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THE GENDER WAGE GAP: BREAKING THROUGH STALLED PROGRESS

VIRTUAL HEARING

BEFORE THE

JOINT ECONOMIC COMMITTEE

OF THE

CONGRESS OF THE UNITED STATES

ONE HUNDRED SEVENTEENTH CONGRESS

FIRST SESSION

JUNE 9, 2021

Printed for the use of the Joint Economic Committee

Available via the World Wide Web: http://www.govinfo.gov

U.S. GOVERNMENT PUBLISHING OFFICE

45–211 WASHINGTON : 2021

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[Created pursuant to Sec. 5(a) of Public Law 304, 79th Congress]

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THE GENDER WAGE GAP: BREAKING THROUGH STALLED PROGRESS

WEDNESDAY, JUNE 9, 2021

UNITED STATES CONGRESS,
JOINT ECONOMIC COMMITTEE,
Washington, DC.

The WebEx virtual hearing was convened, pursuant to notice, at 2:30 p.m., before the Joint Economic Committee, Hon. Donald S. Beyer Jr., Chairman, presiding.

Representatives present: Beyer, Schweikert, Estes, Pocan, Arrington, and Peters.

Senators present: Lee, Heinrich, Klobuchar, Cruz, Warnock, Kelly, and Hassan.

Staff present: Melanie Ackerman, Vanessa Brown Calder, Tamara Fucile, Colleen J. Healy, Liz Hipple, Jeremy Johnson, Adam Michel, Alexander Schunk, Jackie Varas, and Emily Volk.

OPENING STATEMENT OF HON. DONALD BEYER JR., CHAIRMAN, A U.S. REPRESENTATIVE FROM THE COMMONWEALTH OF VIRGINIA

Chairman Beyer. This hearing will come to order. I would like to welcome everyone to today's hearing focused on the gender wage gap.

I want to thank each of our distinguished witnesses for sharing their expertise today. We have an all-star panel, and I am excited to hear what they say.

I would ask at the beginning that all of us work to respect our five-minute clock so we can get through all this this afternoon. So thank you for your consciousness.

Today on the eve of the 58th anniversary of the passage of the Equal Pay Act, American women on average still earn just 82 percent of what men earn. This translates to $10,000 less in median earnings each year. And while we have made improvements in narrowing that gap over the last 50 years, progress toward closing it has actually slowed and even stalled in recent decades as policy has failed to support women as workers and ensure that equal work is rewarded with equal pay.

And not only that, but the top line number does not give us the full picture. Black women earn only 63 percent, Native American women 60 percent, and Latina women only 55 percent of what White men earn.

This failure to close the gender wage gap is not just an issue for the women experiencing this pay gap, it is also an issue for their families and for our whole economy.

Women's earnings are a crucial component of families' economic security. Two-thirds of mothers are either the primary breadwinner or co-breadwinner in their families. And the Institute for Women's Policy Research estimates that if working women received equal pay with comparable men—that is, men of the same age, the same education, who work the same hours, and who live in similar regions—you know, they are apples to apples, then poverty for working women would be reduced by more than 40 percent.

This is an issue for our whole economy because women's lost wages translate into lost GDP, 2.8 percent of GDP to be specific, or even more specific $541 billion per year.

Therefore, if long-term economic growth is our goal—as it should be—then closing the gender wage gap is not just a moral imperative, it is an economic one.

If we are to properly address this persistent wage gap, first we have to understand it. So let us look at the root causes.

First, economists estimate that half of the gender wage gap is still caused by differences in the types of industries and occupations that women and men work in. For example, men are over-represented in jobs like construction and software development, and women are over-represented in jobs such as administrative assistants and cashiers.

But while some point to this as evidence that the gender wage gap is due to women making different choices about their careers, the reality is that even within the same industry and the same occupations, women are still paid less than men. As an example, research finds that up to 68 percent of the gender pay gap could be closed if men and women were paid equally within occupations—that is, men and women received equal pay for equal work.

And explanations of the gap that point to individual characteristics or choices only account for part of the problem. When you add up all the measurable explanations for the gender gap, including differences in occupation and industry, or accounting for education and length of work experience, 38 percent of the gender wage gap remains "unexplained," which many economists attribute to discrimination.

Finally, when seeking to understand the gender wage gap, we cannot ignore the role played by our economy's devaluation of the work that has traditionally been done by women, particularly women of color. Care work is among some of the lowest paid work in our economy. The Bureau of Labor Statistics estimates that the median pay for home health and personal care aides is $27,080 a year, which is barely above the poverty level for a family of four. Perhaps not coincidentally, women of color make up a disproportionate share of care workers. For example, Black women are 13 percent of the U.S. workforce, but 28 percent of health care workers.

Addressing the gender wage gap will also require a multi-faceted approach. No single policy is going to close it, but there are many policies that will help narrow it.

Raising wages in low-paying occupations that tend to be dominated by women would provide the greatest benefit to the women in these jobs, while also benefiting all workers. An important way we can do this is by strengthening the minimum wage and improv-

ing workers' bargaining power such as through legislation like the Raise the Wage and PRO Acts.

Gender and racial discrimination are the second largest driver of the gender pay gap. Therefore, policies that address the ongoing role of discrimination in the labor market will be absolutely necessary to make a meaningful difference in the pay gap. The Paycheck Fairness Act is one example of a policy that would make it easier for women to challenge pay discrimination.

And finally, we also need policies that help keep women connected to the labor market and moving up the career ladder, such as paid leave and affordable childcare. We cannot make progress toward narrowing the gender pay gap if we do not make it sustainable for women to remain in the workforce through policies like the Building an Economy for Families Act, the FAMILY Act, or the Child Care for Working Families Act, which are aimed at ensuring that all workers are able to take the time they need to care for their families and make sure their children are receiving quality care while they are at work.

And this is why I so look forward to the testimony of our witnesses. So now let me turn it over to Senator Lee from the Great State of Utah for his opening statement.

Senator Lee, the floor is yours.

[The prepared statement of Chairman Beyer appears in the Submissions for the Record on page 34.]

OPENING STATEMENT OF HON. MIKE LEE, RANKING MEMBER, A U.S. SENATOR FROM UTAH

Senator Lee. Thank so much, Mr. Chairman, and thank you for convening today's hearing on this topic.

Women make unique and invaluable contributions to our families, our communities, and to our workplaces. Thankfully, these opportunities for women in the workplace have grown tremendously over time.

The female labor force participation rate has doubled over the last 50 years. And American women have not simply joined the workforce, but they have excelled and they have become leaders within it. In fact, the United States has a higher share of female managers than almost every other OECD nation.

I myself am fortunate to benefit from the skills and the expertise of my female chief of staff, female legislative director, female chief counsel, and female staff director here on the Joint Economic Committee. So I am personally grateful for the fruits of women's economic progress and freedom. I am also the father of an unbelievably gifted and intellectually curious daughter. For this and so many other reasons, fairly valuing women's important contributions is particularly important to me.

The gender pay gap is the topic that brings us here today, and the pay gap is frequently a focal point in conversations about women's labor market experiences. Although the pay gap can tell us some things about women's experiences at work, we know that—like many metrics—the pay gap has limitations. If as a society we truly care about supporting and empowering women, then it is crucial that we understand what those limitations are, and what this measure can tell us, and what it does not tell us.

For example, although the pay gap indicates that the average man and the average woman earn different amounts, the headline number does not necessarily tell us why this is the case. We know that industry, occupation, years of service, educational attainment, geographic location, and family decisions all matter greatly when it comes to pay. Some of these characteristics vary for the average man and the average woman and contribute in significant ways to the pay gap.

One of the largest drivers of the pay gap seems to be that men and women work in different industries and in different occupations. Care taking responsibilities also play an outsized role—before the birth of their first child, women make the same on average as men. But afterward, working mothers' earnings tend to diverge from working fathers' earnings, reflecting on average fewer hours worked and other changes.

Although some of women's decisions regarding their education, occupation, industry, and engagement with the labor force may be influenced by cultural pressures and expectations, that is analytically distinct from a conclusion as to whether, or to what extent or in what way employers are discriminating on the basis of gender.

Still, women cannot make as many decisions as they should be able to make when it comes to their work life. And government policy needs to get out of the way and allow employers to provide the flexibility that working mothers say they want.

A path forward, I believe, lies in policymakers at the Federal, state, and local level removing the government barriers that currently limit choice and opportunity for women. Reforming regulations that get in the way of flexible work can greatly increase opportunity. This type of reform would help all workers, but especially working women who surveys indicate prioritize flexibility in order to care for their families.

Passing the Working Families Flexibility Act would be a step in the right direction to help women and other workers. For decades, Federal labor laws have unfairly restricted working parents in the private sector from choosing either traditional overtime pay or paid time off as compensation for overtime hours worked, even while granting a special exemption for government employees. The Working Families Flexibility Act would correct this disparity to give the same opportunity to all working moms and dads.

In addition to passing the Working Families Flexibility Act, policymakers should reform home-based business zoning, which stifles entrepreneurship. While home-based businesses have multiplied in recent decades—currently making up half of all businesses—many remain "underground" since they are illegal under current law. An incredible 17 percent of Black women and 10 percent of White women are entrepreneurs, and so regulatory reform to ease these burdensome rules will be especially helpful in clearing the path for their success.

Occupational licensing laws also constitute a major barrier to work, and reform is necessary to eliminate onerous requirements for jobs that can be done with little risk to workers and those they serve.

