Mayor Keisha Lance Bottoms Bans "Salary History Box" Requirement on City of Atlanta Applications*, ATLANTAGA.GOV (Feb. 18, 2019), https://www.atlantaga.gov/Home/Components/News/News/11942/672; Pittsburgh, PA Ord. No. 2017-1121 (Jan. 30, 2017); Jackson, MS Ord. No. 2019-13(1); Columbia, SC Ord. No. 2019-022 (August 9,2019); *Mayor Biskupski signs Gender Pay Equity policy on first day of Women's History Month*, SLC.GOV (Mar. 8, 2018) https://www.slc.gov/blog/2018/03/01/mayor-biskupski-signs-gender-pay-equity-policy-on-first-day-ofwomens-history-month/; Louisville, KY Ord. No. 066 (May 22, 2018); Kansas City, MO Ord. No. 190380 (May 23, 2019); St. Louis, MO Ord. No. 71095 (Jan. 2020).

[116][116] *Governor Northam Announces Employment Equity Initiative for State Agencies*, VIRGINIA.GOV (June 20, 2019), https://www.governor.virginia.gov/newsroom/all-releases/2019/june/headline-841165-en.html; Montgomery County, MD, County Code art. II, § 33-25 (2019); *Richland County votes to 'Ban the Box,' won't ask job applicants about criminal past* (June 5, 2019), https://www.thestate.com/news/local/article231151348.html; D.C. Dep't of Hum. Res., District Personnel Instruction No. 11-92 (Nov. 17, 2017), https://dchr.dc.gov/sites/default/files/dc/sites/dchr/publication/attachments/edpm_11B_92_salary_history_instruction.pdf; New Orleans Exec. Order No. mjl 17-01 (Jan. 25, 2017); Cincinnati, OH Ord. No. 0083-2019 (Mar. 13, 2019); Toledo, OH Ord. No. 173-19 (June 26, 2019); Kansas City, MO Ord. No. 190380 (May 23, 2019); San Francisco, CA Ord. No. 170350 (July 19, 2017); Philadelphia, PA Ord. No. 160840; N.Y.C. Exec. Order No. 21 (Nov. 4, 2016); Albany Cty. Loc. L. No. P for 2016 (Dec. 17, 2017); Westchester Cty. Res. No. 28-2018 (July 9, 2018); Suffolk Cty. Loc. L. No. 25-2018 (No. 20, 2018).

[117] Benjamin Hansen & Drew McNichols, *Information and the Persistence of the Gender Wage Gap; Early Evidence from California's Salary History Ban* (Feb. 1, 2019), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3277664.

[118] NWLC, ASKING FOR SALARY HISTORY PERPETUATES PAY DISCRIMINATION FROM JOB TO JOB (Dec. 2020), https://nwlc.org/wp-content/uploads/2020/01/Asking-for-Salary-History-2020-12.7.2020.pdf.
[119] Iris Bohnet et al., *When Performance Trumps Gender Bias: Joint Versus Separate Evaluation*, HARV. BUS. SCH. WORKING PAPER 12-083 4 (Mar. 16,2012), http://www.hbs.edu/faculty/publication%20Files/12-083.pdf; Shelley J. Correll et al., *Getting a Job: Is There a Motherhood Penalty?*, 112 AM. J. SOC. 1297 (Mar. 2007), http://gender.stanford.edu/sites/default/files/motherhoodpenalty_0.pdf.
[120] *See* Marta M. Elvira & Mary E. Graham, *Not Just a Formality: Pay System Formalization and Sex-Related Earnings Effects*, 13 ORG. SCI. 601, 613-14 (2002).
[121] *See id.* at 614.
[122] McKinsey & Co., *Women in the Workplace 2020* (Sept. 30, 2020), https://www.mckinsey.com/featured-insights/diversity-and-inclusion/women-in-the-workplace.

April 29, 2021

Chairwoman Joyce Beatty
2129 Rayburn House Office Building
Washington, D.C. 20515

Ranking Member Ann Wagner
2129 Rayburn House Office Building
Washington, D.C. 20515

To Chairwoman Beatty, Ranking Member Wagner, and Members of the Subcommittee:

The National Asian Pacific American Women's Forum (NAPAWF) is the only multi-issue, progressive, community organizing and policy advocacy organization for Asian American and Pacific Islander (AAPI) women and girls in the U.S. NAPAWF's mission is to build collective power so that all AAPI women and girls can have full agency over our lives, our families, and our communities.

We believe compensation equity and economic security for AAPI women is key to building collective power within our community and fostering the next generation of AAPI women leaders. Fair wages not only improve the economic wellbeing of AAPI women, but also lead to greater bodily autonomy and positively impact our physical, mental, and emotional wellbeing. AAPIs comprise over 50 different ethnicities and 100 different languages and are the fastest growing minority group in the U.S. Lumping AAPIs together has perpetuated the "model minority" myth, which is not only false, but also masks the challenges our community faces with regard to economic justice and renders many of us invisible.

Based on wage analysis conducted by NAPAWF, AAPI women working full-time are typically paid, on average, 85 cents for every dollar paid to their white male counterparts. However, disaggregated data from 2015 to 2019 reveal that many AAPI women experience much larger wage gaps, particularly Southeast Asian and Pacific Islander women. For example, Samoan and Tongan women only earn 60 cents for every white male dollar, Nepalese women only earn 54 cents for every white male dollar, and Burmese women earn only 52 cents for every white male dollar.[1] On average, this wage gap would result in AAPI women losing almost $400,000 over a 40-year career.[2]

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[1] Center for American Progress (CAP) analysis of median earnings for full-time, year-round workers by AAPI subpopulation based on Steven Ruggles and others, "Integrated Public Use Microdata Series, U.S. Census Data for Social, Economic, and Health Research, 2015-2019 American Community Survey: 5-year estimates: Version 10.0" (Minneapolis: Minnesota Population Center, 2021), available at https://usa.ipums.org/usa/. Figures are based on women's and men's median earnings for full-time, year-round workers. White, non-Hispanic men made $58,000 annually, on average, between 2015 and 2019. Indian women represent those who self-selected "Asian Indian" as their race.

[2] Jasmine Tucker, "Asian American and Pacific Islander Women Lose $10,000 Annually to the Wage Gap." National Women's Law Center (March 2021). https://nwlc.org/wp-content/uploads/2020/01/AAPI-EPD-2021-v1.pdf.

In order to make up for lost wages, AAPI women often have to work multiple jobs or longer hours in a workforce where we face the double negative effect of the "glass ceiling," a term referring to barriers to advancement due to gender-based discrimination, and what many refer to as the "bamboo ceiling," an advancement barrier experienced by AAPI women due to race and national origin-based biases. Further, the COVID-19 pandemic has increased economic insecurity and reduced labor force participation among AAPI women who disproportionately fill retail worker, personal care aide, and restaurant worker roles. AAPI women are overrepresented in both the front-line and low-wage workforces; they make up 3.8 percent of the front-line workforce, despite only making up 2.9 percent of the overall workforce, and are typically paid less than their white male counterparts in the same occupations.[3]

Working in low-wage jobs also makes AAPI women increasingly susceptible to hate crimes and discrimination. There has been an alarming rise in anti-AAPI hate crimes in the last year, and a disproportionate burden of those crimes were borne by AAPI women, such as in the Atlanta mass shootings. Hate crimes targeting our community increased by 150% between 2019 and 2020, and a staggering 70% of the anti-AAPI hate crimes reported in 2020 were by women or gender nonbinary individuals. A national survey conducted by NAPAWF found that nearly 78 percent of AAPI women have been affected by anti-Asian racism in the last two years. A fear of facing violence and discrimination in the workplace, especially in low-wage jobs, further reduces AAPI women's sense of economic security.

AAPI women's immigration statuses also play a role in the economic opportunities afforded to them. Nearly two-thirds of AAPIs are foreign-born and have higher poverty rates as compared to US-born AAPIs.[4] Many women come to the U.S. as spouses of immigrants and are issued dependent visas, which may or may not grant work authorization. A lack of work authorization leaves many immigrant women reliant on their spouses for both their livelihoods and their ability to stay in the U.S. Generally, newly arriving immigrants have high poverty rates that decline over time and Asian American immigrant women actively participate in the labor force at a rate of 46 percent compared to the average for immigrant women overall (42.9 percent).[5,6]

Finally, in addition to occupational segregation, unequal pay for equal work, and barriers due to immigration status, current minimum wage standards make it difficult for AAPI women to be financially secure. Minimum wage policies have the greatest impact on frontline and essential workers with low incomes, occupations that have faced a disproportionately higher burden on health and finances due to the impact of COVID-19 and occupations that are disproportionately filled by AAPI women. These occupations include, but are not limited to, home health aides,

[3] Jasmine Tucker, "Asian American and Pacific Islander Women Lose $10,000 Annually to the Wage Gap." The National Women's Law Center (March 2021). https://nwlc.org/wp-content/uploads/2020/01/AAPI-EPD-2021-v1.pdf

[4] U.S. Department of Labor. "The Economic Status of Asian Americans and Pacific Islanders in the Wake of the Great Recession." Last modified August 28, 2014.

[5] Raphael, Steven and Eugene Smolensky. "Immigration and poverty in the United States." Focus 26(2) (2009): 27-31. https://www.irp.wisc.edu/publications/focus/pdfs/foc262e.pdf

[6] Zhou, Huiquan, and Sungkyu Lee. "Effects of U.S. Citizenship on Wages of Asian Immigrant Women." International Journal of Social Welfare 22, no. 2 (2013): 420-430. doi: 10.1111/ijsw.12010.

restaurant workers, retail workers, and personal care aides. Raising the minimum wage to $15 an hour would increase the pay for 36 percent of retail workers, 35 percent of residential or nursing home workers, and 64 percent of food preparation workers.[7]

For the reasons outlined above, NAPAWF supports policies such as the Paycheck Fairness Act of 2021 and the Raise the Wage Act of 2021. These policies can directly and indirectly increase compensation equity which in turn will help ensure that AAPI women and girls have the autonomy to make critical decisions about if or when to become a parent, provide for our families, and truly thrive in the U.S.

Additionally, we ask for disaggregated wage data for our community. Aggregated data often hide the true experiences of certain AAPI ethnicities and perpetuate the "model minority" myth. For too long, our issues have been erased in favor of averages that do not accurately reflect our realities. The AAPI community is a vast and incredibly diverse group encompassing numerous ethnicities. There are critical differences in the lived experiences of these ethnicities and lumping us all together not only fails to acknowledge that, it also erases many of our distinct economic issues that need to be addressed.

Increasing the minimum wage and closing the loopholes that allow employers to pay women unfairly would help AAPI women earn a living wage to support ourselves and our families. For immigrant women, bringing home a consistent paycheck allows them the opportunity to start and raise a healthy family, support family members who are abroad and those waiting on visas to enter the U.S., and seek justice for family members who may have been detained or deported. Without fair wages, AAPI women not only struggle financially but are robbed of their agency to do what is best for themselves and their families.

Sincerely,

National Asian Pacific American Women's Forum

[7] The National Employment Law Project, "Why the U.S. Needs a $15 Minimum Wage" (January 2021). https://www.nelp.org/publication/u-sneeds-15-minimum-wage/#_edn14

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Testimony

Bartlett Naylor

Financial Policy Advocate

Congress Watch, a division of Public Citizen

Closing the Racial and Gender Wealth Gap Through Compensation Equity

House Financial Services Subcommittee on Diversity & Inclusion

April 29, 2021

Chair Beatty, Ranking Member Wagner, members of the subcommittee: On behalf of more than 500,000 members and supporters of Public Citizen, we are pleased to present this testimony at the subcommittee's welcome hearing entitled "Closing the Racial and Gender Wealth Gap Through Compensation Equity."

This issue demands attention because discrimination on a number of fronts-- including gender, race, disability, and sexual orientation-- plays out in stark pay disparities. Well documented is the lower pay for women performing the same work as male counterparts.[1] Also glaring are the income and wealth gaps between races.[2]

The subcommittee appropriately addresses the inadequate, inequitable compensation paid to these workers. We draw attention to the related problem of compensation that should go to these workers that is otherwise drained to the C-suite, from senior managers through the CEO. Moreover, specific pay incentives detailed in disclosures for publicly traded corporations can be linked to misconduct, from mine disasters and airplane failures where the CEO was paid to cut expenses; to banking, where managers reap rewards for dangerous and even fraudulent risk-taking; to health care, where drug prices are escalated

[1] Bureau of Labor Statistics, *Usual Weekly Earnings Of Wage And Salary Workers First Quarter 2021,* DEPARTMENT OF LABOR, (Apr. 16, 2021) https://www.bls.gov/news.release/pdf/wkyeng.pdf.
[2] Kevin Miller and Deborah J. Vagins, *The Simple Truth About the Gender Pay Gap,* AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, (Fall 2018) https://www.aauw.org/resources/research/simple-truth/.

well beyond rising costs, and beyond. We surveyed the intersection between pay incentives and corporate misconduct in a recent report.[3]

Income Inequality

From World War II through the 1970s, the rewards from America's collective economic effort were spread somewhat evenly across all of the workers at U.S. corporations. When productivity increased, that is, when the value of what was produced each hour increased by a certain amount year-to-year, wages increased across firms by roughly that same amount.

During these decades, organized labor played an important role in determining the pay both for workers represented by the unions, and others whose employers, though not unionized, still needed to compete with these wages. The percentage of Americans represented by unions peaked in 1954 at 35 percent.[4] While the percentage declined, the total number of union members peaked in 1979 at 21 million. Collective union bargaining power helped police the equitable allocation of income from economic growth during these post-war decades.[5]

Meanwhile, tax policy discouraged extraordinary paychecks. In 1963, the top marginal tax rate for individuals was 91 percent, down from 92 percent in 1952.[6] This top rate of 91 percent applied to any income beyond $400,000.[7] That meant that compensation above this amount really meant revenue for the IRS. When compared with average workers, CEO pay held steady from the end of the war through the 1960s. In 1965, the average CEO of the largest 350 firms received 20 times the pay of the average worker.[8]

By the early 1980s, however, union power began to decline precipitously. Even though the population of the United States has doubled since 1960, the number of workers represented by unions has declined from about 20 million to 14 million today, and union density stands at 10 percent nationally.[9]

Since the 1980s, wages for average workers have stagnated. While productivity has continued to increase, the benefits of greater economic output has not found its way into the pockets of the line employees most responsible for that greater output. Instead, it has gone to senior employees of American corporations.

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[3] Bartlett Naylor, *White Collar Crime Still Pays,* PUBLIC CITIZEN (July 21, 2020) https://www.citizen.org/article/white-collar-crime-pays/.