Another area in need of reform is childcare. There are many unnecessary regulations that drive up the cost of care. Some laws impose unnecessary education requirements on daycare workers, or sometimes they increase staff-to-child ratios, making it far more difficult and expensive for families to afford care, and preventing some women from working at all. Passing the Child Care Worker Opportunity Act would help address this issue for working moms and childcare workers in the Washington, D.C., area.

Finally, I would be remiss if I did not mention the Paycheck Fairness Act, which yesterday the Senate voted not to take up. If we care about women's long-term success, it seems important that we consider the unintentional impacts that this bill would likely have, and how it may result in more rigid compensation structures that could translate into less flexibility in the workplace, and fewer of the work arrangements that women and many men value.

In addition to reforming regulatory barriers, recent history tells us that growth in opportunities for female workers translates to higher wages, new jobs, and a narrowing of the pay gap. Just in the years before the pandemic, pro-growth policies like lower taxes and regulatory reforms helped sustain a strong labor market for American workers. Women, and especially women of color, benefited the most. They experienced some of the fastest job growth and largest wage gains on record.

Rebuilding after the pandemic will be challenging, but we know that markets, supported by common-sense policies, are the best way to support female workers and allow them to build on their decades of progress in the workplace.

As we seek to empower women in the workplace, it is essential that we support these pro-growth policies and protect workplace flexibility. I am hopeful that today's hearing will help us better understand how to meet women's and working mothers' needs, and how to develop policies that empower them to continue building on their many achievements.

I look forward to hearing the insights of our witnesses on this important topic. Thank you.

[The prepared statement of Ranking Member Lee appears in the Submissions for the Record on page 35.]

Chairman Beyer. Senator Lee, thank you very much.

I would now like to introduce our four distinguished witnesses.

Dr. Michele Holder will be an Associate Professor of Economics at the John Jay College of the City University of New York starting this August. Previously, she has worked professionally as an economist for a decade in both the nonprofit and government sectors. Her research focuses on the Black community and women of color in the American labor market. Her research into the gender wage gap includes work on the double gap that Black women face. Dr. Holder received her Master's and Doctoral Degrees in Economics from the New School for Social Research, and a Bachelor's Degree in Economics from Purdue University.

Dr. Marlene Kim is a Professor of Economics at the University of Massachusetts, Boston, She specializes in race and gender discrimination and employment, especially the intersection of the two, and the working poor. Her work has been published widely in journals and books, including editing Race and Economic Opportunity

in the 21st Century. She is a recipient of the First Rhonda Williams Prize for her work on race and gender discrimination. Dr. Kim holds a Ph.D. in Economics and a B.A. in Economics and English from the University of California, Berkeley.

Ai-jen Poo is the Co-Founder and Executive Director of the National Domestic Workers Alliance, a nonprofit organization working to bring quality work, dignity, and fairness to the growing number of workers who care and clean in our homes, the majority of whom are immigrants and women of color. She is a leading expert in the care economy, and how it is increasingly defining the future of work. Ms. Poo has been recognized among courts in the world's 50 greatest leaders, and Time's 100 Most Influential People in the World and has received numerous awards, including the MacArthur Fellowship. She has a B.A. from Columbia University, and honorary doctorates from Smith College, The New School and the City University of New York.

And finally, we have Mrs. Romina Boccia. She is the Managing Director of Stonebrick LLC. She was previously the Director of the Grover & Herman Center for the Federal budget at the Heritage Foundation, where she oversaw production of the Foundation's annual Federal budget plan. She also previously served as a policy analyst at the Independents Women's Forum. Mrs. Boccia's research has focused on government spending and the national debt. She received her Bachelor's and Master's Degrees in Economics from George Mason University.

Dr. Holder, let's begin with your testimony, and then we will continue in the order in which each of you was introduced. Dr. Holder, the floor is yours.

STATEMENT OF DR. MICHELE HOLDER, ASSOCIATE PROFESSOR OF ECONOMICS, JOHN JAY COLLEGE, CITY UNIVERSITY OF NEW YORK, NEW YORK, NY

Dr. Holder. Good afternoon. Thank you, Chairman Beyer. Good afternoon to you, to Senator Lee, and Distinguished Members of the Joint Economic Committee.

Thank you for the opportunity today to discuss the gender wage gap. As Chairman Beyer noted, my name is Dr. Michele Holder. I am an Associate Professor of Economics at John Jay College, City University of New York, as of August of this year.

I am a labor economist by training, and my research does focus on the position and status of the Black community and women in the American labor market. In my remarks today, I will discuss the impact of the gender wage gap on Black women in the U.S. To do so, I will largely draw on original quantitative research I conducted last year on Black women and the gender wage gap in the economic report The "Double Gap" and the Bottom Line: African American Women's Wage Gap and Corporate Profits, which I prepared for the Roosevelt Institute in New York City.

The gender wage gap is typically a straightforward comparison of the average or median full-time wages or earnings of all working men in the U.S. to the average or median full-time wages or earnings of all working women in the U.S.

However, the gender wage gap formulation masks complex factors that play a role in the gap, including occupational crowding

based on gender, gender socialization, employer bias, historical exclusionary practices on the part of unions, the so-called motherhood penalty, and human capital disparities.

One prominent narrative that has been advanced regarding the gender wage gap is that it is not due to discriminatory treatment on the part of employers in this country. Instead, the fault lies primarily with women due to voluntary choices we make.

While I do not dispute that women are clearly capable of making informed choices about their careers, what I hope to show is that even when women seemingly do all the things that should result in equitable pay, there are long-held practices in American work life that leave women vulnerable to unequal pay.

If we were to rank median or average annual pay in the U.S. by race and gender, women of color, including Black women, would be at the very bottom of the that rank. Black women earn the least due to the effects of both the, what is called the racial wage gap, meaning overall Black Americans on average earn less than White Americans in the U.S. This is what is called the racial wage gap. As well as the gender wage gap. I term this dual effect the "double gap" in wages of Black women.

According to the National Partnership for Women and Families, Black women earn 61 cents for every dollar non-Hispanic White men earn. The takeaway here is that the gender wage gap has the largest absolute negative impact on the individual earnings of women of color, as Chairman Beyer noted in his opening statement.

In original research I conducted using descriptive as well as regression analyses, most of the important factors that could contribute to the earnings differential between Black women and non-Hispanic White men such as educational attainment or years of work experience, have been taken into account or controlled for, which means that I compare full-time working Black women and full-time working non-Hispanic White men with similar educational attainment, similar work experience, and many other commonalities with regard to skill sets. Thus, I compare, as Chairman Beyer noted, apples to apples in this analysis of the wage gap between Black women and White men.

What I found in my research is that, with few exceptions, non-Hispanic White men earn considerably more than Black women in almost all 22 major occupational categories, and almost all 77 minor occupational categories. You all will note that I am comparing Black women to non-Hispanic White men because if we ranked the median or annual earnings by workers according to race and gender, non-Hispanic White men would be at the top of that rank, and Black women would be at the bottom of that rank along with Native American women and Latinas.

For an individual Black female worker, the annual earnings gap does range. It can be as low as $5,000 in some low-wage occupations, or it can be as high as $50- to $75,000, this is per-year, in high-wage occupations. These are annual gap amounts, annual differentials.

More and less on average I found that in 2019, which was the year of my research, the annual gap in earnings between Black

women and non-Hispanic White men ranged between $10,000 to $20,000 per year for a typical Black female worker in the U.S.

In the aggregate, I estimate that the wages Black women in the U.S. what I term "involuntarily forfeit" due to the combination of both the racial and wage gaps, amounts to approximately $50 billion per year—a large and reoccurring annual loss to the Black community.

Several factors can contribute to the gender wage gap faced by Black women. Those factors include Black women's historically subordinate position in the American labor market. The role of networks, differences in college completion rates between Black and White Americans. There is still a large educational attainment gap between Blacks and Whites at the level of college completion.

Over 35 percent of non-Hispanic Whites have a college degree, compared to 25 percent of Blacks. The use of prior earnings history in determining earnings or wages, in 2018 the Ninth Circuit Court of Appeals case of *Rizzo* v. *Avena*, which was subsequently vacated by the U.S. Supreme Court on a technicality, the common practice of requesting previous salary histories from job applicants was found to be discriminatory against women, the lack of wages earnings transparency in the American workforce, and in our American culture, and discrimination and bias on the part of employers.

These policy approaches, I believe, have the potential to narrow the gender wage gap for Black women in particular. First, passage of state and/or Federal laws would prohibit employers from requesting previous salary histories from job applicants.

Second—sorry, rolling—passage of state and/or Federal laws requiring pay transparency in the private sector. Economist Marlene Kim, who is also testifying today, has found that in states where pay secrecy practices are banned, the gender wage gap is lower among highly educated women.

Number three, revision of the EEO–1 form to include compensation data. This form, required to be submitted regularly by employers, already reports the demographic and occupational makeup of most workers in the U.S.—demographic, occupational, and gender. And this data is used by the EEOC to support civil rights enforcement. Under Former President Obama, an Executive Order implemented a revision to the form to include compensation data. Unfortunately, this revision was jettisoned under Former President Trump's administration.

I, and other advocates such as Joceline Frye at the Center for American Progress, call for this revision to be reimplemented.

Number four, the likelihood of acquiring student debt is a disincentive to attending college. Making tuition free at community and public colleges throughout the U.S. would incentivize more Black women to complete their bachelor's degrees, raising this group's median education attainment level, which will likely lead to a narrowing of the wage gap this group encounters.