[4] Drew DeSilver, *American unions membership declines as public support fluctuates*, PEW RESEARCH CENTER (Feb. 20, 2014) https://www.pewresearch.org/fact-tank/2014/02/20/for-american-unions-membership-trails-far-behind-public-support/

[5] *Wage Chronology, General Motors Corp. 1939-66,* BUREAU OF LABOR STATISTICS, https://bit.ly/2z7HYHt.

[6] *Historical Highest Marginal Income Tax Rates,* TAX POLICY CENTER, https://tpc.io/2XFtIjj.

[7] *Federal Individual Income Tax Rates History,* TAX FOUNDATION, https://bit.ly/2xzaj97.

[8] *Peter Drucker Advocated a Ratio of 20 to 1 for CEO to Average Worker Pay,* W. EDWARDS DEMING INSTITUTE (February 9, 2015), https://bit.ly/2RIzRaR.

[9] Economic News Release, U.S. Bureau of Labor Statistics, *Union Members Summary* (January 22, 2020), https://bit.ly/2RGungs.

Another Reagan legacy: the 1981 Economic Recovery Act. The top marginal tax rate for individuals, which had already fallen to 70 percent before his presidency, was further reduced to 50 percent.[10] Reagan pushed tax cuts again in 1986, lowering the top marginal rate to 38.5 percent. [11]

With lower tax rates on top salaries, and less pressure from unions to raise worker wages, company managers began to concentrate company income on larger CEO and senior management salaries. In most cases, the bulk of larger compensation packages came in the form of incentive plans.[12]

The steady concentration of income and wealth with senior managers has hollowed out the middle class and impoverished those already at the bottom. As noted, the fruits of a more productive labor sector did not go to average workers; it went to senior managers, namely the 0.1 percent at the top.[13] In 2018, the wages of all America's 144 million workers totaled $7.3 trillion. The top 5 percent, or 7 million workers, received $2.1 trillion, or nearly a third of all income received by all Americans. That means the best paid person out of 20 received almost a third of all the wages.[14] [15]

Concentration of wages at the top also allows the best earners to invest and make even more money. According to the Urban Institute, from 1963 to 2016, families near the bottom of the wealth distribution, that is, those in the lowest 10th percentile of wealth, went from having no wealth on average to being about $1,000 in debt. Contrast this with families near the top, with more wealth than the other 90 percent, who enjoyed a fivefold increase in their wealth. Those in the top 1 percent experienced a seven-fold wealth increase.[16]

Most Americans have no savings, no investments, and therefore make no money from investments. Investment income for the richest 10 percent makes up about 20 percent that group's income. Half of all stocks are owned by the richest 1 percent of Americans.[17]

Income and wealth inequality are bad for the economy, even for the rich. Under diminishing marginal utility theories, simply put, if income clots with the few at top, they simply can't spend all that money—circulate it—in the economy. There is only so much haute cuisine they can consume in a day, only so many palaces that can be inhabited each day, only so many yachts can be sailed at a time. Studies affirm that income inequality leads to stagnating economic growth. [18][19]

Policy Solutions

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[10] *Federal Individual Income Tax Rates History,* TAX FOUNDATION, https://bit.ly/2xzaj97.
[11] *Federal Individual Income Tax Rates History,* TAX FOUNDATION, https://bit.ly/2xzaj97.
[12] The Securities and Exchange Commission rules provide that these bonus plans are explained generally to shareholders. In many cases, however, the specific terms remain opaque, and boards, which set pay, explain that qualitative factors play a role as well.
[13] Wealth Inequality in the United States, Inequality.org, https://bit.ly/2SfoA1E.
[14] The Economic Policy Institute's State of Working America Data Library., https://bit.ly/2Sd2sF9.
[15] Wealth Inequality in the United States, Inequality.org, https://bit.ly/3bk7EyJ.
[16] Nine Charts about Wealth Inequality in America, URBAN INSTITUTE, https://urbn.is/2VGRpov.
[17] Nine Charts about Wealth Inequality in America, URBAN INSTITUTE, https://urbn.is/2VGRpoV.
[18] Branko Milanovic, *More or Less,* INTERNATIONAL MONETARY FUND (September 2011), https://bit.ly/2KjzC1R.
[19] Andrew G. Berg and Jonathan D. Ostry, *Equality and Efficiency,* INTERNATIONAL MONETARY FUND (September 2011), https://bit.ly/3eESA0u.

As the subcommittee appropriately understands, income disparities not only operate between the C-suite and average workers, but between average workers, based on gender, race, sexual orientation, disability and other distinctions. Corporate executives determine these wages and these inequities. Here is where companies' decisions must be altered.

The subcommittee highlights two bills intended to address these inequities. One requires federal financial regulatory agencies to audit pay disparities for women and minorities at the institutions under their purview. Another requires companies overseen by the Securities and Exchange Commission (SEC) to conduct a similar audit. Public Citizen supports these measures. We believe these measures will be important first steps toward addressing better pay for certain categories of workers.

We also think this legislation will work in conjunction with measures already approved by the full committee recently, such as a mandate that the Federal Reserve address income inequality, and a requirement that boards of publicly traded companies identify their members based on these distinctions that play out in pay inequities in the workforce. This latter measure highlights the need for sensitivity at the top. A board director who has a disability will, ideally, be better attuned to pay disparities for disabled individuals in the workforce. The same is true for female and minority board members.

We also encourage the full House Financial Services Committee to consider a suite of additional measures for addressing excessive executive compensation, as outlined below.

Say-on-Pay: Under Dodd-Frank's Section 951, corporations must seek a shareholder vote on compensation packages for CEOs. Unfortunately, the current vote is non-binding, meaning that even if most shareholders disapprove of pay packages, no changes are required. Because of the limitations of Dodd-Frank, Congress must require that say-on-pay votes be binding. In addition, there should be an additional prod to ensure good pay packages. Where shareholders oppose the package, the pay should revert to 20 times the median pay at the company, and director compensation should be cut in half. We also propose following the model pioneered in Australia, where if 25 percent of shareholders oppose the pay proposal two years in a row, the board must stand for re-election.[20]

Real Shareholder Choice of Board Members: Directors set executive pay, yet these directors don't necessarily reflect shareholder interests since there is no true election; shareholders only vote on one set of candidates. We propose a ballot that shows multiple candidates for each position.[21] A shareholder or group that holds $50,000 worth of stock in a company should be able to nominate at least one candidate. The SEC has proposed to allow owners with 3 percent of the shares to submit a limited number of candidates, however that is far too high a threshold at most large companies. For example, it would require holders of Apple Inc. to own $3 billion worth of stock.[22] Average investors need a mechanism to promote director accountability.

Worker Boards of Directors: The Accountable Capitalism Act requires corporations with an annual revenue of more than $1 billion to allow employees to pick at least 40 percent of board members.[23] In a recent poll of likely U.S. voters, 52 percent were supportive of putting workers on boards of large

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[20] Matt Orsagh, *Say on Pay in Australia: Two Strikes and You're Out,* CFA INSTITUTE (September 26, 2012), https://bit.ly/3cHFTR1.

[21] Proxy Access, COUNCIL OF INSTITUTIONAL INVESTORS, https://bit.ly/2W1DXw6.

[22] Facilitating Shareholder Director Nominations, SECURITIES AND EXCHANGE COMMISSION, https://bit.ly/2S7EYl3.

[23] Press Release, Office of Senator Elizabeth Warren, *Warren Introduces Accountable Capitalism Act* (August 15, 2018). https://www.warren.senate.gov/newsroom/press-releases/warren-introduces-accountable-capitalism-act

corporations and only 23 percent were opposed.[24] In a dozen European countries, workers have the right to representation in their company's top administrative and management bodies. This has had a moderating effect on CEO pay levels.

Reform Stock Buybacks: Buybacks drain capital that could be used for better employee pay or other investments in physical assets. Before a SEC rule change in the 1980s, buybacks were rare, but now they are an engine of escalating CEO pay.[25] The Reward Work Act bans buybacks altogether. It also requires that a third of board members be elected by a firm's employees.[26] The Worker Dividend Act requires companies that buy back stocks to also pay out a commensurate sum to all of its employees.[27] The SEC should require that shareholders approve buybacks, rather than directors.[28] Finally, Congress should simply ban executive stock sales during buybacks altogether.

Defer Pay and Use it for Corporate Penalties: Following the 2008 financial crash, the Justice Department found widespread fraud. However, prosecutors brought no charges against any senior individuals. Some officials cited the complication of identifying culpable individuals but that left shareholders to shoulder the fines. To improve compliance, we call for the system advocated for by Willian Dudley, then president of the New York Federal Reserve, which says that senior bankers (such as the 2,000 most senior at JP Morgan) must defer a substantial portion of pay.[29] If the bank must pay a penalty, this pool is used to pay the fine instead of shareholder funds. This will motivate managers to police one another. Rep. Katie Porter (D-Calif.) sponsors the Corporate Management Accountability Act that calls on all corporations to sequester a portion of compensation for their top five officers (or explain to shareholders why they do not). [30]

No Stock Options for Bankers: Structuring pay to motivate executives to take risks may be healthy for some firms, but it can lead to disaster at banks. Bankers should not be paid in stock options. The European Union introduced rules in 2014 to limit banker bonuses to no more than their annual salaries, or up to 200 percent of annual salary with shareholder approval. The cap applies to bankers in non-EU banks located in the EU, as well as senior staff (including Americans) working for EU-based banks anywhere in the world. This reform aims to help counter the "bonus culture" that encourages high-risk investing. European regulators are working to crack down on some banks that have been circumventing the new rules by raising base salaries and converting bonuses into "allowances." Here in the U.S., banker stock options should be banned. Short of that, they should be limited as done in the EU. Or, they should at least be kept (and not cashed in) for at least two years after retirement. This deters banking that yields short term profits at the expense of long-term problems.

Ratio-linked Pay for Government Contracts: Policymakers should use the power of the public purse to incentivize narrower pay gaps. Congress should ban contracts to corporations with extreme gaps or give

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[24] *The New Progressive Agenda*, DATA FOR PROGRESS, https://bit.ly/3clEwBw.
[25] Comm. Robert Jackson, *Speech at the Center for American Progress,* Securities and Exchange Commission (June 11, 2018), https://bit.ly/3czxyi2.
[26] Reward Work Act, S.2605 (2018), https://bit.ly/34RgRMt.
[27] Press Release, Office of Senator Cory Booker, *Booker, Casey Introduce Bill Aimed at Corporate Short-termism, Stock Buybacks,* (March 7, 2018), https://bit.ly/3aCEXvA.
[28] Lenore Palladino, *Stock Buybacks: Driving a High-Profit, Low-Wage Economy*, ROOSEVELT INSTITUTE (March 2018), https://bit.ly/3axJn73.
[29] Bartlett Naylor, *Decimate Wall Street,* HUFFINGTON POST (December 22, 2014), https://bit.ly/2xWbI9W.
[30] Rep. Katie Porter, Corporate Management Accountability Act, Congress.gov (Sept 18, 2019) https://www.congress.gov/bill/116th-congress/house-bill/4320?s=1&r=26

preferential treatment to firms with narrow gaps, as proposed in Rhode Island.[31] [32] Similarly, all corporate welfare programs should be required to incorporate pay ratio guidelines in their qualification standards. As a member of Congress, Rep. Mick Mulvaney (R-S.C.) authored an amendment designed to prevent the U.S. Export-Import Bank from subsidizing any U.S. company with CEO pay greater than 100 times median worker pay.[33]

CEO Pay Limit for Firms in Bankruptcy: Executives should not be able to pocket huge bonuses after declaring bankruptcy and cutting jobs and pensions. Policymakers should eliminate loopholes in existing law and prohibit companies in bankruptcy from awarding "retention" bonuses.[34] For example, a senior executive should not be paid a bonus unless the executive is offered the same or higher pay from a potential new employer. Private equity executives should not be allowed to take companies into bankruptcy and simultaneously terminate employee pension benefits as a means of increasing their personal pay. These executives should be barred from receiving any pension or pension-like benefits unless pensions and severance funds for the workers of the operating companies are fully funded.

In conclusions, we thank the subcommittee for promoting to bills that address inequities in pay among discriminated groups and look forward to a robust consideration of all important reform initiatives.

[31] *How Taxpayers Subsidize Giant Corporate Pay Gaps*, INSTITUTE FOR POLICY STUDIES, (August 29, 2018), https://bit.ly/2VTI3Yc.
[32] Relating to Public Property and Works- State Purchases, 2017 S 0211, https://bit.ly/2yFNyRa.
[33] Robert Schroeder, *Republican aims to block Export-Import aid to companies with hefty CEO pay*, MARKET WATCH (November 3, 2015), https://on.mktw.net/2VU6gfL.
[34] Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, Public Law 109-8, 109th Congress, https://bit.ly/2Y4RW6O.

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April 28, 2021

The Honorable Joyce Beatty
Chairwoman
Subcommittee on Diversity and Inclusion
House Financial Services Committee

Dear Chairwoman Beatty:

I write to request that the attached UnidosUS report, "Closing the Latina Wealth Gap: Building an Inclusive Economic Recovery After COVID," be included in the record of the hearing on April 29, 2021, in the House Financial Services Subcommittee on Diversity and Inclusion entitled "Closing the Racial and Gender Wealth Gap Through Compensation Equity."

UnidosUS, previously known as NCLR (National Council of La Raza), is the nation's largest Hispanic civil rights and advocacy organization and has built a stronger country by creating opportunities for Latinos for more than 50 years. Through its unique combination of expert research, advocacy, programs, and an Affiliate Network of nearly 300 community-based organizations across the United States and Puerto Rico, UnidosUS simultaneously challenges the social, economic, and political barriers at the national and local levels.

Our report on the Latina wealth gap provides an in-depth look at the financial standing of Hispanic women and some of the factors that contribute to the Latina wealth gap. In the report you will find key findings, including the need for targeted intervention to alleviate the disproportionate harm Latinas have faced during the pandemic, address the structural barriers that restrict their participation in an inclusive economy, and expand their access to wealth-building assets to increase upward mobility, and other notable takeaways. It also includes helpful policy recommendations for your and the Subcommittee's consideration.

Thank you in advance for incorporating this timely and relevant report into the hearing record.

Sincerely,

Eric Rodriguez
Senior Vice President, Policy and Advocacy
UnidosUS

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Closing the Latina Wealth Gap:
Building an Inclusive Economic Recovery After COVID

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UnidosUS, previously known as NCLR (National Council of La Raza), is the nation's largest Hispanic civil rights and advocacy organization. Through its unique combination of expert research, advocacy, programs, and an Affiliate Network of nearly 300 community-based organizations across the United States and Puerto Rico, UnidosUS simultaneously challenges the social, economic, and political barriers that affect Latinos at the national and local levels.

For more than 50 years, UnidosUS has united communities and different groups seeking common ground through collaboration, and that share a desire to make our country stronger.

For more information on UnidosUS, visit www.unidosus.org or follow us on Facebook, Instagram, and Twitter.

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Closing the Latina Wealth Gap: Building an Inclusive Economic Recovery After COVID


PROFIT
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EXECUTIVE SUMMARY

As our nation passes the pandemic's one-year mark, considerable improvements in public health infrastructure and economic progress are being celebrated. The increase in vaccine distribution promises declining COVID-19 infections and continued reopening of the economy. Yet, the nearly 30 million Latinas in the United States continue to face significant constraints in safely returning to the labor market, balancing work and family responsibilities, and closing the Latina wealth gap.

Just before the pandemic, in 2019, Hispanic median net worth increased to $36,100. The gain of just $10,000 compared to the pre-Great Recession level in 2007 slightly narrowed the Hispanic-White wealth gap. The median wealth for White families is five times higher than that of Hispanics. However, a Latina-headed family has a median net worth of less than a nickel to the dollar of a typical family headed by a White man and just a tenth of the net worth of the typical family headed by a White woman. While 2019 is the most recent year for which wealth data are available, more recent employment and income data clearly show that the economic position of Latinas was devastated by the pandemic.

Between February and April 2020, Latina unemployment increased from nearly 5% to just over 20%. By February 2021, the Latina unemployment rate stood at 8.5%. While the challenges that they face in recovering from the recession are shared among women of all races and ethnicities, overcoming the challenges is much more daunting for Hispanic women due to pre-pandemic structural inequalities. Lower wages, fewer job benefits, a lower homeownership rate, lower retirement savings, lower college attainment, and less access to capital all contribute to a wider Latina wealth gap compared to the gap between White women and White men.

Wage and wealth gaps between Hispanic men and White men also persist. As a result, Hispanic families—whether headed by a single breadwinner or a dual-earner couple—are less resilient than White families in weathering the economic, health, and social impacts of the COVID-19 outbreak. Hispanics are more likely to die from COVID-19, less likely to have health insurance, and more likely to have experienced economic pain during the pandemic, including income, job, food, and housing insecurity. Noncitizen immigrants and mixed-status households have suffered even more deeply due to exclusions from federal relief and recovery programs.

Our nation's economic recovery and long-term prospects for growth will be especially constrained if the work-family conflicts experienced by Latinas, and women in general, are not alleviated by federal policy. Across race and ethnicity, a majority of those who are nondisabled but not in the labor force are women with family responsibilities. Compared to White women, however, Hispanic women are even less likely to work—and less likely to graduate from college—due to their family responsibilities. The pandemic has exacerbated the precarious position of Hispanic women in the workforce and economy.

Prior research has found that Hispanic children are nearly as likely as White children to increase their income distribution position relative to their parents. In the last two decades, Hispanic college attainment has about doubled. Furthermore, before the pandemic, Hispanic business creation was in an upward trend. However, without equitable federal investments that include the Americans who have lost the most economic ground, wealth and income inequality may widen due to the pandemic's worse impact on Hispanics, especially Latinas.

Latinas have confronted a triple crisis in the face of COVID-19: disproportionately higher infection rates, economic losses, and family-work conflict. It is critical for future economic growth and equity that the economic barriers, the onerous burdens of balancing family and work, and other asset-building constraints that Latinas face are removed. Economic justice requires a recovery plan and long-term structural reforms that address the systemic economic exclusion of Latinas. Wealth and the American Dream must be made more accessible to all Americans in order to build back to a more inclusive economy.

KEY FINDINGS

The outsized impact of COVID-19 on Latinas requires targeted intervention in the recovery.

- In April 2020, the unemployment rate for Hispanic women reached 20.2%. In February 2021, it was 8.5%—3.6 percentage points less than the same month the previous year (4.9%). More than a million fewer Latinas are employed one year after the onset of the pandemic.
- From February to April 2020, there was a decline of just over 30% in Latina-owned businesses and nearly 40% in entrepreneurship among Latina noncitizens. In comparison, the national average for overall business losses was a 22% decline.
- Compared to Hispanic men, White women, and White men, Hispanic women were the most likely to face income losses and food, housing, and health care insecurity during the first year of the pandemic.
- More than one-third of Latinas report finding it difficult to afford necessities such as food (36%), and nearly a third (32%) have no rainy day funds saved in case of an emergency. Half of Latinas have less than $500 saved for emergencies.

Latina income and wealth gaps persisted prior to the pandemic due to structural barriers that must be addressed in order to build back to a more inclusive economy.

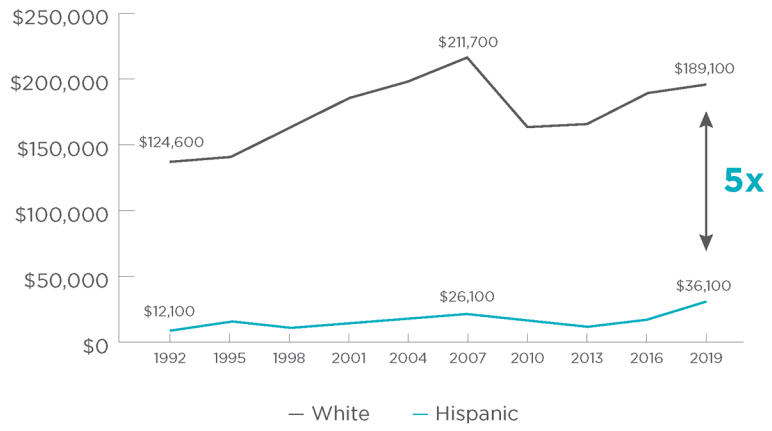
- Just before the pandemic, in 2019, Hispanic net worth increased to $36,100. The median net worth for White families ($189,100) is five times higher than that of Hispanics.
- Before the pandemic, the average income for Whites was about twice that of Hispanics. In 2019, the per capita income for Whites was $46,281 compared to $23,289 for Hispanics.

- Hispanic women have long lagged in earnings and wealth, earning 55 cents to the dollar in income and holding five cents to the dollar of net worth compared to White men.
- Compared to White mothers (22%), Hispanic mothers (33%) are more likely to report having lost work opportunities due to child care responsibilities.
- Among parents who were employed at the start of the pandemic, Hispanic women were more likely to stop working due to child care needs than Hispanic men, White women, or White men. A higher share of noncitizen Latinas (32%) compared to Latinas overall (14%) quit their job due to child care needs during the pandemic.

Latinas must achieve greater access to wealth-building assets to increase upward mobility for future generations.

- Lower wages, fewer job benefits, a lower homeownership rate, lower retirement savings, lower college attainment, and less access to capital all contribute to a wider Latina wealth gap.
- Compared to White women, Hispanic women are more likely to think that owning a home (78%), getting a college degree (74%), and owning your own business (51%) are very important parts of the American Dream.
- Hispanic women think that being treated equally (89%) and creating opportunities for their children (85%) are very important parts of the American Dream.

FIGURE 1: TRENDS IN THE HISPANIC-WHITE GAP, NET WORTH (Triennial SCF Survey, 1992–2019)



Source: 2019 Survey of Consumer Finance (SCF). Data publicly available at https://www.federalreserve.gov. Note: Data rounded to one hundreds.

INTRODUCTION

This report provides insights from the UnidosUS Latina Wealth Project survey conducted in February 2021 on the economic conditions and COVID-19 impacts affecting Hispanic women since the outbreak of the pandemic (compared to Hispanic men, White women, and White men). The survey* finds that Latinas experienced devastating economic hardships resulting from the pandemic, and many have not yet recovered one year later. To build back to a more resilient and inclusive national economy, federal recovery efforts and economic policy must address the systemic inequalities driving the Latina wealth gap, which predated and were exacerbated by the pandemic.

For centuries, the relationship between the United States and Latin America has been marked by ongoing political arrangements, migration flows, and economic exchanges. For example, in 1848, provisions of the Treaty of Guadalupe Hidalgo granted civil rights to Mexican nationals living within the new land boundaries of the United States.[1] In 1917, Puerto Rican residents were granted citizenship rights, and Puerto Rico was established as a U.S. territory under the Jones-Shafroth Act.[2]

After more than 150 years of millions of Hispanic Americans having legal claims to full citizenship and racial equality in the United States, Hispanic-White gaps persist. The de facto history of racism and segregation experienced by Hispanics in the United States has resulted in deep-rooted economic and social inequality between Hispanic and White Americans.

With women securing the right to vote more than 100 years ago, wage protections and educational access increased thereafter. The 20th century ushered in women's increasing political, economic, and social inclusion. Since the mid-1950s, economic growth has been driven by women's increased participation in the economy. Yet, in the last three decades, progress has stalled in women's employment.

In comparison to White women, Hispanic women lag in the economic gains of women's mass entry into the labor market. Latinas are less likely to work—and less likely to graduate from college—due to their family responsibilities. Hispanic women face unique gender-based barriers in the U.S. economy and society. Lower wages, fewer job benefits, a lower homeownership rate, lower retirement savings, lower college attainment, and less access to capital all contribute to a wider Latina wealth gap compared to White women.

For future Hispanic generations, there is an opportunity for upward mobility to narrow income and wealth gaps. Though Hispanic women are the least likely to

* Data published in this report are based on the 2021 UnidosUS Latina Wealth Project survey unless otherwise noted or cited. A total of 2,184 respondents were interviewed, of which 1,195 self-identified as Hispanic women, 373 as Hispanic men, 302 as White women, and 314 as White men (see Appendix A for details of the survey methodology).

say they have achieved the American Dream, they highly believe that creating opportunities for their children is a very important part of the American Dream. Post-pandemic opportunities for Hispanic youth and young adults will be driven by the federal investments made to increase the financial well-being of Hispanic households and to ensure Latina equity in the COVID-19 recovery and beyond.

It is critical for future growth that the economic barriers and asset-building constraints that Latinas face are addressed. One in four girls (and one in four of all children) in kindergarten is Hispanic.[3] We must create a world where they will have greater opportunities than their mothers—and fathers—did. Economic justice requires a recovery plan and long-term structural reforms that address the systemic economic exclusion of Latinas.

ADDRESSING THE PRECARIOUS FOOTING OF LATINAS IN THE RECOVERY

A primary factor that drives the wide Latina wealth gap is Latinas' precarious footing as workers and business owners. After facing some of the most devastating economic losses due to the current recession, Latinas are much less likely to have recovered financially from the pandemic's impacts, and many face economic uncertainty with no safety net.

Before the pandemic, Latina workers made historic gains in the labor market. In October 2019, the Latina employment rate reached a record peak of 59.2%, with Latinas working at a higher rate than White women (56.6%).[4] Still, Latinas remained at the bottom in terms of earnings. Both Hispanic men and women in the workforce are more likely to earn low wages.[5] Considering gender and ethnicity, Latinas earn the least. At the end of 2019, the typical Latina full-time wage and salary worker had the lowest reported weekly earnings, at just $654.[6] Full-time, year-round Latina workers make just 55 cents to every dollar earned by White men.[7] Nearly half of all Hispanic women earn less than $15 per hour.[8]

Even before the COVID-19 outbreak, Latinas lagged in access to job benefits, such as paid sick leave and health insurance, which could have insulated them from the health effects of the pandemic. Compared to Whites, Hispanics are 1.7 times more likely to be infected by, 4.1 times more likely to be hospitalized for, and 2.8 times more likely to die from COVID-19.[9] Data from the 2021 UnidosUS Latina Wealth Project survey show that 15% of Latinas report going to work sick because they did not have paid sick leave. Less than half of Hispanic workers overall have access to paid leave.[10]

One year after the beginning of the pandemic, medical debt is one of the top financial concerns for Latinas, even more so than credit card debt, car loans, or home mortgages. More than half (54%) of Latinas—and six in 10 Hispanic men—are extremely or very concerned about medical debt.

Because Hispanics play an outsized role in certain essential industries and frontline occupations, they have experienced higher workplace exposure to COVID-19 infection. The low rate of health insurance coverage has left Latinas particularly susceptible to incurring high costs for medical treatment: Hispanic women are more likely to carry medical debt (27%) than Hispanic men (16%), White women (20%), and White men (15%). Hispanics, noncitizens, and children are the least likely to be covered by employer-sponsored health insurance, with about one in four noncitizen children lacking health insurance.[11] The most devastating of COVID-19's health outcomes are the tragic loss of life and staggering medical costs, especially among those who are uninsured.

COVID-19 Has Taken a Heavy Economic Toll on Latinas

At the onset of the pandemic, Latinas suffered an astounding decline in employment. The Latina unemployment rate increased from 4.9% to 20.2% between February and April 2020, while the percent of total Latinas employed plummeted to 45.0%.[12] The drop is partly due to being disproportionately employed in the leisure and hospitality industry, which experienced the steepest job losses resulting from the pandemic.

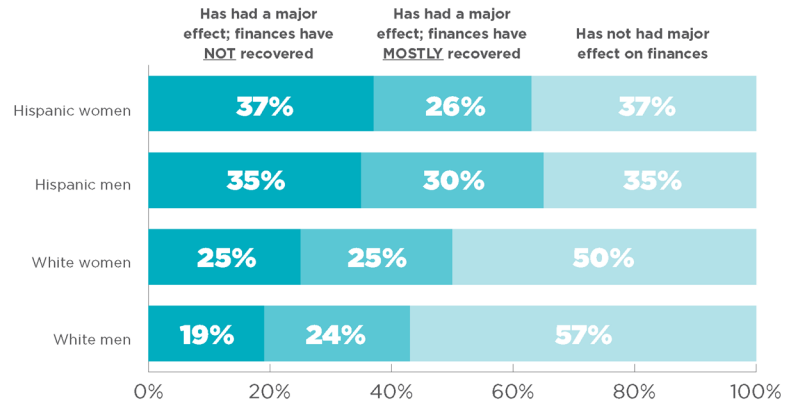
Latina-owned businesses also took a hard hit during the economic downturn. Compared to a national average of nearly a 22% decline in business ownership, Latina entrepreneurship dropped by 30%. The most significant business losses were among Latina noncitizens. From February to April 2020, there was a decline of nearly 40% in entrepreneurship among Latina noncitizens.[13]

Further research is needed to examine why Latina and noncitizen owned businesses were hit harder than other businesses during the pandemic, but these segments of business owners tend to have less cash on hand and are less likely to be able to operate online or have their employees work from home.[14] Further, immigrants' uneven access to relief and recovery funds may have resulted in a harsher business climate for these businesses, their workers, and their customers.

While there have been overall job gains in the economy in recent months, many Latinas have not returned to the labor market. In February 2021, the unemployment rate for Hispanic women was 8.5%, higher than the rate for all women (6.1%) or all workers (6.2%).[15] Compared to the same month last year, there are one million fewer Latinas active in the U.S. labor market.