And, finally, raise the Federal minimum wage. The majority of minimum wage earners in the U.S. are women, and proportionately more Black women earn the minimum wage than Black men. Economist Marlene Kim, again who is testifying today, has found a small but positive effect on the gender wage gap, meaning that it

narrows, that would occur by raising the minimum wage. I believe I am out of time.

Chairman Beyer. Yes, Dr. Holder. Thank you very much. Let's move on because we just have your conclusion left, but thank you very much. It restates it all very well. So we have it in writing, also. Thank you, Dr. Holder, very much.

So now we will hear from Dr. Kim, from the University of Massachusetts, Boston.

[The prepared statement of Dr. Holder appears in the Submissions for the Record on page 37.]

STATEMENT OF DR. MARLENE KIM, PROFESSOR OF ECONOMICS, UNIVERSITY OF MASSACHUSETTS, BOSTON, MA

Dr. Kim. Chairman Beyer, Ranking Member Mike Lee, and Members of the Joint Committee, thank you for inviting me to this very important hearing. I am Marlene Kim, a Professor of Economics at the University of Massachusetts, Boston, and I have been studying the gender wage gap for 30 years.

As my written testimony has shown, we have made great progress in reducing the gender wage gap from women earning 65 percent of men to the low 80s today. But progress has stalled for over a decade. Why?

Unconscious biases remain against women. Women with the same qualifications are less likely to be hired, trained, mentored, promoted, and compensated at the same rate as men. Homophily bias explains this. People like to associate with people who are similar to them, so they hire, train, mentor, and promote people who are like them, including by gender and race. This Bias directly enters the pay setting process so that occupations held by women are underpaid compared to occupations held by men, simply because women perform this work.

This occurs in two different ways. First, before gender discrimination was illegal, companies explicitly underpaid predominantly female occupations, and they never remedied this. For example, personnel analysts in the State of California's civil service asked policymakers: Should any difference in pay because of sex be made? And they recommended that occupations filled mostly by women be paid less, such as in clerical work. They underpaid predominantly female occupations 22 to 36 percent less, and some of this underpayment continues today. Research shows that this underpayment of predominantly female occupations was also performed all over the U.S. and all over the world.

Second, when establishing compensation systems, companies perform job evaluations to identify occupations with greater value to the firms and pay these more. The problem is that employers usually have separate job evaluations for occupational groups, such as a job evaluation for managers, a separate one for clerical and administrative assistants, and another separate one for engineers. And with occupational segregation—that women and men work in different occupational groups—having different job evaluations by occupational groups means that employers are only comparing predominantly female occupations to other women's occupations in their job evaluations. And predominantly male occupations with other male occupations in those job evaluations. This results in the

underpayment of women's jobs becoming embedded in the pay structures.

But jobs of comparable value to employers should be paid the same. Therefore, employers should re-evaluate their job evaluations and use only one job evaluation for all of their jobs, so that women's and men's occupations are evaluated in the same way and with consistent criteria. And jobs of comparable value to employers are paid the same.

If you do this, women's earnings increase, and you eliminate half of poverty. This is not a far-fetched idea. It has been implemented in Australia, in the public sector in Minnesota, and in cities and school districts across the United States.

So I recommend that jobs in the Federal sector, and jobs with Federal contractors, be re-evaluated in this way. In addition, since women are less likely to be hired, trained, and promoted, additional remedies are needed. We need greater enforcement of anti-discrimination laws and affirmative action. We need to require diversity, sexual harassment, and gender-free bias training in the Federal Government, and for government contractors.

It would be great to pass the Paycheck Fairness Act. This would eliminate pay secrecy, which would reduce the gender wage gap. It would also help with collecting more detailed data on Federal contractors, so you can discover if the pay of women and men and people of color within occupations differs. And, if their hiring and promotion rates differ. And if it is not already there, we should also require more detailed occupational categories in the same EEO–1 form that Dr. Holder mentioned so that we can evaluate if companies are hiring, training, and promoting women and people of color in their respective numbers.

To conclude, the gender wage gap has stalled, but it can be fixed, and you can make a difference in this. I look forward to your questions.

[The prepared statement of Dr. Kim appears in the Submissions for the Record on page 42.]

Chairman Beyer. Thank you, Dr. Kim, very much. I will next hear from Ai-jen Poo, who is the Executive Director of the National Domestic Workers Alliance. And, Ms. Poo, one thing I have always been impressed with is these are the jobs most difficult to turn over to robots. I would love to hear what you have to say.

STATEMENT OF MS. AI-JEN POO, CO-FOUNDER AND EXECUTIVE DIRECTOR, NATIONAL DOMESTIC WORKERS ALLIANCE, NEW YORK, NY

Ms. Poo. That is right, there is not yet an algorithm for empathy. Thank you so much, Chairman Beyer, and Ranking Member Lee, and the Members of the Committee. It is truly an honor for me to have the opportunity to testify on how we break through the gender wage gap.

As Chairman Beyer said, I am the Executive Director of the National Domestic Workers Alliance. Founded in 2007, we are the home for the 2.2 million domestic workers who work as nannies, home care workers, and house cleaners in private home settings, providing care and cleaning services. Our community includes over

250,000 domestic workers in all 50 states, working to achieve economic security and opportunity.

Domestic work is the work that makes everything else possible in our lives. It ensures that we have the ability to go to work and participate in our society and in our economy, knowing that our homes and our families are in good care. It has always been essential work, and yet it has always been devaluated and underpaid.

The racial and gender wage gap in our economy are apparent here in the way that this entire workforce, a workforce that is 90 percent women, majority women of color, and a third immigrant, have been devaluated, underpaid, and excluded from the framework of our law and policy.

The work of care and cleaning has always been associated with women. The fact that we have never adequately valued the care economy means that the whole bowl of work that has fallen on the shoulders of unpaid women family members, and underpaid women of color professionals, is invisible.

During the New Deal Era, Congress enacted the Fair Labor Standards Act to raise wages in the National Labor Relations Act to guarantee employees the right to form unions. However, domestic workers were excluded from these signature New Deal laws as a result of racism. Seven members of Congress refused to support the labor law provisions of the New Deal if they covered domestic workers and also farm workers who were largely Black workers at the time.

That has resulted in the reality that most domestic workers work incredibly hard and still cannot make ends meet. They are much more likely than other workers to be living in poverty. The typical domestic worker is paid $12 an hour, or 39.8 percent less than a typical nondomestic worker who is paid $19.97 an hour. The average annual income of the domestic worker is less than $16,000 per year, as compared to that of $39,000 for nondomestic workers.

They do not have job security, a clear work agreement, access to benefits, or health care. So the workers that we count on to care for us and our families struggle to take care of themselves and their own families doing this work.

The fact that we still refer to this profession as "help," as opposed to the skilled profession that it is, is a reflection of how we have devalued this workforce. With the American Jobs and Family Plan we can and must address this. We can ensure that home care workers earn a living wage, and we can ensure that this workforce has access to the childcare and the paid family and medical leave they need to sustain them in their work and care for the people they love.

For example, the proposed investment in Medicaid Home and Community-Based Services and President Biden's American Jobs Plan, would be transformative to addressing the gender pay gap in at least two ways.

First, there is the direct benefit of creating good jobs for the home care workforce. There is a huge demand for this work, and wages are shockingly low. So we have high rates of turnover, and home care deserts across the country. As Chairman Beyer said, these are jobs that cannot be automated and cannot be outsourced.

This investment is the single highest impact way for us to create good jobs that will go to women and women of color.

Second, there is the benefit to the unpaid family caregiver that relies on this workforce. There are 42 million caregivers who work full-time and provide care to an aging loved one, or a loved one with a disability, who are also majority women. This care enables them to work, to have the real option to return to work. And this is particularly important in light of the nearly 5 million women who have been pushed entirely out of the workforce in the pandemic because of caregiving challenges.

Putting this essential workforce that was excluded from the New Deal because of racism and sexism at the forefront of the largest jobs plan since World War II is a profound opportunity to address the gender pay gap, one that we must do for this workforce and for all of us.

Thank you, Chairman.

[The prepared statement of Ms. Poo appears in the Submissions for the Record on page 53.]

Chairman Beyer. Thank you, Ms. Poo, very much. And finally, we will hear from Romina Boccia from the Stonebrick LLC.

STATEMENT OF MRS. ROMINA BOCCIA, MANAGING DIRECTOR, STONEBRICK LLC, SALT LAKE CITY, UT

Mrs. Boccia. Chairman Beyer, Ranking Member Lee, and Distinguished Members of the Committee, good afternoon. Thank you for inviting me.

My name is Romina Boccia, and I am a first-generation immigrant and naturalized American citizen. And I believe in the American dream that ours is a country that provides opportunity for all to make something of themselves with hard work, a little help, and some luck.

I was raised by a single mom with a physical disability and mental health problems. We were on welfare for most of my childhood years. I started working to help support our family when I was only 11 years old, and I have been working ever since. I was even a home care worker caring for individuals with disabilities before going to college.

As a woman who today is the sole breadwinner in her family, I personally know how important it is for women to be treated equally in the workplace. I believe everyone, regardless of their gender, should be able to earn their worth based on the value they add, and not be subject to unfair discrimination. I also know that neither men nor women necessarily earn what they are worth automatically.

We earn what we negotiate. Both market factors outside of our control such as a recession, and factors at least partially within our control such as skill level, affect our negotiating power.