More than one in three Hispanic women (37%) reports that the pandemic had a major economic effect on their finances, and they still have not recovered. In comparison, 35% of Hispanic men, 25% of White women, and 19% of White men report that the pandemic had a major economic effect on their finances, and they have not yet recovered. Noncitizen Hispanic women are even further behind, with more than half reporting that they have not yet financially recovered.

FIGURE 2: LATINAS LAG IN THE RECOVERY



Source: UnidosUS and Edison Research polling data.

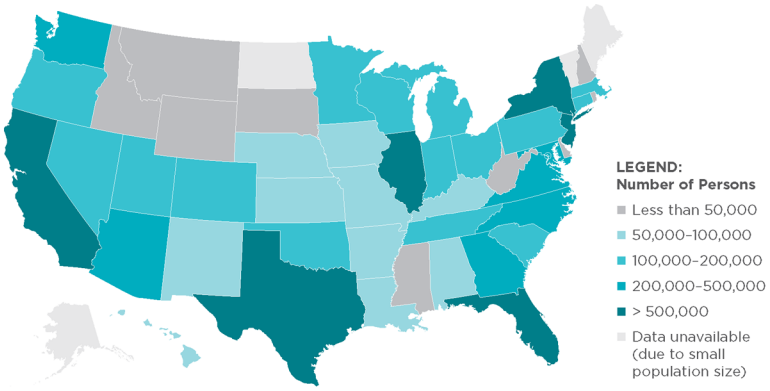
Base: Gave a response (<1% did not give a response)

For many Latinas, there are no savings left to buffer hardship or establish financial stability. Hispanic women are the most likely to report having zero dollars for emergencies or a rainy day fund (32%), substantially higher than for White women (22%), Hispanic men (18%), or White men (13%). Half of Latinas and six in 10 noncitizen Latinas have less than $500 saved for emergencies.

The Safety Net and COVID-19 Relief Excluded Noncitizens and Mixed-Status Families

Due to a chilling effect of the anti-immigrant national climate and decades-long immigrant exclusion from federal safety net policies, immigrants, Hispanics, and mixed-status families have felt more economic pain due to the pandemic. Areas and markets throughout the United States with large Hispanic or immigrant populations—and the businesses that serve them—also did not equally benefit from cash payments or other critical relief provided in the initial federal COVID-19 response.

FIGURE 3: NUMBER OF PERSONS INELIGIBLE FOR 2020 FEDERAL ECONOMIC IMPACT PAYMENTS



Source: Migration Policy Institute

Note: Data show number of unauthorized immigrants and their spouses and children ineligible for Economic Impact Payments under the 2020 CARES Act.

Undocumented immigrants and their spouses and children were largely excluded from the 2020 Economic Impact Payments under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. According to the Migration Policy Institute, more than 15 million residents were ineligible for the program.[16] Starting in April 2020, federal payments of up to $1,200 per adult and $500 for each minor child were sent only to those who filed federal taxes with a Social Security Number. For households that filed using an Individual Taxpayer Identification number (ITIN) for any household member, all household members (citizen and noncitizen alike) were excluded from economic relief. In California, Texas, New York, and Florida, more than a million residents were ineligible for payment because of the Social Security number eligibility requirement.

Before the pandemic, the conditions of the public charge rule were expanded so that health care, nutrition, cash, or other public assistance could negatively impact an immigrant's path to citizenship.[17] However, U.S. Citizenship and Immigration Services (USCIS) provided public notice during the pandemic that certain services, such as new enrollment in emergency Medicaid, would not be considered in public charge rulings, but the information was not widely disseminated.[18] For immigrants and mixed-status households alike, the fear of jeopardizing one's own or a family member's immigration status is a deterrent to accessing COVID-19 relief and other safety net programs.

Hispanic-owned businesses—which are more likely to hire immigrant workers or depend on immigrant customers—also were hurt by immigrant exclusions in federal policy. Immigrant exclusions directly limited the benefits of Paycheck Protection Program (PPP) loans to Latino-and immigrant-owned businesses because PPP funds could not be used to pay employees whose principal residence is not in the United States.[19] Businesses that serve or hire immigrants were hurt indirectly due to lower consumer demand or weaker stimulus in the communities where they do business.

UnidosUS data shows that Latina noncitizen households fare worse in the past year compared to Latinas and Hispanics overall. Just over half (54%) of all noncitizen Latinas report that the pandemic has had a major effect on their finances, and they have not yet recovered. The share of those who have not recovered is about the same for noncitizen Latinas who report living in a household with at least one citizen (55%).

However, Latina U.S. citizens fare much worse if they are living in a mixed-status household with at least one noncitizen. Overall, 33% of Latina citizens report that the pandemic has had a major effect on their finances, and they have not yet recovered, while 42% of Latina citizens living in a mixed-status household have not recovered. There is a gap in the education levels and other characteristics between Hispanic women who are citizens and those living in mixed-status or same-status households. Still, the compositional differences in these households are not likely enough to explain the gap.

A similar pattern was found for Hispanic men who are citizens: 28% of those living in households with other citizens have not yet recovered, but 48% of those living in mixed-status households have not recovered. Immigrant exclusions hurt U.S. citizens and especially Hispanics who were hit the hardest in the economic crisis wrought by the pandemic.

Further research is needed to determine how much of this pattern for mixed-status households is due to the differences between the profiles of Hispanic citizens living in mixed-status households (e.g., education level is lower). However, it is clear that Hispanic citizens in mixed-status households are both more vulnerable and less likely to have access to needed COVID-19 relief and other federal programs.

Immigrant exclusions must be removed from future federal relief measures so that the citizen and noncitizen Hispanics who are most financially vulnerable will be able to access much-needed relief. Progress was made in the COVID-19 relief measure passed in December 2020, which made citizen and legal resident adults in mixed-status families eligible to receive subsequent relief payments and recover the first round of Economic Impact Payments (albeit after the most devastating period of the recession for families and businesses had passed).[20]

Latinas Face a Triple Crisis

At the intersection of ethnicity and gender, Hispanic women have experienced a triple crisis due to COVID-19: significant health impacts, devastating economic losses, and heightened family-work conflict. Low-wage Latina workers particularly have been devastated by the pandemic. The federal response to the pandemic has not sufficiently addressed the devastating impacts of COVID-19 or the systemic inequalities that existed before the pandemic, limiting the successful reentry into the labor market and economic equity for Latinas.

At the start of the pandemic, corporations and federal legislators considered the need for hazard pay for workers who faced increased exposure to infection due to working on the front lines.[21] Even so, despite COVID-19's ongoing threat, hazard pay was discontinued shortly after the initial outbreak. According to the Economic Policy Institute, only 30% of people working outside their homes were receiving hazard pay by the summer of 2020, at which time most retail companies ended hazard pay.[22] Yet, especially for Hispanics, COVID-19 infections and deaths surged over the summer, and the risk continues.[23]

This is especially relevant for Latinas, who are overrepresented in the services industry and low-wage occupations where they are less likely to be able to telework (work from home). Before the pandemic, 53.2% of all workers in the leisure and hospitality sector were women, and an outsized share were Hispanic women (12%). In public-facing occupations, being unable to telework means that a worker has an increased workplace risk of COVID-19 exposure.[24] Overall, just about one in six Hispanic workers and one in 10 low-wage workers are able to telework. In comparison, White workers are about twice as likely and high-wage workers are about six times as likely to be able to telework.[25]

A major factor in driving the triple crisis is that most Latinas are "low earners," meaning in this report that they have a low income (making less than $25,000 annually) or a lower education level (completed a high school degree or less). Among Hispanic women, about four in 10 low earners (41%) report that the pandemic had a major effect on their personal finances, and they have not recovered financially. More than half of Latina low earners (54%) report that they spent most or all of their savings during the pandemic.

During the pandemic, about four in 10 Hispanic women (42%) who are low earners report having received food donations and experienced difficulties affording basic necessities (40%). About one-quarter missed a car, student loan, or credit card payment (26%), while more than one in 10 (12%) had utilities shut down due to lack of payment.

About one in five Latinas (19%) and Hispanic men (18%) missed at least one rent or mortgage payment during the pandemic. In comparison, 12% of White women and 10% of White men missed at least one payment. More than half of Hispanic renters are rent-burdened, paying more than 30% of their income to cover rent.[26]

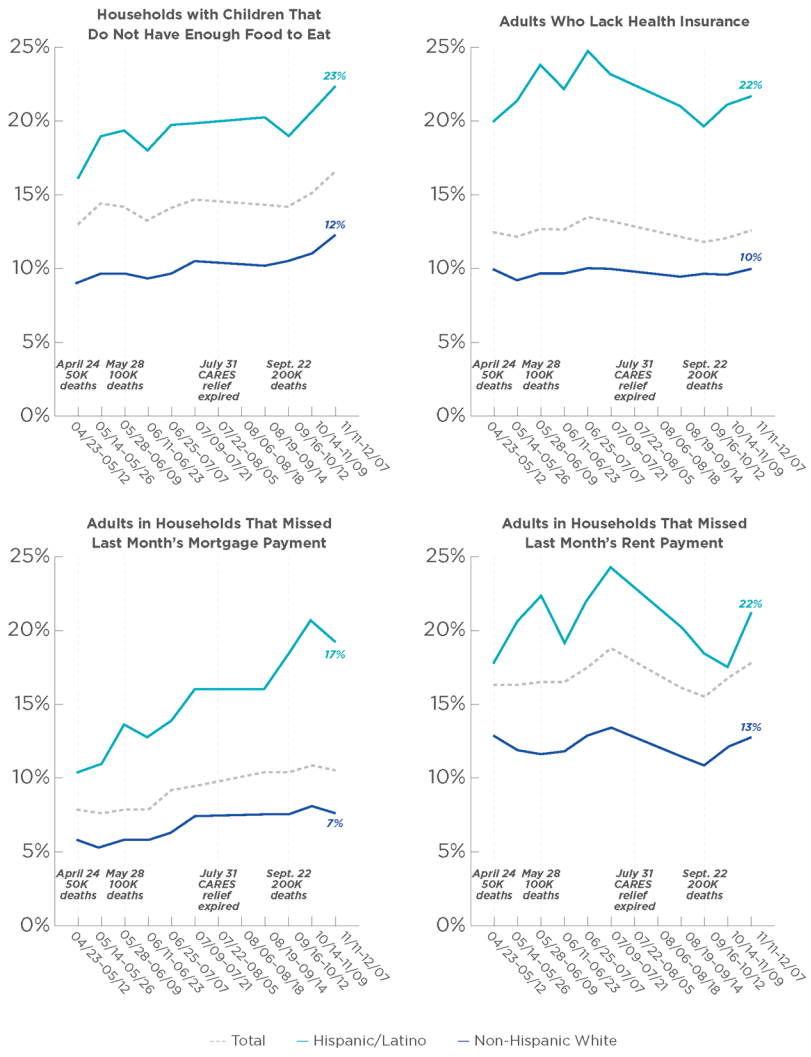
The crisis brought on by the pandemic has illuminated the essential role of Latina workers in the nation's economy. Even so, many are in minimum-wage jobs without benefits. At just $7.25, the federal minimum hourly wage has not increased since 2009. To help their economic recovery, Latina workers must have access to a living wage and affordable child care to allow their reentry into the labor market and increase financial security. Hispanic women should no longer be treated by employers or the government as expendable.

Prior research has shown that women are more likely than men to adjust their careers and stop working due to child care and family responsibilities.[27] The nationwide school closures during the last year had a disproportionate impact on women with children, with Latinas experiencing heightened family-work conflict. Overall, more than six in 10 Latinas report that their family responsibilities increased during the pandemic, while three-quarters of Latina mothers report such an increase.

Among parents who were employed at the start of the pandemic, Hispanic women were more likely than Hispanic men, White women, or White men to reduce their work hours or quit their jobs due to child care needs during the pandemic, with a higher share of overall Latinas (14%) and noncitizen Latinas (32%) reporting they quit a job to care for their children.

Due to the widespread economic crisis brought on by the pandemic, low-wage Latinas and those who have reduced work hours or lost jobs will be more dependent on income transfer policies such as the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC). Many low-wage Latinas with children cannot rely on their employment income alone and depend on the EITC and CTC to make ends meet. Moreover, nearly half (49%) of Hispanic women wiped out their savings during the pandemic, more than double the share of White women (24%).

FIGURE 4: FOOD, MORTGAGE, RENT, AND HEALTH INSECURITY



Source: PRB analysis of data from the U.S. Census Bureau and the U.S. Centers for Disease Control and Prevention for UnidosUS, "By the Numbers: Latinos in the Time of Coronavirus."

BUILDING BACK TO A MORE LATINA-INCLUSIVE ECONOMY

Decades of Women's Employment Gains Have Been Lost

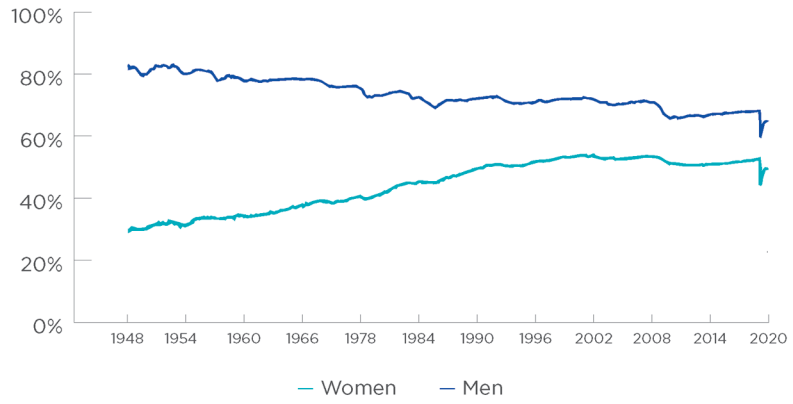
The COVID-19 outbreak essentially erased the rebound in women's employment after the Great Recession. The United States lag in building a gender-inclusive economy has more deeply hurt low-wage women workers, especially Latinas. Most Hispanic women were not financially resilient at the time of the pandemic's outbreak. Now, gender-based work barriers and Latina financial insecurity threaten the nation's recovery from the pandemic.

Before the pandemic, the U.S. federal government was a laggard in adopting many of the work-family policies that other high-income countries have implemented. The lack of affordable child care, paid family leave, protection against gender discrimination, and equal pay limit American women's ability to successfully balance work and family responsibilities. Some argue that the lack of work-family policies has resulted in a stall in women's economic progress. Now, one year into the pandemic, women's employment levels are similar to those of the 1990s, and Latina employment levels are lower than they were before the Great Recession.