On both the employer and the employee's side, it matters greatly what alternatives we have available. I have studied the gender wage gap for more than 10 years. It is one of the most misleading policy issues today. Your constituents assume that when we talk about the gender wage gap it is evidence of discrimination and we do so by comparing apples and apples, men and women working

under the same conditions in the same jobs putting in the same hours. That is not the case.

The gender wage gap in fact compares apples and oranges. Because when you divide the median wage of all full-time working women by the median wage of all full-time working men, without adjusting for important factors that explain obvious differences in earnings, you inevitably arrive at a highly misleading statistic.

Earnings are primarily a function of productivity. Only after accounting for explanatory factors can we reasonably discern whether the gender wage gap is a useful signal alerting us to a problem, or a function of men and women making different choices.

Some of those important factors include hours worked. And BLS data clearly shows that women work on average 10 percent fewer hours than men. This holds true even in highly regulated work environments that leave little room for discrimination we find the gender wage gap.

For example, a study examining the earnings of male and female bus and train operators in Massachusetts identified that women earn 89 percent of what men earn, concluding that—and I quote—"while having the same choice set in the workplace, women and men make different choices." End quote.

In particular, women chose to work only half as many overtime hours as men, and take an average of 17.5 days of unpaid leave compared with men. If women worked more hours than men, at least in this particular setting, we would expect them to earn more than men.

There is some hopeful news as well, though. Young women today are earning more university degrees, everything from bachelor degrees than men, and we actually observe a gender wage gap in diverse and major metropolitan areas among college-educated childless women. This changes once women have children and begin to reduce their hours, or take more time off from work for caregiving. Women are more likely to interrupt their careers for caregiving, primarily for childcare but also for elder care.

Culture and gender socializations play a role in who takes on these caregiving responsibilities that are so important for households and families. And some countries have tried to take more aggressive measures to equalize leave policies, but public policy is a blunt tool when it comes to what is best referred to as a choice gap.

There is also the important role that benefits play. Women are more likely than men to work in industries that provide more of their compensation in the form of benefits, including in government, education, and nonprofit organizations. Non-cash benefits such as health coverage and paid leave are not taken into account when we look at the broad gender wage gap.

We should first diagnose the problem accurately to determine whether public policy is the right tool to address it, or whether there is a problem to address at all. In everything we do, we should also consider the unintended consequences, not merely the intended outcomes of our policy prescription.

Government mandates or increasing liability for employment that the Paycheck Fairness Act would do are most likely to backfire on the very same people those policies are intended to help. The best thing the policymakers can do is to expand choices and create

the regulatory conditions that allow our economy to thrive, creating more opportunities for workers, which expands the number and quality of jobs available to them, and increases the negotiating power.

I refer the committee to my written testimony for an analysis of various policy proposals to address the gender wage gap, and welcome any questions. Thank you.

[The prepared statement of Mrs. Boccia appears in the Submissions for the Record on page 62.]

Chairman Beyer. Mrs. Boccia, thank you very much.

Now that we are finished with the official testimony, we will begin our questioning. I get to go first. And I want to leverage, first off, my friend Senator Lee's pointing out about his remarkable daughter, which I very much appreciate. I am talking about my remarkable grandmother only because she was charged by Frances Perkins to standing up to the Bureau of Labor Standards. So it was fun many years later to see her come back around for all of you. All the way to the Director of our Joint Economic Committee and staff, our Executive Director is Tamara Fucile, another strong woman, leading us in the right direction.

I have been a boss and an employer in the private sector for 45 years. I am having trouble with this notion of how diminished workplace flexibility is somehow an unreasonable cost for paying women their fair share.

Ms. Poo, can you talk to me, number one, about all the benefits that those care workers are getting, the health care benefits, and the paid sick leave, and all those other things? Is this real, at all?

Ms. Poo. It certainly is not real in the domestic work context. Eighty-two percent of domestic workers came into the pandemic without a single paid sick day. And so what we saw was just dramatic losses in jobs and income immediately, as the stay-at-home orders came down because that work is, by definition, work that has to be done in person. It cannot be done remotely.

And very few domestic workers had access to health care. Only one in 10. So we have a situation where workers are piecing it together in order to survive and do not have access to benefits or a safety net.

Chairman Beyer. Let me push on one thing. Ms. Boccia, you pointed out that in a perfect economic world our wages are determined by our productivity, by our contribution to society. Is there any reason to think that somebody sitting behind a desk on Wall Street is making a greater contribution, or is working harder, is more productive than somebody taking care of a child, or somebody with Alzheimer's?

Ms. Poo. What I see when I see home care workers and domestic workers at work is essential work that is about meeting the fundamental human needs of our loved ones across their life spans. I cannot think of a more valuable job than nurturing the human potential of our children, or supporting the independence and dignity of a person with disabilities to be able to live a full and whole life in the community, or the dignity and quality of life of our aging parents and grandparents who have given us our quality of life.

So I think it is incredibly fundamental and valuable work, and certainly as valuable as people who sit behind a desk on Wall Street.

Chairman Beyer. Thank you. Again, Mrs. Boccia had mentioned about some of the pay differential may be because we make different choices.

Dr. Holder, do you see people who were raised in poverty, after 400 years of discrimination, having the same choices available to them as my children, or Senator Lee's children?

Dr. Holder. It may appear superficially that all women, regardless of race, ethnicity, disability, have the same places. But in reality, when we talk about class differences, income differences, the likelihood is that because the poverty rate occurs in the Black community, the types of colleges that young Black adults go to may not be as prestigious as the ones that young White adults go to, and that would be the same for young Black women and young White women.

So we have free choice, but within a system that is inherently inequitable and has been historically so. And that is what limits our choices.

Chairman Beyer. Thank you very much.

Dr. Kim, you talk about pay transparency. I have always been impressed with the idea that where there is real pay transparency in the Federal Government, in the military, there is the smallest amount of wage differentiation between the men and the women. What is wrong with taking that pay transparency idea throughout our greater economy?

Dr. Kim. I think it is a great idea to do that. Many countries have a lot more pay transparency than we do, and people certainly should not be fired for asking how much people earn who are in similar jobs, and that is what the Paycheck Fairness Act was about.

Chairman Beyer. One of the things I think that Mrs. Boccia mentioned was that employers first look to external equity as they try to set pay rates. So the second they looked to internal equity, it is the internal equity that seemed to be lacking.

I am very grateful for all of your comments, they were terrific. And I would like to move on to last year's Chair of the Joint Economic Committee and a future chair, I am sure, Senator Lee the floor is yours.

Senator Lee. Thanks so much, Mr. Chairman.

Mrs. Boccia, I would like to start with you. You shared some of your personal story with us as part of your testimony. I know that in addition to overcoming a whole lot of obstacles as a first-generation immigrant, you graduated in economics, a somewhat male-dominated field, and then went on to lead an economic research department at a major think tank here in our Nation's capital. Can you tell us a little bit more about your experience as a professional woman? Tell us a little bit about how you see both the opportunity and the challenges that professional women face?

Mrs. Boccia. Thank you, Senator Lee. I think I want to play off of women today, and I employed a woman while I was at the Heritage Foundation. And some of the women I employed who had also several children were some of the most productive employees that

I had. And so I do not believe there is anything in gender that would explain pay differences, other than different choices and the different experiences that we have.

And one thing that we do find is that women find flexibility incredibly important. And in my personal experience, I have found that you have to not only work really hard, but you also have to negotiate your worth. And that is something where women do not always advocate for themselves most effectively, which is why I have made it part of my mission to be a mentor to young women to help them understand the power that they have in the workplace if they work hard, if they study, if they educate themselves they can increase their bargaining power. And, how they can negotiate not just their wages but also the conditions under which they work, including flexibility. And some of the examples we heard about the Federal Government and a unionized environment, those are exactly the kinds of rigid environments that do not allow for those differences between men and women and the flexibility that the different genders value in different ways because of childcare responsibilities.

And so many of the proposals that we heard, like the Paycheck Fairness Act, would impose more of those rigid structures. And we have seen even pay transparency in countries like Denmark. Yes, it has led to a narrowing of the gender wage gap, but at the cost of productivity, and at the cost of higher wages for everyone, men and women, who were made worse off as a result of this law.

So from my personal experience, and also from the research that I have done, I believe that men and women get compensated fairly if they advocate for themselves, and if the economy provides them with enough options so that if you work for an employer who does not recognize your worth, you have the option to find alternative employment. And entrepreneurship is such a key ingredient to that, ultimately.

Senator Lee. Thank you. That is helpful. Now in the testimony you gave to the Republican Policy Committee working back in 2016, I believe, you described some differences in what men and women value and look for and seek out. For example, you noted some findings from a Pew Research study that found that 70 percent of working mothers in the United States say that they value flexibility in their employment, compared to about 50 percent of men who said the same thing.

You also noted that men value a high-paying career, in many cases more than women do. From your perspective, what was that—does that tell us anything about whether that is acceptable for men and women to have different preferences about their work lives than men?

Mrs. Boccia. I think we should celebrate and respect those differences that they clearly have. Women do, especially working mothers, value flexibility much more highly. And they also value the ability to work part-time much more highly. And men, in part our society has imposed this on men. Socialization and culture have made it such that we expect men to provide for the family, even though we now have many female breadwinners, as well. And those preferences clearly play a role in men, for example, choosing higher risk occupations that reward them for taking those risks

and doing unpleasant jobs like working on oil rigs, and in construction, more likely so than women with higher pay. And women have chosen more mission-driven work, and often that means a nonprofit. And then care-taking jobs where wages tend to not be as high, or some of their compensation comes in the form of benefits. None of that is taken into account when we look at the gender wage gap.

Senator Lee. What does it tell us? When you look at statistics indicating that when you compare average women's earnings to average men's earnings over the course of their career? They find that women's earnings are similar to or even greater than men's earnings before parenthood, but then that changes after the birth of their first child. What does that tell us?

Mrs. Boccia. It tells us very clearly that when men and women have similar preferences early on in their careers, just coming out of college for example, we especially see young women, college-educated in major metropolitan areas now, out-earning men sometimes by two digits. And once women have children, they are more likely to reduce their hours and that is reflected in their earnings because they work fewer hours. They might even step down from a higher-responsibility job to taking on something that allows them to spend more time with their children. All of that has an impact.

But when men and women choose the same pathways, we find that those discrepancies disappear. Again, preferences also need to be taken into account in terms of the industries that women choose.

Senator Lee. Thank you. Thank you, Mr. Chairman. I see my time has expired.

Chairman Beyer. Thank you, Senator Lee, very much. We will now move on I believe to Senator Heinrich. But in passing, I just want to point out that Denmark was just rated the second happiest country in the world by Gallup. So they seem to be doing some things pretty well.

Senator Heinrich.

Senator Heinrich. Thank you for that, Chairman.

Dr. Holder, I wanted to ask you about this idea that you would almost believe from some of the conversation here that you cannot do statistically valid research in this area because there are all these hidden choices being made; that you cannot get to an apples-to-apples comparison.

You do a lot of research in this area. Obviously you have to control for different variables. Can you talk to us about your view of what an apples-to-apples comparison looks like?

Dr. Holder. I sure thank you for that question. As an economist, I am trained in techniques which will, when I am trying to compare outcomes between two groups, I can control for certain variables that might influence the outcome.

So, for example, in my research where I compared Black working women, full-time working women, and non-Hispanic White full-time working men, some of the variables that—economic lingo, forgive me for that—but some of the variables that would contribute to a gender wage gap would include things like age, work experience, educational attainment, whether they are married, whether

the worker is married, whether the worker has children. Whether the worker has small children. Where does the worker live?

So in my research, I use several methodologies which control for the very thing that would contribute to the gender wage gap. And even given that, I still find a differential between, in my research, White full-time working men and Black full-time working women that cannot be explained by having children, that cannot be explained by a difference in educational attainment, that cannot be explained by work experience, length of work experience. All of those things have been taken into account. And what I still find is that after all of those contributing factors which might explain why a White male would earn more than a Black female in the same occupation, given the same characteristics, I have taken that into account.

And in fact, in my research I use three different methodologies, and the final methodology is actually a really sophisticated one that pairs White men and Black women with very similar characteristics in the same occupations, and there is still a differential in pay that cannot be ascribed to anything else but bias treatment.

Senator Heinrich. Thank you, Dr. Holder. Ms. Poo, I want to ask you. We heard one of our panelist question is there a problem here at all? I would love to get your perspective on that. And then the issue of, if only women were better negotiators all of this might go away.

Ms. Poo. Two things. On the negotiation side in the domestic work context, there is no job security, no clear agreements or contracts, and therefore in attempting to negotiate for something as simple as a sick day, you risk losing your job. And so what we hear time and time again is pervasive fear of asking for something as simple as an afternoon off to go to your child's PTO meeting, to a race, an annual race. And people will not do it because they will risk losing their jobs. They lack the power to negotiate in the workplace.

And secondly, this idea that women are choosing lower-paid work because of benefits and other forms of compensation, that is just simply not true for this entire sector of care work. Wages are low, and benefits are virtually nonexistent.

Senator Heinrich. And in your view would the Paycheck Fairness Act make these inherent discrepancies better, or worse, for women in these positions?

Ms. Poo. I think it would make them better.

Senator Heinrich. Transparency seems to be a fundamental issue here, Dr. Kim. Do you think that there is power, and even power with respect to negotiation, in that transparency?

Dr. Kim. Absolutely. If you know what other people are being paid, you can negotiate better. But I want to say something about that, as well. If women try to negotiate, often they are fired because they are seen as too aggressive. So women are really viewed and treated differently than men. It is not that we do not negotiate as well as men. And also, you know, when you find women start out equal to men, five years later, they are not. And it is not because they have kids, it is because they are not trained or promoted or mentored. So again, different treatment is another big, big explanation.

And finally, I just wanted to add to the earlier discussion that, like Dr. Holder said, there are controls for hours worked, for productivity, even preferences, and you still find a gender wage gap. It is really different treatment with subtle biases, and the government should have policies to stop this kind of discrimination—that cannot continue.

Senator Heinrich. Thank you for holding this hearing, Chairman Beyer. I really appreciate it.

Chairman Beyer. Thank you, Senator, very much. Now let me recognize my friend from Arizona, Congressman Schweikert.

[Pause.]

Representative Schweikert. Alright, I assume we can hear me now. Sorry about that. And thank you, Mr. Chairman.

I am actually fascinated with this subject. And, Don, you and I should have a side conversation, because I think we are actually in both the witnesses that have been chosen, and some of the narrow cast, we have missed some of the point, some of the generational changes that are happening. But also, I fear we should be talking about the working poor even more, and some of the dynamics there, because of the bleeding effect.

And so I want to walk through just a couple quick questions. Doctor—and forgive me if I mispronounce the name, Boccia—help me there?

[Pause.]

Chairman Beyer. I think it is Boccia.

We lost your audio again.

Representative Schweikert. Okay, am I back at all?

Mrs. Boccia. Yes.

Representative Schweikert. Can you hear me now?

Mrs. Boccia. Yes.

Representative Schweikert. Alright, sorry about that. I am having to do this on an iPhone because my iPad crashed on me, believe it or not, so we are doing a little juggling here.

I sat down with an ASU grad student. She was a quant, which is rather neat, and we were actually talking about adjustments, And this would be interesting also for Dr. Holder, and she was actually fixated on the number of adjustments that you would make, and looking for adjustments that were not traditionally in the literature of the subject.

And one I still remember is driving distances. Males being willing to drive further distances for the similar position. And then she actually tried to build a level of confidence. For those of us in the political world, we would consider your polling variant. There is no question of her final numbers. There was an income differential between males and females.

I was surprised how small it was. So if I came to you and asked you to build these tables, how many different adjustments would you look to, you know, by that term centeris paribus, the differentials between males and females, and trying to create that ultimate adjustment.

You know, she was up to I think approaching 60 different adjustments, what should the literature actually have?

Mrs. Boccia. I think this is a very interesting question, and I do not have a numeric answer for you. But what I do know is that

there are unexplained factors that we have not yet been able to measure. And I applaud the student that you just talked with about this, trying to explain more of those. We also found a very similar result in looking at Uber drivers, male and female Uber drivers. And some of the explanatory factors there were how late those drivers were willing to drive. Men were more likely to drive at night when there was surge pricing. They were more likely to drive longer distances, and they had a longer experience, more tenure as Uber drivers, all of which raised their pay.

So there are unexplained factors. And even during the Obama Administration, the Labor Department did a very extensive study and identified that between 3 and 5 percent was unexplained after accounting for simple factors. And then you can get more complicated. But we have not yet found a comprehensive step of measures that we should be considering.

Representative Schweikert. And we have the tyranny of the clock. Dr. Holder, if you ever—I have actually had—and forgive me for not being disciplined enough—I have been reading some of your, because I know you have worked very hard in trying to model all this, I may send—with your permissions—I may send you a couple of notes with some geeky stuff asking how you would adjust this. I was a failed person who thought he could do statistics.

Ms. Poo. I actually have one quick one with my last couple of minutes here. Thank you for representing the workers you do. But my understanding, we have been looking at the numbers of what happens particularly to the working poor, also in the professions you are looking at, and what we were seeing was population dynamics.

If you have lots of workers with very moderate to low skill sets vying for jobs in certain urban areas, we saw a wage depression, a deflation. If we look at 2018–19 when there was a tremendous demand in our economy for those with what we will call moderate skill sets—and I am trying to find the nice way to say those things—we saw dramatic increases. I mean, think of African-American women in 2019, and 2018 the chart just blows off the chart. I have an intense concern with what is happening with immigration right now, particularly being from Arizona.

Do you see a suppression of workers' wages in the skill set you represent when you add potentially a million folks to the U.S. economy with similar skill sets?

Ms. Poo. Well what I can say is that there is a huge demand, for example, for personal care for the growing aging population. We have 10,000 Baby Boomers turning 65 per day, and people living longer than ever before. Ninety percent of Americans, according to——

Representative Schweikert. But that is actually not—we understand the population side, 10,300 a day turning 65. But it is still a dynamic of scarcity, you know, that moves the value of that labor. When you are in those categories, you are selling your labor. And when you add dramatic population increases with similar skill sets, you devalue their labor.

We have some great charts and statistics. I have been looking at this over the last decade. My latest math is it is going to take

seven years for the working poor just to get the income back up for just what has happened so far in the last fiscal year at our borders.

Ms. Poo. I think what I was trying to say——

Representative Schweikert. I say we do not hear more of that.

Ms. Poo. Well what I was trying to say is that we have such a huge demand for elder care in the home and communities that it does not actually according to your logic, make sense that the average annual income is $18,000 per year for this workforce.