As an important historical marker, the pandemic outbreak coincided with the 100th anniversary of the 19th Amendment, which established women's political enfranchisement and was followed by increased activism for women's economic advancement. Along with the increased demand for women's labor during World War II, there was a sharp increase in women's employment in the second half of the 20th century. By about 1980, most women—including married women and women with children—were in the workforce.[28]

Broader gender equality resulted in rising wages, higher household incomes, and Gross Domestic Product (GDP) growth. Research has shown that women's increased labor force participation is a boost to GDP in the United States and globally.[29] Given men's declining employment rate, narrowing the gender gap was an important way to expand the nation's economy. But there was a flattening in women's employment gains in the 1990s and the early 2000s.

FIGURE 5: WOMEN'S GAINS IN EMPLOYMENT STALLED IN RECENT DECADES (Percent Employed by Gender, Historical Series)



Source: U.S. Bureau of Labor Statistics. Employment-Production Ratio - 20 Yrs. & Over, Various Series. Retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org. Series shown from start of the available monthly data, January 1948.

Women experienced fewer job losses than men in the 2007–2009 Great Recession. In what was dubbed a "man-cession," the peak unemployment rate during the Great Recession was 10.6% overall, 12.3% for men, and 9.4% for women.[30] In the latter years of the 10-year expansionary period after the Great Recession, Latinas made historic employment gains. In 2019, the peak employment rate for Latinas (59.2%) was higher than the overall employment rate for women (57.3%). In February 2020, before the onset of the pandemic, the Latina employment rate was 59.1%.

In contrast to the Great Recession, the pandemic recession is referred to as a "she-cession."[31] In April 2020, Latinas had the highest unemployment rate at 20.2%, much higher than the unemployment rate of 14.7% overall, 15.5% for women, and 13.0% for men. In February 2021, the Latina employment rate was 52.9%, which was 6.2 percentage points lower than that of the same month last year. The pandemic has wiped out decades of Latina employment gains.

Among Latinas who had a shift in employment status out of full-time work during the pandemic, most shifts moved toward part-time work (43%), unemployment (36%), being a homemaker (9%), or retiring (6%). The lower employment rate has negative implications for gender equality and for Hispanic households overall, most of which rely on women's earnings.

Studies have consistently found that a majority of mothers across race and ethnicity are either a primary breadwinner or a co-breadwinner for their families.[32] Before the pandemic, most Hispanic women with children were in the labor force (64.9%) but at a lower rate than that of Hispanic fathers (93.8%). In 2019, women were the primary breadwinner for 25% of Hispanic families.[33]

Among Latina primary breadwinners, there may have been more pressure to go to work even when sick during the pandemic. Among Latinas living with a spouse or romantic partner, 24% of primary breadwinners report going to work sick due to a lack of paid sick leave. Fewer Latinas did so if they had an equal co-earner spouse or partner (9%) or if they had a spouse or partner who was the primary breadwinner (11%).

Due to the lower median age of Latinas and the higher median age of Whites, it is illustrative to compare Hispanics and Whites controlling for age (or within the same age groups). Employment rates are lower for those of college age (18 to 24 years old) or those near or at retirement age (55 years and older). So, the employment patterns of prime working-age adults (ages 25 to 54) are more indicative of the economic impacts of the pandemic.

Among prime working-age Latinas who had a shift in employment status out of full-time work during the pandemic, most shifts moved into part-time work (46%), unemployment (36%), or being a homemaker (12%). These shifts resulted in more economic hardship for Latina breadwinners. Nearly half (48%) of prime working-age Latina primary breadwinners report not having yet recovered from the pandemic's economic impacts.

During the pandemic, prime working-age female breadwinners also used less paid child care: 56% of White women in this group relied on paid child care, compared to only 21% of Hispanic females. Latinas are less likely to be able to afford or have access to child care for their own children, despite a disproportionate share of them employed in domestic services.[34]

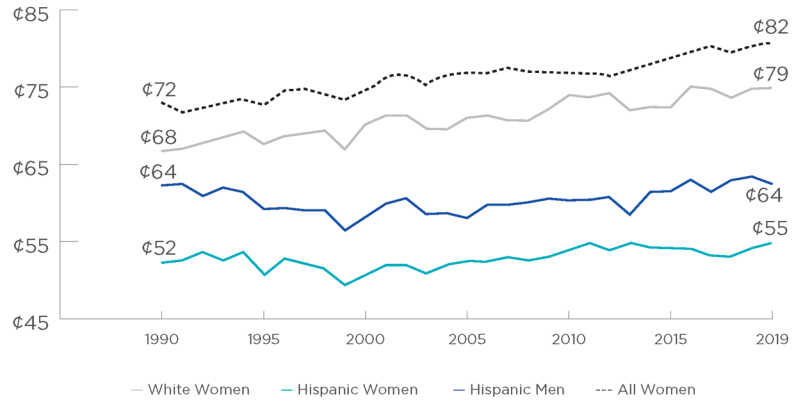
The Latina Pay Gap Drives Persistent Hispanic-White Income Gaps

Most Latina workers are in low-wage work without a living wage, paid child care, or job security. In 1990, full-time, year-round Latina workers earned 52 cents to each dollar earned by White men (based on median earnings).[35] After nearly three decades, the pay equity for Latina workers improved by only three cents, nudging to 55 cents to the dollar in 2019. Latinas would have to work about 22 months before earning what White men earn in one year.

By comparison, for the same time period, the median earnings for women overall compared to men increased from 72 cents to the dollar to 82 cents to the dollar, with White women earning higher wages than Hispanic men. If U.S. Latinas were an independent nation, their wage gap would be dead last compared to other Organisation for Economic Co-Operation and Development (OECD) countries, wider than the gender gap of Korea (where women earn 68 cents to each dollar earned by men).[36]

If the U.S. wage gap were eliminated, a typical Latina working full-time, year-round would have enough money to afford three years of child care, pay off her student debt in one year, or pay off 19 months of the average mortgage payment.[37]

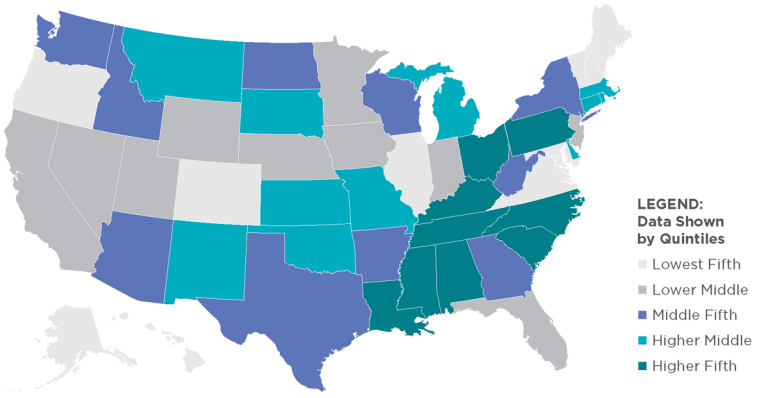
FIGURE 6: DECADES-LONG LATINA PAY GAP NUDGED TO 55 CENTS ON THE DOLLAR IN 2019 (Earnings Gap by Ethnicity and Gender, 1990–2019)



Source: U.S. Census Bureau. "Table P-38. Full-Time, Year-Round Workers by Median Earning and Sex."

The majority of Latinas in the United States earns low wages. Latina poverty is high throughout the nation, but it is higher in rural areas and the South. For example, the Latina poverty rate in Mississippi is 33%, about twice as high as in California (16%). Nationally, about one in three Hispanic children lives in a poor household.[38] Low-wage female workers—especially Latinas—have not equally benefitted from women's gains in the formal labor market. Many still engage in part-time or low-wage work in the home or the informal economy, which is not enough to raise them out of poverty.

FIGURE 7: REGIONAL DISPARITIES IN LATINA POVERTY RATES: POVERTY HIGHEST IN RURAL AND SOUTHERN AREAS



Source: NHGIS, 2019 American Community Survey.

Research shows that gender and ethnic earnings disparities are driven by segregation and discrimination in the labor market, and the pay gap for women does not close with higher educational attainment.[39] There are wage gaps between Latinas and White men in the same industry or occupation. For example, the wage gap for Latinas in management positions is 62 cents to the dollar when compared to White men.[40]

Since 1990, the ratio of Hispanic men's median earnings has stayed at 64 cents to the dollar earned by White men. So, for dual-earner Hispanic households, the pay gap by gender and ethnicity may result in deeper Hispanic-White income disparities.

The pay gap is a primary reason why Latinas have experienced the deepest economic hardship during the pandemic and will struggle in the long term to regain financial security unless policies are implemented to increase the earning power and low wages of Hispanic women.

Many Latina Workers Lack Retirement Security

Many Americans are concerned about retirement security, but Latinas are the least likely to have an employer-sponsored retirement account. According to the 2019 Survey of Consumer Finances (SCF), only 18% of Hispanic women have a retirement account, compared to 45% of White women, 32% of Hispanic men, and 71% of White men.[41]

With a higher share of Latinas working part time or in low-wage occupations, fewer have access to employer-sponsored retirement accounts, and for those who do, the account balances are lower. Due to the pay and work inequalities throughout their working lives, Latinas are at a much higher risk of being poor in retirement. Yet, they have the highest life expectancy, meaning they are more likely to need adequate retirement savings for a longer period.[42]

Pandemic-induced early retirements may have long-term consequences for Latinas who tend not to have adequate account balances in retirement savings—or any savings at all. More than one in four (27%) older Latinas (55 years old or older) who shifted out of full-time employment during the pandemic went into retirement.

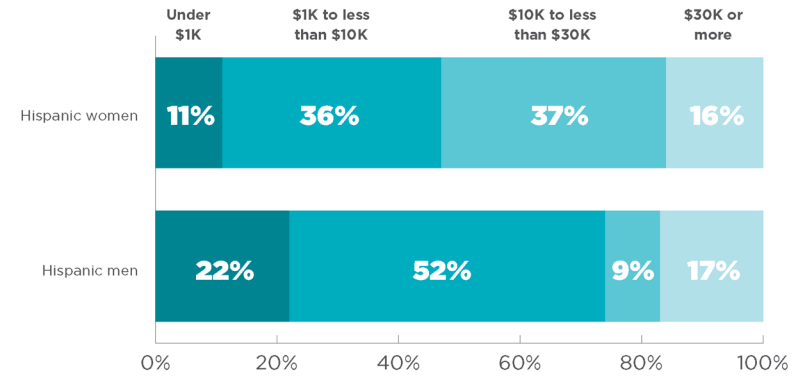
INCREASING LATINA WEALTH AND UPWARD MOBILITY

Latinas Make Gains in Higher Education but Worry about Debt Burdens

Most Hispanic women think that getting a college degree (74%) is a very important part of the American Dream. The share of Hispanics with a bachelor's degree or higher has more than doubled from 9.2% to 18.8% in the last three decades.[43] The gains for Hispanic women have been greater than the gains for Hispanic men. In 2019, 20.8% of Hispanic women and 16.9% of Hispanic men had a bachelor's degree or higher.

Even with the significant progress, college enrollment and bachelor's degree attainment rates for Hispanics are lower compared to other groups.[44] Hispanics are half as likely to have a bachelor's degree compared to Whites.

FIGURE 8: STUDENT DEBT



Source: UnidosUS and Edison Research polling data.

Base: Currently have student loans and gave a response (24% did not give a response)

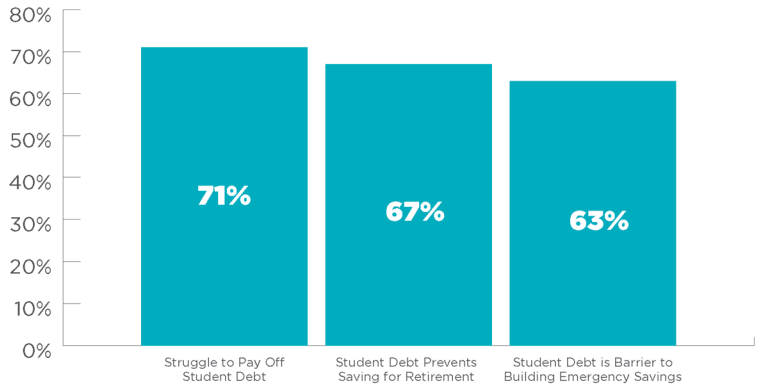
Despite the lower bachelor's degree attainment level compared to Whites, Latinas are more likely to be extremely concerned about paying student debt off (30%). A UnidosUS poll from August 2020 found that more than six in 10 Latinas in California report that student debt is a barrier to building emergency savings or saving for retirement, and most are struggling to pay off their debt (71%).

The onerous burden of Latina student debt is partly due to the increase in Hispanic college enrollment occurring at a time of skyrocketing tuition costs. The average costs of a full-time undergraduate degree have more than tripled in the last several decades, rising much faster than wage increases.[45]

While most Latinas have less than $30,000 in student loan debt, the debt burden is a higher share of their income due to their earning less on average. Many Latinas who carry student debt do not have a completed college degree or other accreditation, leaving them with debt that may be harder to pay off. Even worse, some higher education programs commit fraud and put students in debt without preparing them for gainful employment.[46]

Student loan forgiveness and stronger student consumer protections would disproportionately assist Latinas in restoring financial security and building wealth. While college confers many benefits to Latinas and Hispanics overall, college does not serve as a wealth equalizer. Ethnic gaps in housing and financial wealth persist at every education level.[47]

FIGURE 9: MOST LATINAS WITH STUDENT DEBT STRUGGLE TO PAY MONTHLY PAYMENT AND ARE LESS LIKELY TO BUILD SAVINGS

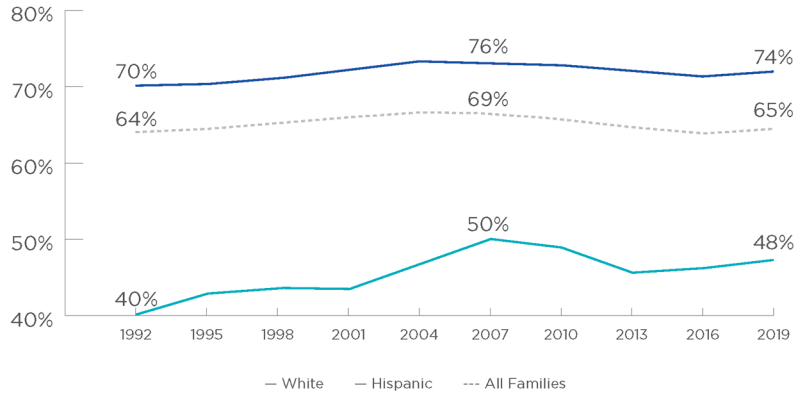


Source: UnidosUS poll data (from August 2020).