Representative Schweikert. Oh, no. No, I am with you. I believe this is a population that is underpaid. I am just also—I have a fixation on working poor, what we do to make them less poor. And almost all the proposals do not actually help that population. They sound great on a brochure, but there is no math that says they help the working poor.

Chairman Beyer. I am going——

Representative Schweikert. And with that, Mr. Beyer, thank you. I yield back.

Chairman Beyer. This has become a bigger discussion. But now let me recognize the Senator from Minnesota, Senator Klobuchar.

Senator Klobuchar. Well thank you very much, Mr. Chairman. I know she was introduced at the beginning, but I wanted to particularly congratulate Tamara Fucile. She used to work for me many, many years ago, and I know she will do a fantastic job for you as staff director.

I wanted to start with Dr. Holder. There you are. And I think one of the things this pandemic has shed such a big magnifying glass on is just the difficulty for so many parents of balancing everything. And I always have this image of moms balancing their toddlers on their knees, and their laptops, and their desk is dad teaching their second graders how to use the mute button, which they do better than any of our Senators, honestly.

And so my question is, I did this Marshall Plan for moms, which of course part of this is paid leave. And we really have not done enough in this area in Congress, and we have this possibility coming up in the next few months. Can you talk about how a paid leave policy could have helped during the pandemic, but also how it would help in the future to help address the gender wage gap?

Dr. Holder. Well thank you, Senator Klobuchar. It is a pleasure to answer a question from you about the gender wage gap.

I did spend a lot of time last year writing and talking about how working mothers in particular were affected by the pandemic. And one of the issues was the inability of some women who were required to work on-site, their inability to actually do that because their children were learning remotely. They were doing school from home.

And so inevitably, some women who were primarily single parents were unable to fulfill the expectations of their jobs because they had to be home to take care of their children.

So a paid leave policy. And might I just add, more affordable childcare availability will be such a benefit to working women. When we think about the fact that a third of women who work in this country are mothers, and so we need to do everything we can to support these workers.

And I would not necessarily limit that to working women. I would say if a dad was a single parent and had caregiving responsibilities, these types of policies would benefit him as well. So I feel in this country we have not paid enough attention to the needs of working parents. And I think that the pandemic really exposed what their vulnerabilities are, what their needs are, and what is required so they can be full participants in the American work life. And, absolutely, paid leave would go very, very far in helping working parents, as well as affordable childcare.

Senator Klobuchar. Very good. Thank you for that great answer. Ms. Poo, this kind of plays off what Dr. Holder was talking about here on the childcare issue. I mean we know, again another big magnifying glass during the pandemic, about the issue of childcare. And actually Senator Sullivan and I have a bipartisan bill on helping to train more workers and trying to address the shortage of affordable childcare.

And so part of this is training, but a lot of it is wages to try to attract people to this occupation. So it is the double whammy. There is not enough childcare, and then we do not have enough people working in it, and then if they are not paid enough we are not going to get them to work in it.

And so could you talk about—there are literal childcare deserts in some of the rural areas of my state where we would actually be able to add jobs as employers out there. Could you talk, Ms. Poo, about some policy solutions we should consider when it comes to increased pay for domestic workers, how we do that while still making childcare affordable? And the same kind of chicken-and-egg thing in the wages, making it affordable, and then also making sure we have the supply?

Ms. Poo. Absolutely. Thank you so much, Senator Klobuchar, for your leadership on so many of these issues that are about equity and opportunity for women.

There is a whole series of investments that we need to make in making childcare, quality childcare much more affordable and accessible to American families. And the American Families Plan that the President has put forward, and some parts of the American Jobs Plan, begin to make those investments. And I know there are a number of childcare bills in Congress that are about making childcare much more affordable and accessible. And I think that childcare funding at the Federal level should also be tied to rate cutting, and assurance that we are also raising the wages for childcare workers.

What I see is that we end up losing some of our best care workers and care providers and early childhood educators to other low-wage service jobs because they simply cannot make ends meet doing this work, despite the fact that they see it as their calling.

So raising the wages, improving access to benefits would be huge for this workforce.

Senator Klobuchar. Right. Exactly. And I would think figuring out how to fund some of it so that you can still have it be affordable.

Ms. Poo. Exactly.

Senator Klobuchar. Alright, thank you very much. And thank you, Mr. Chairman. I just went a little bit over my time.

Chairman Beyer. That is okay, Senator——

Senator Klobuchar. We need to allow others to go. Alright, thank you.

Chairman Beyer. Thank you very much. I now recognize the Senator from Texas, Senator Cruz, if you are with us. Thanks, Senator, the floor is yours.

Senator Cruz. I am here. Thank you, Mr. Chairman. Thank you to each of the witnesses here today. I want to address my initial question to Mrs. Boccia.

Yesterday, the Senate voted on the Paycheck Fairness Act. And existing Federal law prohibits sex-based wage discrimination, quite rightly, but proponents of this bill say that it is necessary to close what they call the gender wage gap.

You had previously written about the Paycheck Fairness Act, and the gender wage gap. Can you please explain in your judgment what are the real causes of the wage disparity, and whether that disparity is caused primarily by discrimination?

Mrs. Boccia. Thank you, Senator Cruz. I have been writing about the Paycheck Fairness Act and the gender wage gap for over a decade. And I am very concerned by the provisions in the law that they would not in fact help women, but they would have the exact opposite effect.

However, there are several provisions that would be welcomed by trial lawyers, including unlimited liability and the potential for unlimited punitive damages that could be imposed on employers even if we do not have evidence the differentials between what women and men get paid is due to discrimination, but due to a variety of explanatory factors. And that is where other provisions of the Paycheck Fairness Act, including some that seem innocuous like the Department of Labor collecting data based on what people get paid, based on their race and gender, and other protected factors. It may seem like that kind of transparency would not be an issue, but what we have found is that it seems to indicate that there is a problem where there is not necessarily one unless we have more data that explains where those differences come from.

And what we find is that, when we account for measurable explanatory factors, the gender wage gap all but disappears. And even the small, unexplained gap is not necessarily due to discrimination but due to a variety of factors that we are not measuring.

That is not to say that there is not a single individual in our economy that at times suffers discrimination due to bias or other factors, and there we already have legal protections in place. We do not need the Paycheck Fairness Act. I think it would do more harm than good. But more importantly, the math, because lawsuits I do not think are a good option. It is a very lengthy option, a very time-consuming option, a very tough option. And, that an affordable option for many workers that feel the best opportunities we can provide is to have a strong economy that allows for entrepreneurship, so that individuals, especially women, benefit greatly from being able to run their own businesses, set their own hours, so they can make the work-life balance that works best for them.

But also for men, entrepreneurship is key to create jobs in our economy. And that is where we should focus instead of increasing liability on employers, which would most likely result in lower pay

for both men and women as employers have to recoup the cost of the higher insurance that the Paycheck Fairness Act would impose on them.

Senator Cruz. So, Mrs. Boccia, one thing you said that was particularly troubling is you said in your expert judgment this legislation, if it were passed into law, would harm women and decrease the employment options for women in the workplace.

Can you explain that, please?

Mrs. Boccia. Yes. I think one of the very first things it would do is it would encourage employers to adopt more rigid pay structures. So the private sector would look more closely to unionized work environments, a comparative worth regime is another way of looking at it. Because so many of the differences that we cannot easily explain in the wages between men and women that arise from things such as different negotiation tactics, women choosing to work fewer hours, different hours, requesting more flexibility, and for employers to make that available is so important. Those things would go away first because it is hard for employers to potentially explain that those are not business necessities, and they could be subject to undue lawsuits that would be very costly.

I also think it could potentially hurt women's potential to be hired in the first place because it would make us a greater statistical liability for the employer due to those factors.

So I think it would hurt women's ability to participate in the workforce, and would also hurt their ability to negotiate the kinds of working conditions, including reduced hours, more flexibility, working from home occasionally, that is so important to them.

Senator Cruz. Well, thank you. Now, look, I do agree that we should be concerned about wage growth. And we actually saw under the previous Administration with Republican-controlled majorities in both Houses, a staggering record of record-low unemployment, the lowest unemployment in half a century, the lowest unemployment for African Americans ever recorded, the lowest unemployment for Hispanics ever recorded, the lowest unemployment for Asian Americans ever recorded.

We also saw women in poverty decreasing by $1.5 million. And compared to President Obama's second term, we saw wage growth growing 60 percent faster for women than it did under President Obama's second term. Mrs. Boccia, what policies implemented by President Trump and the Republican Congress contributed to that record low unemployment and that wage growth that the women saw across the country?

Mrs. Boccia. The most vulnerable populations, including working women, and also minorities and individuals with disabilities benefit most from a booming economy. And one of the major policies implemented by the Trump Administration was the Tax Cuts and Jobs Act. I think that has had an impact, but it was also a huge regulatory reduction in the burden that employers were facing, that entrepreneurs were facing. Regulation and red tape is a huge burden for workers, and employers, and the Trump Administration reduced that significantly when we saw such a strong economy.

Senator Cruz. Very good. Thank you.

Chairman Beyer. Senator, thank you very much. Let's now move on to our new Senator from Georgia, Senator and Reverend Warnock. The floor is yours.

Senator Warnock. Thank you so very much, Chairman Beyer. A Bureau of Labor statistics study found that working women, particularly women of color, have been disproportionately affected by the COVID–19 pandemic, a pandemic that is now being called sheath session, as more than 11 million women lost their jobs and accounted for 55 percent of all job losses in April.