Homeownership Lag Widens the Latina Wealth Gap

The Hispanic-White wealth gap has not changed much in the last several decades. Compared to Whites, housing equity is a larger share of Hispanic wealth. Hispanic housing wealth reached nearly $1 trillion in 2019, increasing by 400% in a decade.[48] Housing wealth for Whites increased by only 60% over the same period (to $15.3 trillion). This change was largely due to an increasing number of Hispanic households rather than an increase in the homeownership rate. Before the pandemic, Hispanics accounted for most of the increase in the overall homeownership rate.[49] However, the share of Hispanic homeowners lags that of Whites, and Hispanic women have a lower rate of homeownership than Hispanic men.

FIGURE 10: TRENDS IN HOMEOWNERSHIP (Triennial SCF Survey, 1992–2019)



Source: 2019 Survey of Consumer Finance (SCF). Data publicly available at https://www.federalreserve.gov. Note:

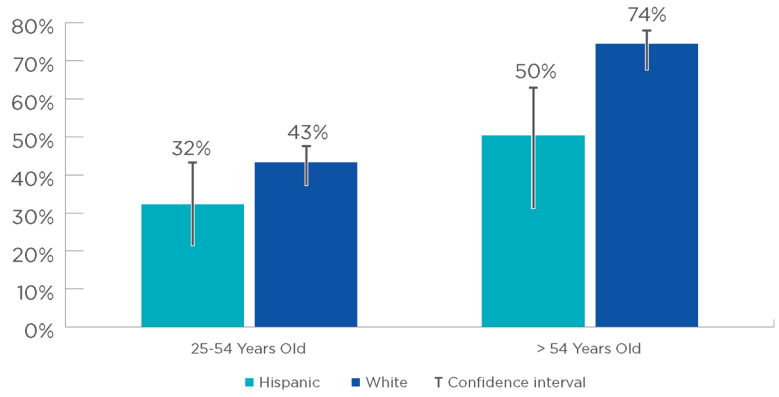
Prior research has found that there are economic and financial barriers to closing the Hispanic-White gap in homeownership. Hispanics with equivalent credit profiles are more likely to pay more for home financing costs and are disproportionately likely to be steered to subprime mortgages.[50] Still, most Latinas believe that owning a home is an important part of the American Dream (95%). Among those who do not own a home, 62% report that they would like to buy a home in the next five years, and 38% have started saving to buy a home.

Yet, Latinas have not made as much progress as White women in attaining homeownership. According to the 2019 Survey of Consumer Finances, less than four in 10 Latinas are homeowners (38%). Also, Hispanic men constitute a smaller share of homeowners (51%) compared to White women (60%) and White men (78%).[51]

Among older women compared to prime working-age women, there is a wider Hispanic-White gap in the rate of homeownership. Due to archaic coding conventions, SCF data for primary economic units ("families") headed by women are mostly for single women (for respondents in a mixed-sex couple, the male is coded in the SCF as the reference person).[52] Therefore, it is clearer to make comparisons between Hispanic single women and White single women. However, due to the small sample size for Hispanic women, there is less precision for these estimates.

Among prime working-age adults, about one-third (32%) of single Latinas own a home compared to 43% of single White women. By contrast, almost three-fourths of single White women aged 55 and older are homeowners compared to 50% of older single Latinas. For older women compared to prime working-age women, the Hispanic-White gap increases from 11 to 24 percentage points.

FIGURE 11: HOMEOWNERSHIP GAP WIDENS WITH AGE
Homeownership among single women by ethnicity, 2019 (95% confidence intervals shown)



Source: Author's analysis of the 2019 Survey of Consumer Finances (SCF) data (full public data set).

During the Great Recession, Hispanics lost nearly 66% in housing wealth,[53] and it is not clear how many Hispanic women will eventually face foreclosure or lose housing wealth due to the COVID-19 pandemic. Still, Hispanic women homeowners are the most deeply concerned about paying their mortgage. Most Latinas (75%) report being slightly (16%), moderately (19%), very (16%), or extremely (23%) concerned about paying their mortgage. White men are the least concerned (compared to Hispanics and White women), with slightly less than half (44%) not at all concerned about paying their mortgage.

Despite the recent Hispanic gains in housing wealth over time, the Hispanic-White wealth gap has not closed due to the increase in non-housing wealth accumulation among Whites.[54] Hispanics not only are much less likely to own a home, they also are much less likely to have business, financial, and retirement assets. Among Hispanics who hold assets, the value of their assets is lower than that of Whites' assets. Homeownership confers many benefits, including home equity, school opportunities for children, and stability. Still, gains in housing wealth alone cannot close the Latina wealth gap.

Investments in Latina Entrepreneurship Enhance Path to Upward Mobility

Wealth gaps are much wider than income gaps by gender and ethnicity. Research shows that differences in age and education explain little of the persistence in the wealth gap.[55] While education has a positive relationship to intergenerational mobility, it is weaker for Hispanics than for Whites. Research shows that the returns on homeownership and work also are lower for Hispanics than for Whites.[56] Entrepreneurship and greater access to financial assets or capital are critical for upward mobility for future generations.

Before the pandemic, most of the business growth in the United States was driven by the increase in Hispanic-owned businesses. Latina entrepreneurship was faster-growing than business ownership among Hispanic men. Yet the pandemic hit Latina-owned businesses harder than those owned by Hispanic men, White women, or White men. Four in 10 Latinas report a large negative impact on their business compared to businesses owned by White females (37%), Hispanic males (32%), and White males (31%).[57]

According to a 2020 Stanford Latino Entrepreneurship Initiative (SLEI) research report, only about one in 10 Latina-owned businesses had enough cash on hand to survive beyond six months during the pandemic.[58] Twice as many Latina-owned businesses have closed during the pandemic (30%) compared to Hispanic male-owned businesses (16%).[59] Fewer White female-owned businesses (23%) and White male-owned businesses (18%) closed down.

Research shows that many Latina entrepreneurs are more likely to use entrepreneurship as an alternative to poor job opportunities than for profit-seeking opportunities. Latinas are more likely to be "pushed" into entrepreneurship due to the need for flexible hours (47%) or for work/life balance (49%).[60] Still, across gender, wanting to be your own boss is a primary motivator for more than six in 10 Hispanic business owners.

Likely given the difference in motivating factors to start a business, most Latina entrepreneurs are low earners (with less than $25,000 in personal income) or have a lower education level (high school degree or less). Among those Latina entrepreneurs with an incorporated business, more than half have not yet recovered (56%), and few have rainy-day funds (19%).

Latinas are one of the fastest-growing segments of business owners in the United States, and about half believe that owning a business is a very important part of the American Dream. However, Latina businesses were hit hard during the pandemic. Prior research shows that Latina businesses have less cash on hand, and they have difficulty accessing capital to invest in business creation and growth. Federal business assistance programs must address any barriers to participation, such as immigrant or citizenship status and language.

Research shows that Whites accumulate more wealth primarily due to asset diversification, less debt as a share of assets, and high-return assets (other than housing).[61] With a portfolio of higher-return assets, Whites also are more likely to pass on wealth intergenerationally, and the rate and value of inheritance among Whites are much higher than among Hispanics.[62]

Community-based organizations, such as Community Development Financial Institutions (CDFIs), Minority Depository Institutions (MDIs), and business associations, are critical in making financial assets more accessible to Latinas. Overall, Hispanics are more likely to access financial products outside of a bank, such as money order or check-cashing services, payday loans, pawn shop loans, or tax refund advances.[63] Community banking and fair lending protections are critical to increasing savings and building the financial assets of all Hispanics.

CONCLUSION: MOVING FORWARD TO LATINA-EQUITABLE INVESTMENTS

Latinas lag in the economic recovery, and they must be included in more equitable federal policies to facilitate a faster economic recovery, a more inclusive economy in the long term, and increased upward mobility for future generations. Wealth is an important component of building the safety net so that Latinas and Hispanic families will be more resilient to future economic downtowns or personal financial disruptions, such as illness or job loss. Many of the barriers that now constrain Latinas' job opportunities and wealth creation existed before the crisis, but our nation's future economic growth depends on removing those barriers in the immediate recovery efforts and long-term economic policy.

In the immediate term, extended unemployment benefits must continue throughout the pandemic and include gig and nonstandard workers permanently. Housing stability for renters and homeowners must be preserved through eviction and foreclosure protections as well as in restoring predatory lending regulations.

In the longer term, economic policies must ensure a living wage and minimum universal income to reduce poverty among Latinas and Hispanic children. Workers must have universal and portable paid sick and health insurance benefits so that those who are sick do not go to work and those who need it are able to secure preventative and comprehensive medical treatment. Americans also need debt relief and consumer protections to rebalance the balance sheets for millions of households. Latinas are especially concerned about debt burdens they cannot pay off.

Child care, health care, and education—our fastest-growing industries—must be considered core to the nation's infrastructure program and investments so that the work women and Latinas predominantly do in these industries is well-paid and provides a pathway to economic well-being and to closing the Latina wealth gap.

Also, the EITC and the CTC are critical to ensuring that Latina-headed households with children do not fall further behind economically. The EITC should be made available for a wider age range, and the CTC should be made fully refundable, increasing the credit for families with young children and ensuring that all kids—regardless of immigration status—are lifted out of poverty.

Building savings, retirement, and a diverse portfolio of assets is critical to building financial resiliency and closing the Latina wealth gap. Federal investments must boost workforce development programs to focus on retraining and building the human capital of workers in industries that were substantially and, possibly, permanently affected by the pandemic.

The recession hit Hispanics and especially Hispanic women hard. The federal government must make investments to increase the financial well-being of Hispanic households, housing affordability, and school quality as well as in building places of opportunity for Hispanic women, families, and children to thrive.

POLICY RECOMMENDATIONS TO ENSURE LATINA EQUITY IN THE COVID-19 RECOVERY AND BEYOND

Short-Term Policy Recommendations for a Faster COVID-19 Recovery

- Extend and expand unemployment benefits until the pandemic recession ends, continuing to cover independent, gig, and nonstandard workers permanently. Provide extended benefits to workers in the hardest-hit industries, including restaurant workers, domestic workers, people working in hospitality, and retail.
- Extend the national eviction moratorium through the end of the national emergency and strengthen legal protections for renters who face income loss and are at risk of eviction.
- Target eviction prevention services and rental assistance to families in the hardest-hit areas, including neighborhoods that are majority-Latino, immigrant, or communities of color; have a concentration of low-wage workers or essential workers; and where renters are severely burdened by housing costs.
- Extend mortgage payment relief and expand protections and aid to prevent foreclosures.

Long-Term Policy Recommendations to Build Back to a More Inclusive Economy

- Expand EITC and CTC to ensure that they reach as many workers as possible. Expand EITC to reach a wider age range, meet the income needs of more families, and better serve childless adults. Make the CTC a fully refundable credit, increase the credit for families with young children, and ensure that all kids, regardless of immigration status, can benefit from this critical antipoverty tool. Make both credits permanent.
- Expand worker benefits, increase subsidies and access to health care for low-wage and hourly workers, promote greater paid sick and family leave for all workers, and secure access to retirement accounts that are independent of work and portable for workers in nontraditional or low-wage roles.
- Reduce home financing costs, including prohibitive down payment requirements and closing costs.
- Provide debt relief, specifically for student loan debt, and prioritize efforts to strengthen enforcement of borrower protections. Debt relief efforts will increase savings and the opportunities for asset-building.

Long-Term Federal Investments to Increase Upward Mobility

- Increase investment in skills training, job placement, and other workforce development programs, especially in the food supply chain, domestic work, child care, health care, and education.

- Reduce the housing cost burden for Latino renters to help them save and build assets. Establish a permanent federal emergency rental assistance fund and increase federal investment in the Housing Trust Fund and subsidies for housing serving extremely low-income families.
- Reduce child care costs by providing federal subsidies or federal investment to expand the availability of infant and toddler care.
- Provide a path to citizenship for essential workers who have risked their lives and health for more than a year, serving our communities on the front lines to keep our economy moving.

APPENDIX A: SURVEY METHODOLOGY

The Latina Wealth Project survey is a national survey of Hispanic Americans and White Americans ages 18 years and older. A total of 2,184 respondents were interviewed, of which 1,195 self-identified as Hispanic women, 373 as Hispanic men, 302 as White women, and 314 as White men.

The study included 931 interviews conducted by telephone and 1,253 interviews conducted online. Among the telephone interviews, 600 were via a landline phone and 331 interviews via cell phone. The average length of telephone interviews was 16 minutes, and the average length of online interviews was 12 minutes. The telephone interviews were conducted February 11–25, 2021.

The data for each of the four groups were weighted to match United States population estimates by age, education, and region. Additional weights were applied to the sample of Hispanic women and Hispanic men using population statistics for country of origin and nativity.

Hispanic Women Sample

Among the 1,195 interviews of Hispanic women, 559 were conducted by phone and 636 were conducted online, and 734 were conducted in English and 461 were conducted in Spanish. A minimum quota of 175 interviews was achieved in each of the following states: Arizona, California, Florida, and Texas.

Margin of Error

With a sample size of 1,195 respondents, the calculated margin of error with a 95% confidence interval for results among the sample of Hispanic women is +/- 3%. The calculated margins of error for results among the sample of Hispanic men is +/- 5% and +/-6% among the sample of White women and White men each. The calculated margins of error for results among smaller subgroups are higher.

APPENDIX B: TERMINOLOGY AND MEASUREMENT

In addition to insights from the UnidosUS Latina Wealth Project survey fielded in February 2021, this report provides the author's calculations of various other sources of data, including the 2019 Survey of Consumer Finances (SCF), 2019 Survey of Household Economics and Decision-making (SHED), and the February 2020 Current Population Survey (CPS). Unless otherwise noted, calculations are made based on the following terms and measurements.

In this report, the terms "Hispanic" and "Latino" are used interchangeably to refer to persons of Mexican, Puerto Rican, Cuban, Central and South American, Dominican, Spanish, and other Hispanic descent. Hispanics may be of any race. This document may also refer to this population as "Latinx" to represent the diversity of gender identities and expressions that are present in the community.

Based on Spanish-language grammar, "Latina" is a feminine term for Latino. "Latino" may be used as a gender universal or masculine identifier. The term "Hispanic women" is used when making comparisons to (non-Hispanic) "White" men, (non-Hispanic) "White" women, and "Hispanic" men. "Latina" is used interchangeably with "Hispanic woman."

In this report, the term "White" refers to non-Hispanic persons that self-report racially as White (alone). "White" is capitalized as a combined category of race and ethnicity (non-Hispanic White).

Based on the Office of Management and Budget (OMB) Statistical Policy Directive No. 15, ethnicity and race data are collected as separate categories in federal surveys.[64] When these categories are separated, most Hispanic Americans self-report the race categories of "White," "Some Other Race," or multiple race categories. Still, many Hispanics report they do not racially identify the way they report in response to the split question format for ethnicity and race.[65] Research shows that the categories of race and ethnicity are best understood as mutually connected, and some researchers apply the concept of race to Hispanic identity.[66]

Reporting data for Hispanics and non-Hispanic White Americans provides a critical benchmark for structural racism. Yet, studies on racial disparities often do not include Hispanic-White comparisons. In addition to the OMB directive and federal government forms (that treat Hispanic as an ethnicity and not a race), another underlying reason for this exclusion is that many federal surveys do not have sizeable samples of Hispanics and, more specifically, Hispanic women.

The limitations of the sample sizes and data collection methods in federal surveys restrict disaggregated or detailed analysis of important racial and ethnic inequities at the national level and by other factors (such as gender, nativity, education level, or local geography). For example, statistical analysis of the small sample size for Hispanic women in the SCF results in very large standard errors (as shown in Figure 11).

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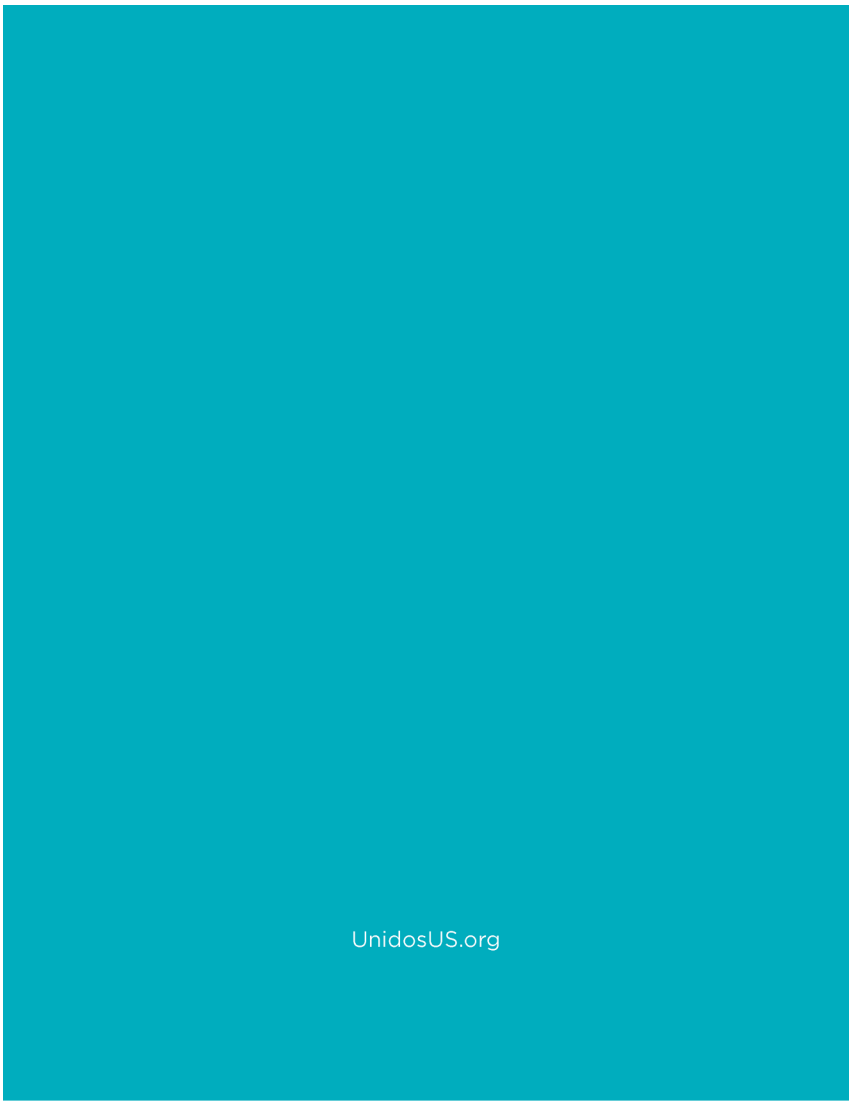
Notes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Responses to Questions for the Record

Maya Raghu
Director of Workplace Equality and Senior Counsel
National Women's Law Center

House Committee on Financial Services, Subcommittee on Diversity and Inclusion

Hearing on Closing the Racial and Gender Wealth Gap Through Compensation Equity

April 29, 2021

Questions from Rep. Garcia

1. **Ms. Raghu, in today's hearing, you indicated that pay transparency can be furthered by enforcing existing laws already in place. Could you expand upon the enforcement mechanisms that are lacking?**

Race and gender wage gaps are pernicious and persistent; closing them requires a number of strategies. Women—especially Black and brown women—have long worked in essential but undervalued jobs that leave them struggling to support themselves and their families. One major driver of gender and race wage gaps is discrimination, often cloaked by employer-imposed pay secrecy policies and perpetuated by practices such as reliance on salary history in hiring. Bias (whether overt or implicit) and stereotypes can impact employer decisions at critical points which not only create pay disparities, but perpetuate and magnify them over time and affect future compensation and employer contributions to retirement.

Women's overrepresentation in underpaid, undervalued jobs is another factor driving wage gaps. Women are close to two-thirds of those working in jobs that pay the minimum wage or just a few dollars above it, as well as two-thirds of workers in tipped jobs.[1] Black women, Latinas, and Native American women are particularly overrepresented in the lowest-paying jobs.[2] They are thus particularly harmed by a $7.25 federal minimum wage, and for tipped workers, a base wage of just $2.13 an hour—unchanged in 30 years.

Pay disparities are difficult to detect in the first instance. Because pay is often cloaked in secrecy, women and people of color can be paid less for doing the same job for many years without knowing it. Employees face significant obstacles in gathering the information that would suggest that they have experienced pay discrimination, which undermines their ability to challenge it. Punitive pay secrecy policies and practices allow this form of discrimination not only to persist, but to become institutionalized.

Accordingly, closing gender and race wage gaps and promoting pay transparency requires several simultaneous strategies. First, we need robust federal enforcement of existing pay discrimination laws

like the Equal Pay Act and Title VII of the Civil Rights Act of 1964, as well as labor laws like the National Labor Relations Act and the Fair Labor Standards Act. Second, we must strengthen and modernize our laws to address gaps that make it difficult to uncover and challenge pay disparities, that perpetuate the undervaluation of work performed largely by women of color, and exclude large categories of workers from their protections. Finally, we need measures to ensure that employers proactively review their own compensation practices and workforce demographic data, and close any pay gaps that are not justified by legitimate factors like differences in qualifications.

Vigorous enforcement of existing federal laws can help promote pay transparency. The current COVID-19 pandemic and its immediate and long-term economic impacts heighten the importance of strong enforcement and proactive efforts to address gender, race, and ethnicity-based wage gaps and pay discrimination. But to further that mission, key federal agencies tasked with enforcing such laws—such as the Equal Employment Opportunity Commission (EEOC), the Office of Federal Contract Compliance Programs (OFCCP) and the Wage and Hour Division at the Department of Labor, the National Labor Relations Board (NLRB), and the Department of Justice—need appropriate resources and capacity to do so. Those agencies need sufficient resources to receive, investigate, and resolve complaints; investigate systemic discrimination and multiple or repeated violations; pursue enforcement actions; provide technical assistance to employers to promote compliance; and to conduct outreach to communities and stakeholders affected so they know and understand their rights, and have accessible options for reporting pay inequity and seeking justice.

This last point particularly salient because the pandemic and the unemployment/underemployment crisis it has ushered in has exposed and exacerbated existing inequities and economic insecurities that increase risk of workplace abuses, including pay discrimination. Now, workers are more desperate to keep a paycheck at any cost; they are less willing to uncover and challenge discrimination and workplace abuses, and face retaliation for doing so. The threat of retaliation is all too real; retaliation continued to be the most frequently cited claim in all charges filed with the EEOC in FY 2020.[3] The pandemic is also likely to exacerbate the challenges women—and particularly women of color and older women—face in hiring, promotion, and advancement, which also affect the gender wage gap. Consequently, robust federal outreach and enforcement is more critical than ever.

2. In your view, does existing law – if fully and adequately enforced – support an environment that would result in pay transparency?

As I indicated in response to the previous question, full enforcement of existing laws is one key strategy for promoting pay transparency. However, enforcement alone cannot address gaps in relevant existing laws, or the weakening of protections due to court interpretations, that make it difficult to uncover and challenge pay disparities, that perpetuate the undervaluation of work performed largely by women of color, and exclude large categories of workers from their protections.

We also need measures to ensure that employers proactively review their own compensation practices and workforce demographic data, and close any pay gaps that are not justified by legitimate factors like differences in qualifications. Our current laws do not adequately address the role of common employer practices and structures that can create gender and race wage gaps and allow them to grow in the shadows, such as pay secrecy policies and the use of salary history to set compensation.

Workers face significant barriers in accessing and controlling information about pay, and the existing law around pay secrecy is an illustrative example. Nineteen states and the District of Columbia have enacted

protections for workers who discuss their wages with each other.[4] But under federal law, workers have a patchwork of insufficient protections. Pursuant to Executive Order 13665 of 2014, federal contractors are prohibited from discriminating against employees and job applicants who inquire about, discuss, or disclose either their own or others' compensation; but that rule does not reach all private employers.[5] Section 7 of the National Labor Relations Act (NLRA) protects workers' rights to have conversations about wages as "concerted activities for the purpose of collective bargaining or other mutual aid or protection";[6] courts and the National Labor Relations Board have also found that pay secrecy rules can be unfair labor practices under the NLRA because they restrain protected concerted activity.[7] But NLRA protections do not extend to supervisors, public sector employees, domestic and agricultural workers, and various employees of railways and airlines,[8] and remedies for violations of employee rights under the NLRA are often not robust enough to act as a significant deterrent to employers.[9]

The problems created by pay secrecy are compounded by inadequate remedies under relevant laws that fail to incentivize employers to consistently take proactive steps to address and correct pay discrimination in the first instance. Robust remedies for violating laws are essential to incentivizing employers to lead the way in tackling the wage gap and to fully compensating victims of workplace violations. Weak remedies mean that employers that break the law can come out ahead by gambling that they won't get caught. And when paired with pay secrecy they likely will not get caught.

Moreover, courts' narrow interpretations of the required elements of an Equal Pay Act claim have made it exceedingly difficult for workers to prevail. At the same time, courts have also opened loopholes in the Equal Pay Act, interpreting it in ways that undermine its basic goal, allowing employers to justify sex-based pay disparities based on practices and factors that have nothing to do with the experience, education, or skills required for the job, such as relying on an applicant's prior salary, negotiation skills, or family economic situation. The remedial purposes of the Equal Pay Act have been gravely undermined over the years, creating an urgent need for critical reforms, such as those in the Paycheck Fairness Act.

Countering widening gender and race wage gaps will require increasing workers' access to and control over pay information, and proactive measures by employers to review, evaluate, and disclose their compensation data and compensation-setting policies. Reporting and disclosure of compensation metrics by employers promises to shine light on race and gender pay disparities, increase the likelihood of employer self-analysis and self-correction, and identify areas of concern for further investigation by enforcement agencies. Such analysis ensures that employers are reviewing wage data by sex, race, and ethnicity. A reporting requirement also provides an opportunity and strong incentive for employers to proactively self-evaluate their pay practices and not only correct unjustified pay disparities, but prevent them from occurring in the first place, helping to avoid litigation. Such analyses also are critical to the development of benchmarks to evaluate implementation of remedial measures and to guide future efforts.

3. Per today's discussion, please provide data illustrating the impact that data transparency has had in the federal sector, particularly the impact upon Black and Latina women.

Overall, when the wages of all women are compared to the wages of all men, women in the United States working full-time, year-round typically are only paid 82 cents for every dollar paid to men.[10] The gender wage gap is widest for many women of color; among women who hold full-time, year-round jobs in the United States, Black women are typically paid 63 cents, Native American women 60 cents, and Latinas just 55 cents for every dollar paid to white, non-Hispanic men.[11]

Workers face significant obstacles in gathering the information that would suggest that pay disparities are the result of bias, which undermines their ability to challenge it. Punitive pay secrecy policies and practices allow this form of discrimination not only to persist, but to become institutionalized. About 60% of workers in the private sector nationally are either forbidden or strongly discouraged from discussing their pay with their colleagues.[12]

The significantly narrower gender wage gap for employees working in the public sector—where pay secrecy rules are uncommon and pay is often publicly disclosed—suggests the difference that transparency makes. Only 15.1% of public sector employees report that discussing their wages is either prohibited or discouraged.[13] In the federal government, where pay rates and scales are more transparent and publicly available, and unionization rates are higher, the overall gender wage gap is 7%—significantly smaller than the overall gender wage gap of 18%.[14]

The Government Accountability Office (GAO) recently explored the pay gap for federal workers and found that in 2017, "most of the overall pay gap—or 6 of 7 cents on the dollar—was not explained by differences between men and women in measurable factors."[15] GAO reported that "the unexplained pay gap for Hispanic/Latina women, Black women, and American Indian or Alaska Native women ranged from 9 to 12 cents on the dollar, while it was smaller for White women (7 cents) and for Asian, Native Hawaiian, or Pacific Islander women (4 cents)."[16] The GAO observed that the unexplained pay gap may be due to factors such as work experience outside the federal government, discrimination, or individual choices.[17]

Questions from Rep. Williams

1. **Ms. Raghu, how does the wage gap for Black women impact their ability to save and invest for their family? Could remedying racial and gender pay inequity allow more families to buy homes or send their kids to college?**

Lost earnings due to the gender wage gap are exacerbating the effects of COVID-19 and undermining future economic security for Black women, and for the families who depend on their income. Among women who hold full-time, year-round jobs in the United States, Black women are typically paid 63 cents for every dollar paid to white, non-Hispanic men.[18] Almost 80 percent of Black mothers are key breadwinners for their families.[19] Black mothers are typically paid only 52 cents for every dollar paid to white, non-Hispanic fathers.[20] These lost earnings not only leave Black women without a financial cushion to weather the current crisis, they also make it harder for Black women to build wealth, contributing to the racial wealth gap[21] and create barriers to Black families' economic prosperity.