Even in my home State of Georgia, we have seen increased job loss among women, with women filing 15 percent more of unemployment claims than men between April and November of 2020. Further, state budget cuts and furloughs have disproportionately impacted women. This disparity will cause long-term damage and have consequences beyond our economy, spilling into housing, instability, food insecurity, and the well-being of our children.

This sheath session, combined with the already large racial wage gap that Black and Brown women suffer from a double gap which you have written about, Dr. Holder, has proven disastrous for future wage growth for Black and Brown women. So disparities, and the history of disparities adds layer upon layer upon layer of disparities.

Dr. Holder, in your testimony you mentioned prohibiting employers from requesting previous salary history as a possible solution. Why would this be a good policy for women in Georgia, and all across the country?

Dr. Holder. Thank you, Senator and Reverend Warnock. It is a pleasure to answer a question from you on this issue. So the issue of—or why prohibiting employers from requesting previous salary histories would contribute to narrowing the gender wage gap, let me explain it this way.

We do know that there is a gender wage gap. We may disagree on what the contributing factors are. If you have two applicants for a job, one a man and one a woman with similar characteristics, similar education attainment, similar work history, similar age, perhaps they are both parents, perhaps they are not. The issue is, because of the gender wage gap the likelihood that the female applicant's salary history will show a history of much lower earnings than the male applicant is simply why requesting previous salary histories has a disparate impact on female applicants for jobs.

Women are simply—we earn on average less than men. We know that. And so if you have two candidates that are similarly qualified, a man and a woman, and you look at their salary histories that they supply as requested, the likelihood is the female candidate will have a salary history that shows lower wages than the male applicant.

Senator Warnock. So being underpaid rather than skill and experience becomes a basis for being underpaid, and underpaid in the past, underpaid in the future.

Ms. Kim, or Dr. Kim I should say, or Ms. Poo, either of you want to add to this?

Thank you so much——

Dr. Kim. I agree.

Ms. Poo. I do, as well. Thank you, Senator.

Senator Warnock. Thank you very much. You know, we are all waiting with baited breath each month when these job numbers come out. But just to get the job numbers alone does not tell the whole story. We should ask what these numbers look like for women. And are these jobs providing equitable and liveable wages for women. What do these numbers look like for women of color? Which is why yesterday I was deeply disappointed that our colleagues on the other side were unwilling to even have a real debate about this, about the wage gap and the Paycheck Fairness Act, that we could not have an honest debate. I thought that was what we are here for. About how to unleash an economy that is fair, transparent, and equitable.

So we have got to work together to do what we can to get equal pay in this country. I'm sorry, Dr. Kim.

Dr. Kim. Yes, I agree with you. I only found out about that vote at the beginning of this meeting. But I do want to say that transparency and accountability has shown to reduce the wage gap because employers look at their practices and make sure they are not discriminatory. So it could be a positive thing to have transparency and accountability. But thank you.

Senator Warnock. I thank all of you. Thank you for your work in this space. Thank you, Brother Chairman.

Chairman Beyer. Thank you, Senator Warnock, very much. Yesterday's vote was disappointing, but it goes back to the fundamentally anti-democratic character of the filibuster, which is not included in our Constitution and never intended by our Founding Fathers.

So with that, let me turn to my dear friend from Wichita and fellow Ways and Means Committee member, Mr. Estes.

Representative Estes. Well thank you, Chairman Beyer, and thank you to all of our witnesses for joining us today.

You know, America is known as the Land of Opportunity. For centuries, men and women have flocked to the country because of the freedoms allowed them and opportunity for a better life, and ability to provide for their families. When it comes to earning a living, both men and women make decisions about their employment. They look at the job opportunities and choose careers and industries based on their priorities and values.

Some Americans prioritize flexibility in the workplace. Others reject jobs that are dangerous. And some want to ensure they have the ability to reach their earnings potential.

As we talk today about the gender pay gap, we should not consider these numbers in a vacuum, nor should we assume we know all the factors an individual may choose as a priority.

The Bureau of Labor Statistics reports that women worked 10 percent fewer hours than men in 2020. A Harvard study further concluded that women have greater demand for workplace flexibility and lower demand for overtime hours to work than men. Some estimates have the pay gap at 3 to 5 percent after accounting for these real-world factors, and even just a 2 percent controlled pay gap in a recent report from PayScale.com.

As we consider the best policies for our country, we need to include all of the data and not just look at a particular political narrative.

With that in mind, and considering a much smaller adjusted pay gap, I would encourage my colleagues to seek solutions that promote economic growth for men and women. Legislation like the Tax Cuts and Jobs Act (TCJA) in 2017 focused on expanding opportunities for all Americans, helping families keep more of their hard-earned money, grow an economy like we have never seen before, and encourage entrepreneurialship and innovation.

And in a short time, the TCJA over the year took the year-to-year earnings growth for all workers that had been hovering around 2½ percent to an average of 3 percent, and it was peaking at 3½ percent. And on top of that, a record low unemployment for women. So that is why the Tax Cuts and Jobs Act resulted in record-low unemployment rates for more than 65 years.

Unfortunately, the pandemic has had consequences for all Americans. And because of the far-reaching shutdown measures taken by some governors and school unions refusing to let students return to in-person classrooms, the progress made by women through the Tax Cuts and Jobs Act did experience a setback, and forcing school and childcare closures and we saw women across the country reduce their work hours, or leave the workforce entirely, to care for their children. For many, they had no other options.

So now with the vaccinations up and the cases down, our country is returning to normal and we need to make sure that we focus on pro-growth economic opportunities.

Mrs. Boccia, as I mentioned, women experienced wage growth and opportunities under the Tax Cuts and Jobs Act. What effect do you think that rolling back these policies would have on working women and their pay?

Mrs. Boccia. I think it would have very negative effects, not just on working women but on all vulnerable populations, and populations that have special needs. And the discussions we are having today over new mandates, more government regulation to address a perceived gender wage gap that has not been fully explained, and where we do not—we cannot just ascribe it to discrimination but many other factors are at play, the unintended consequences are also creating uncertainty today even if those mandates and regulations do not go into effect immediately. Us talking about them and the political direction that the country has taken does impose an uncertainty on employers that makes them less likely to expand their businesses, which means fewer job opportunities and fewer jobs for these populations. And the more jobs that our economy can provide, and the higher quality jobs that it can provide, the greater negotiations our working women will have as well as other vulnerable populations.

So that is why we should focus—and I could not agree more with you—on exploring the pro-growth economy that provides that certainty so that businesses will expand and create those job opportunities for all Americans.

Representative Estes. I think the best way, obviously, to build wealth for working women is to provide greater opportunities, more economic choices, and to get Washington out of the way so we can return back to the booming economy we had before the pandemic.

I know I am really short on time. I did not know—in your opening comments Mrs. Boccia, you made mention about you immi-

grated here because of the American dream. And now that we know the big gaps in other countries, the United States is pretty similar to Canada, and Finland, and the UK. Are there policies in particular—you know, it seems like there is not a big difference, but in the United States we still have better economic growth and better opportunity.

Mrs. Boccia. I absolutely agree with that. And I love this country because it provides opportunities for everyone. And I come from Germany where we have very generous paid leave policies, and they have backfired on women in Germany. They are spending more time out of the labor force. They have more prolonged career interruptions, and women are less likely to be in managerial positions. And I am very happy and privileged to be in a managerial position as a woman, and for the opportunities that this country has provided to me.

Representative Estes. Well, great. Thank you. And, Mr. Chairman, I yield back.

Chairman Beyer. Thank you, Congressman. And now let me recognize the Senator from Arizona, Senator Kelly, for your questions.

Senator Kelly. Thank you, Mr. Chairman. And thank you for having this committee hearing today.

Dr. Kim, in Arizona on average women make 84 cents for every dollar that a man makes. And if you break that down and compare median earnings of women and men, Black women make 63 percent of what the average White man makes. And Latinas? Just 51 percent. And that is unacceptable.

Last night we voted to consider the Paycheck Fairness Act, which would help address this by ensuring employers cannot compensate workers differently based on sex. Also, preventing companies from retaliating against workers who talk about how much money they make. And, making it illegal for employers to ask about salary history when hiring.

So, Dr. Kim, could you speak to the impact of this legislation in Arizona and across the United States?

Dr. Kim. I think there are a lot of very good things in that legislation, including outlawing pay secrecy, as you said, so you cannot be fired if you ask what other people make.

As I said earlier, accountability and transparency reduce the gender wage gap, not only in setting pay but in performance appraisals which gives merit pay to people, all the way down the line. I think collecting data to see if there is a problem is absolutely important, because—and other countries are doing this, as well—and so I think this legislation would have been a step forward for women, and all employees across the country, in reducing the gender wage gap and racial wage gaps as well.

And I was very much in favor of it, and I am sorry it did not pass. And unlike what people have been saying, you know, part of the gender wage gap obviously is because some women may work fewer hours, and may take time off to take care of their families, but when you control for all of these things you will find that women attending the same college, with the same GPA and college major, earn less than men. And why is that?

I mean, there are these biases. I mean, if you look at a piece—if you have a piece of artwork, and you put a woman's name on that, and then you change it so that there is a man's name on it, it is ranked lower in quality when a woman's name is there.