The gender wage gap significantly diminishes the earning power of women. Before the pandemic started (the most recent annual data available is from 2019), the wage gap typically cost women $10,157 a year—sharply compromising their ability to weather the current economic crisis.[22] The $10,157 women lost to the wage gap would have been enough to pay for more than 9 months of rent or over 13 months' worth of groceries.[23] But the larger wage gap for Black women resulted in a higher annual median loss of $24,110.[24]

Women were already struggling to make ends meet before the pandemic; closing the wage gap is essential for helping to lift women and children out of poverty. In 2019, nearly one in nine women in the U.S. lived in poverty, with high rates for women of color, including 18% of Black women.[25] Six months into the pandemic, in October 2020 one in five Black, non-Hispanic women (20.1%) reported not having enough food in the past week, and many reported being behind on rent or mortgage payments.[26] A

recent study found that if women received the same compensation as their comparable male co-workers, the poverty rate for all working women would be reduced by half, from 8.1% to 3.9%.[27]

The wage gap affects women as soon as they enter the labor force, expands over time, and leaves older women with a gap in retirement income. Over the course of a 40-year career, a woman beginning her career today typically stands to lose $406,280 to the wage gap,[28] but Black women typically lose $964,400 over their lifetime to the wage gap as compared to white, non-Hispanic men.[29] These lost wages severely reduce Black women's ability to save for retirement and threaten their economic security later in life.

Unequal pay means more than Black women having less money in their pocket right now. It also means they miss key opportunities throughout their lifetimes to build wealth and future economic security for themselves and their families. The wage gap means many aren't able to save enough to afford a down payment on a home, can't afford to pay for their own or a child's higher education, can't start a business or save for retirement. White families have ten times the wealth of Black families,[30] and single Black women own $200 in wealth for every $28,900 single white men own.[31]

Addressing discrimination and closing gender and race wage gaps would have a significant positive impact on Black women and the economy. Goldman Sachs estimates that narrowing the pay gap for Black women could create 1.2 million to 1.7 million U.S. jobs and raise the level of annual U.S. GDP by 1.4% to 2.1% each year, or $300 billion to $450 billion in current U.S. dollars.[32]

2. **Ms. Raghu, how important is ensuring enforcement and accountability related to equal pay laws in reducing compensation inequities?**

Ensuring enforcement and accountability related to equal pay laws is very important to helping reduce compensation inequities, but that is not the only critical strategy.

Race and gender wage gaps are pernicious and persistent. Women—especially Black and brown women—have long worked in essential but undervalued jobs that leave them struggling to support themselves and their families. One major driver of gender and race wage gaps is discrimination, often cloaked by employer-imposed pay secrecy policies and perpetuated by practices such as reliance on salary history in hiring. Bias (whether overt or implicit) and stereotypes can impact employer decisions at critical points which not only create pay disparities, but perpetuate and magnify them over time and affect future compensation and employer contributions to retirement.

Women's overrepresentation in underpaid, undervalued jobs is another factor driving wage gaps. Women are close to two-thirds of those working in jobs that pay the minimum wage or just a few dollars above it, as well as two-thirds of workers in tipped jobs.[33] Black women, Latinas, and Native American women are particularly overrepresented in the lowest-paying jobs.[34] They are thus particularly harmed by a $7.25 federal minimum wage, and for tipped workers, a base wage of just $2.13 an hour—unchanged in 30 years.

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policies and practices allow this form of discrimination not only to persist, but to become institutionalized.

Accordingly, closing gender and race wage gaps and promoting pay transparency requires several simultaneous strategies. We need robust federal enforcement of existing pay discrimination laws like the Equal Pay Act and Title VII of the Civil Rights Act of 1964, as well as labor laws like the National Labor Relations Act and the Fair Labor Standards Act. But to further that mission, key federal agencies tasked with enforcing such laws—such as the Equal Employment Opportunity Commission (EEOC), the Office of Federal Contract Compliance Programs (OFCCP) and the Wage and Hour Division at the Department of Labor, the National Labor Relations Board (NLRB), and the Department of Justice—need appropriate resources and capacity to do so. Those agencies need sufficient resources to receive, investigate, and resolve complaints; investigate systemic discrimination and multiple or repeated violations; pursue enforcement actions; provide technical assistance to employers to promote compliance; and to conduct outreach to communities and stakeholders affected so they know and understand their rights, and have accessible options for reporting pay inequity and seeking justice.

This last point particularly salient because the pandemic and the unemployment/underemployment crisis it has ushered in has exposed and exacerbated existing inequities and economic insecurities that increase risk of workplace abuses, including pay discrimination. Now, workers are more desperate to keep a paycheck at any cost; they are less willing to uncover and challenge discrimination and workplace abuses, and face retaliation for doing so. The threat of retaliation is all too real; retaliation continued to be the most frequently cited claim in all charges filed with the EEOC in FY 2020.[35] The pandemic is also likely to exacerbate the challenges women—and particularly women of color and older women—face in hiring, promotion, and advancement, which also affect the gender wage gap. Consequently, robust federal outreach and enforcement is more critical than ever.

However, enforcement alone cannot address gaps in relevant existing laws, or the weakening of protections due to court interpretations, that make it difficult to uncover and challenge pay disparities, that perpetuate the undervaluation of work performed largely by women of color, and exclude large categories of workers from their protections. Accordingly, we also must strengthen and modernize our laws, including by strengthening remedies to promote accountability. The problems created by pay secrecy are compounded by inadequate remedies under the law that fail to ensure employers consistently take proactive steps to address and correct pay discrimination in the first instance. Robust remedies for violating laws are essential to incentivizing employers to lead the way in tackling the wage gap and to fully compensating victims of workplace violations. Weak remedies mean that employers that break the law can come out ahead by gambling that they won't get caught. And when paired with pay secrecy they likely will not get caught.

We also need measures to ensure that employers proactively review their own compensation practices and workforce demographic data, and close any pay gaps that are not justified by legitimate factors like differences in qualifications. Our current laws do not adequately address the role of common employer practices and structures that can create gender and race wage gaps and allow them to grow in the shadows, such as pay secrecy policies and the use of salary history to set compensation. Countering widening gender and race wage gaps as a result of our current economic crisis will require increasing workers' access to and control over pay information, and proactive measures by employers to review, evaluate, and disclose their compensation data and compensation-setting policies. Reporting and disclosure of compensation metrics by employers promises to shine light on race and gender pay disparities, increase the likelihood of employer self-analysis and self-correction, and identify areas of

concern for further investigation by enforcement agencies. Such analysis ensures that employers are reviewing wage data by sex, race, and ethnicity. A reporting requirement also provides an opportunity and strong incentive for employers to proactively self-evaluate their pay practices and not only correct unjustified pay disparities, but prevent them from occurring in the first place, helping to avoid litigation. Such analyses also are critical to the development of benchmarks to evaluate implementation of remedial measures and to guide future efforts.

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[1] NAT'L WOMEN'S LAW CTR. (NWLC), THE RAISE THE WAGE ACT: VALUING WORKING PEOPLE AND ADVANCING EQUAL PAY (Mar. 2021), https://nwlc.org/wp-content/uploads/2019/10/RTWA-FS-2021-v3.pdf.

[2] *Id.*

[3] In FY 2020, retaliation accounted for 55.8% of all charges filed. *See* EEOC, EEOC Releases Fiscal Year 2020 Enforcement and Litigation Data, Feb. 26. 2021, https://www.eeoc.gov/newsroom/eeoc-releases-fiscal-year-2020-enforcement-and-litigation-data.

[4] NWLC, PROGRESS IN THE STATES FOR EQUAL PAY (Nov. 2020), https://nwlc.org/wp-content/uploads/2019/11/State-Equal-Pay-Laws-2020-11.13-v2.pdf. Research indicates that some workers fared better in states that passed such laws. *See* Marlene Kim, *Pay Secrecy and the Gender Wage Gap in the United States*, INDUS. REL. (Oct. 2015) (finding that "women with higher education levels who live in states that have outlawed pay secrecy have higher earnings, and that the wage gap is consequently reduced"), https://www.researchgate.net/publication/281769563_Pay_Secrecy_and_the_Gender_Wage_Gap_in_the_United_States.

[5] DEP'T OF LABOR, OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS (OFCCP), *Government Contractors, Prohibitions Against Pay Secrecy Policies and Actions*, 80 Fed. Reg. 54934 (Sept. 11, 2015), https://www.govinfo.gov/content/pkg/FR-2015-09-11/pdf/2015-22547.pdf.

[6] 29 U.S.C. § 157; *see also Flex Frac Logistics, L.L.C. v. N.L.R.B.*, 746 F.3d 205, 208 (5th Cir. 2014) ("A 'workplace rule that forb[ids] the discussion of confidential wage information between employees . . . patently violate[s] section 8(a)(1)[of the NLRA].'") (internal citations omitted); *N.L.R.B. v. Inter-Disciplinary Advantage, Inc.*, 312 F. App'x 737, 744 (6th Cir. 2008); *Campbell Elec. Co. & Local Union 153*, 340 N.L.R.B. 825, 836 (2003); *N.L.R.B. v. Main St. Terrace Care*, 218 F.3d 531, 538 (6th Cir. 2000); *Wilson Trophy Co. v. N.L.R.B.*, 989 F.2d. 1502, 1510–11 (8th Cir. 1993); *N.L.R.B v. Vanguard Tours, Inc.*, 981 F.2d 62, 66–67 (2d Cir. 1992); *Jeannette Corp. v. N.L.R.B*, 532 F.2d 916, 918 (3d Cir. 1976).

[7] *See* NWLC, COMBATING PUNITIVE PAY SECRECY POLICIES (Feb. 2019), https://nwlc.org/resources/combating-punitive-pay-secrecy-policies/.

[8] *See* 29 U.S.C. § 152 (defining "employer" and "employee"). In 2006, the National Labor Relations Board issued three decisions providing further guidance for determining supervisor status under the NLRA. *See Oakwood Healthcare, Inc.*, 348 N.L.R.B. No. 37 (Sept. 29, 2006); *Croft Metals Inc.*, 348 NLRB No. 38 (Sept. 29, 2006); *Golden Crest Health Care Ctr.*, 348 NLRB No. 39 (Sept. 29, 2006).

[9] 29 U.S.C. § 152.

[10] *See* NWLC, THE WAGE GAP: THE WHO, HOW, WHY, AND WHAT TO DO (Oct. 2020), https://nwlc.org/resources/the-wage-gap-the-who-how-why-and-what-to-do/.

[11] *Id.*

[12] Shengwei Sun et al., ON THE BOOKS, OFF THE RECORD: EXAMINING THE EFFECTIVENESS OF PAY SECRECY LAWS IN THE U.S., INSTITUTE FOR WOMEN'S POLICY RESEARCH (Jan. 2021), https://iwpr.org/wp-content/uploads/2021/01/Pay-Secrecy-Policy-Brief-v4.pdf. "The proportion of private-sector workers who reported that they are formally prohibited from discussing their pay fell from 25 percent in 2010 to 16 percent in 2017-18, but at the same time, the share of private-sector workers reporting that they are discouraged from discussing their pay increased from 41 percent to 44 percent." *Id.*

[13] *Id*.

[14] U.S. GOV'T ACCOUNTABILITY OFFICE, GENDER PAY DIFFERENCES: THE PAY GAP FOR FEDERAL WORKERS HAS CONTINUED TO NARROW, BUT BETTER QUALITY DATA ON PROMOTIONS ARE NEEDED (Dec. 2020), https://www.gao.gov/products/gao-21-67#:~:text=The%20overall%20pay%20gap%20between,of%20Personnel%20Management%20(OPM).

[15] *Id*., GAO Highlights.
[16] *Id*. at 18.
[17] *Id*. at 10-12.
[18] NWLC, THE WAGE GAP: THE WHO, HOW, *supra* note 10.
[19] E. Shaw et al., HOLDING UP HALF THE SKY: MOTHERS AS WORKERS, PRIMARY CAREGIVERS, & BREADWINNERS DURING COVID-19, INSTITUTE FOR WOMEN'S POLICY RESEARCH (May 2020), https://iwpr.org/wpcontent/uploads/2020/07/Holding-Up-Half-the-Sky-Mothers-as-Breadwinners.pdf.
[20] Jasmine Tucker, *The Wage Gap Has Robbed Women of Their Ability to Weather COVID-19,* NWLC (March 2021), https://nwlc.org/resources/the-wage-gap-has-robbed-women-of-their-ability-to-weather-covid-19/.
[21] A recent Goldman Sachs report found that "[l]ower levels of earnings for Black households account for about two-thirds of the average wealth gap." Daan Struyven, et al., BLACK WOMENOMICS: INVESTING IN THE UNDERINVESTED 3 (Mar. 9, 2021), https://www.goldmansachs.com/insights/pages/black-womenomics-f/black-womenomics-report.pdf.
[22] Tucker, *supra* note 20.
[23] *Id*.
[24] NWLC, THE WAGE GAP: THE WHO, HOW, *supra* note 10.
[25] Amanda Fins, NATIONAL SNAPSHOT: POVERTY AMONG WOMEN AND FAMILIES, 2020, NWLC (Dec. 2020), https://nwlc.org/resources/national-snapshot-poverty-among-women-families-2020/.
[26] Claire Ewing-Nelson & Jasmine Tucker, ONE IN SIX LATINAS AND ONE IN FIVE BLACK, NON-HISPANIC WOMEN DON'T HAVE ENOUGH TO EAT, NWLC (Nov. 2020), https://nwlc.org/resources/one-in-six-latinas-and-one-in-five-black-non-hispanic-women-dont-have-enough-to-eat/.
[27] Heidi Hartmann, Jeff Hayes & Jennifer Clark, *How Equal Pay for Working Women Would Reduce Poverty and Grow the American Economy*, INSTITUTE FOR WOMEN'S POLICY RESEARCH (Jan. 13, 2014), http://www.iwpr.org/publications/pubs/how-equal-pay-for-working-women-would-reduce-poverty-and-grow-the-american-economy/.
[28] Tucker, *supra* note 20.
[29] *Id.*
[30] PROSPERITY NOW, THE RACIAL WEALTH GAP INFOGRAPHIC (June 2019), https://prosperitynow.org/resources/racial-wealth-gap-infographic-2019.
[31] Heather McCulloch, *Closing the Women's Wealth Gap, What it Is, Why It Matters, and What Can Be Done About It* (January 2017), https://womenswealthgap.org/wp-content/uploads/2017/06/Closing-the-Womens-Wealth-Gap-Report-Jan2017.pdf. *See also* Struyven, *supra* note 21 at 6 ("Data from the Survey of Consumer Finances (SCF) show that the median Black household had a net wealth of $24,000 in 2019, or nearly 90% less than the median white household. Single Black women have an especially low median net wealth of just $7,000").
[32] *Id*. at 5.
[33] NWLC, THE RAISE THE WAGE ACT: VALUING WORKING PEOPLE AND ADVANCING EQUAL PAY (Mar. 2021), https://nwlc.org/wp-content/uploads/2019/10/RTWA-FS-2021-v3.pdf.
[34] *Id.*
[35] In FY 2020, retaliation accounted for 55.8% of all charges filed. *See* EEOC, EEOC Releases Fiscal Year 2020 Enforcement and Litigation Data, Feb. 26. 2021, https://www.eeoc.gov/newsroom/eeoc-releases-fiscal-year-2020-enforcement-and-litigation-data.