If you have a dossier with a resume and research, and you put a woman's name on it, they are less likely to be hired. They are less likely to get tenure for the exact same job history and work than men are than if you put a man's name on that work. We cannot get any clearer than this. We are treated differently. I do not think people mean to do that: it is just implicit bias. And our work is undervalued. And both men and women discriminate. Both men and women have these biases. So go online and take an implicit bias test, and an implicit race test. And I think in order to remedy this, we need policies to ensure that employers are not underpaying women, and that they are hiring, training, and promoting in their representative numbers.

Senator Kelly. Dr. Kim, what do you think, if this legislation or something like it was signed into law, we are talking about 84 cents on the dollar, women compared to men, 63 cents for Black women, 51 for Latinas. What do you think those numbers would have been if this legislation, or legislation like it, would be signed into law?

Dr. Kim. Well, my own research finds that if you outlaw pay secrecy, the gender wage gap goes down. And then if you enforce nondiscrimination laws, if the agencies have more ability to investigate discrimination or potential discrimination, I think you get pretty close to parity. I mean, I think this would be a really good thing to pass.

Senator Kelly. So you have seen the possibility of—I mean, if we went from 84 cents to let's say close to, you know, parity, that is upwards of about a 25 or so percent, actually a little less than that, but it is a significant pay raise for women.

Dr. Kim. Well, let me just back off. The 80 percent is unadjusted for work hours, their occupation, everything else. If this were passed and the minimum wage were raised, I think we could get close to parity when you adjust for those factors. Also, what would the wage gap be by then? I do not know, maybe 95 percent. If you do not adjust for that—well, I think we could get close if we just—if we can, again, enforce nondiscrimination, collect data, and make Federal contractors accountable.

Senator Kelly. Well, thank you. Thank you, Dr. Kim, and Mr. Chairman. I apologize for going over on my time a little bit. Thank you.

Chairman Beyer. Thank you, Senator, very much. And now our grand finale is the immediate past chair of the Congressional Progressive Caucus, your friend from Wisconsin, Congressman Pocan.

Representative Pocan. Thank you very much, Mr. Chairman, and thanks for your patience. All three of my hearings today, including one that started this morning, I was up within 10 minutes of each other. So this has been an interesting—maybe it is lucky, that I should go to a casino this afternoon—but I am glad to be here. Thank you. I did get the chance to hear almost all the opening testimony in the middle of these hearings.

Let me ask some questions specifically around minimum wage and the gender gap, because we have the Raise the Wage Act that passed through the House last session and again this session. How does the Federal Minimum Wage impact the gender wage gap specifically? And specifically also for women of color. If you could, address those questions around the minimum wage.

Ms. Poo. Well certainly for domestic workers and care workers who earn less than, or on average between $10 and $12 per hour, raising the minimum wage to $15 would be transformative. And it is worth noting that two-thirds of all minimum-wage workers are women, in fact. And women are disproportionately concentrated in jobs where wages are low and there are no benefits, no job security. And so raising the minimum wage and providing that baseline of economic security would be transformative certainly for domestic workers and care workers, but I think across the low-wage economy for women.

Representative Pocan. Anyone else want to address that?

[No response.]

How would specifically the CHIPS wage—I mean, I have been an employer for 32 years. I have never understood how you can, for a couple of dollars an hour, hire someone and act almost as if they are independent contractors because they are going to make money on tips, And often that does not compensate for the wage they should be making for their time, and yet they are still basically under the direction of those jobs of the employers even at that incredibly low wage.

Do you have any statistics on gender gap specifically around that sub-minimum, that tipped minimum wage? Ms. Poo, please.

Ms. Poo. Well, I should say for sure that the CHIPS minimum wage creates a tremendous amount of vulnerability for women workers in the workforce, in the service economy. And there is a lot of data that Rock United, and the One Fair Wage Campaign had generated that talks about the reliance of women on tips to earn what should be a base wage. It leads to more vulnerability, to sexual harassment in the workplace, and all kinds of other problems that further exacerbate gender inequality in the workplace.

So I think raising the minimum wage and eliminating the tip minimum wage, and also the sub-minimum wage for people with disabilities, so that we actually have one solid floor for every American worker upon which to build real economic security from I think is essential to our economic recovery.

Representative Pocan. Let me ask also another bill that we passed for the last two sessions called the PRO Act. That was specifically allowing people to be able to organize in a much easier way. Right now there are an awful lot of obstacles to people actually getting to have an election to form a union. But there are many advantages to the employers.

If we pass the PRO Act, what kind of an effect would that have, based on gender equity in pay?

Ms. Kim.

Dr. Kim. I will answer your first question first because I just unmuted. I actually am looking at the minimum wage, the effect on the wage gap, and so far I have found that if you increase it to $14.50 an hour—I did not even do $15 an hour—it would mean

either a 5 or an 8 point decline in the gender wage gap. So it would have an effect.

In terms of unionization, women want to be in unions, and they are low paid, and making it easier for people to be in unions would definitely increase the pay for workers in increases like 10 to 30 percent, depending on where you are. It has a huge effect. So that would be helpful, as well.

Representative Pocan. Thank you, Mr. Chairman. I have 4 seconds that I am going to yield back.

Chairman Beyer. Thank you, Mr. Pocan, very much. Well that concludes us today. I want to thank each of our witnesses for this lively discussion. We have made important strides in advancing the conversation about the gender wage gap, how we value women's work, the solution to improve it.

As we discussed today, there is no single solution to close the gender wage gap, although you do offer some very good solutions. And I believe at least that the persistence of the gap harms women's economic security and our economy's strength and growth. And I believe Congress must continue to work to narrow it and to close it.

I will say, I know—I believe my friend Mr. Estes has been an employer, as Mr. Pocan was. When I left the family business to run for Congress, we had 330 people over 45 years, and always committed to equal pay. I confess I never saw a loss of flexibility, or how it restricted choices for any of those people.

Now with my personal staff on the Hill and the Joint Economic Committee, more than half of those wonderful people are women. Again, they are among the highest paid people we have, I never again see how it restricted their choices or flexibility.

And on comparable worth, you know there may be a downside to comparable worth. The upside is the perception of fairness. And what we are dealing with right now is an enormous gap in the perception of fairness between them.

So I want to thank both of our economists, Dr. Holder, Dr. Kim, to help us understand the underlying causes of the gender wage gap and how it has changed over time, and how deeply we work to root it out and make sure that we really are comparing apples to apples. And of course developing policies that can help us ensure that women are compensated fairly for their work.

And we did not have a chance to go into all of Senator Cruz's comments about the best wages, which was I believe accurate, but we look to see consistent wage growth every year from 2010 through today, month after month after month, as we continue to build this economy by the Democratic and Republican Presidents.

So thank you to our advocate organizer, Ms. Poo, for offering deep insight into one sector of work dominated by female workers, especially women of color. And your insight into how care work serves as an understanding for lowest-paid and most valuable workers of our economy. They are one of the economy's fastest growing sectors, which is really valuable with so many policy discussions. So we need to get that right.

So thank you, Mrs. Boccia, a double George Mason graduate in my District, for offering your perspective, and other factors to con-

sider on this topic. And thank you for talking about the potential for unintended consequences that we always have to be mindful of.

[WebEx interference.]

Dr. Kim. I am having trouble hearing.

Unidentified Voice. I am, as well.

[WebEx interference.]

Ms. Volk. I'm sorry. It seems we have lost the Congressman, and he has finished his concluding remarks. Thank you all for joining. Again, that is what happens with technology, but thank you all for joining and that will conclude the hearing.

[Whereupon, at 4:15 p.m., Wednesday, June 9, 2021, the hearing was adjourned.]

SUBMISSIONS FOR THE RECORD

PREPARED STATEMENT OF HON. DONALD BEYER JR., CHAIRMAN, JOINT ECONOMIC COMMITTEE

This hearing will come to order. I would like to welcome everyone to today's hearing focused on the gender wage gap.

I want to thank each of our distinguished witnesses for sharing their expertise today. We have an all-star panel, and I'm excited to hear what they say.

THE CONTEXT

Today, on the eve of the 58th anniversary of the passage of the Equal Pay Act, American women on average still earn just 82 percent of what men earn. That translates to $10,000 less in median earnings each year. And while we have made improvements in narrowing that gap over the last 50 years, progress toward closing it has slowed and even stalled in recent decades as policy has failed to support women as workers and ensure that equal work is rewarded with equal pay.

And not only that, but the top line number does not give us a full picture. Black women earn only 63 percent, Native American women 60 percent, and Latina women only 55 percent of what White men earn.

The failure to close the gender wage gap is not just an issue for the women experiencing this pay gap, it's also an issue for their families and for our whole economy.

Women's earnings are a crucial component of families' economic security. Two-thirds of mothers are either the primary breadwinner or co-breadwinner in their families. And the Institute for Women's Policy Research estimates that if working women received equal pay with comparable men—that is, men of the same age, with the same education, who work the same hours, and live in similar regions—then poverty for working women would be reduced by more than 40 percent.

This is an issue for our whole economy because women's lost wages translate into lost GDP, 2.8 percent of GDP to be specific, or $541 billion.

Therefore, if long-term economic growth is our goal, then closing the gender wage gap is not just a moral imperative, it is an economic one.

THE CAUSE

If we are to properly address this persistent wage gap, we must understand it. So, let's look at the root causes . . .

First, economists estimate that half of the gender wage gap is still caused by differences in the types of industries and occupations that women and men work in. For example, men are overrepresented in jobs in construction and software development, and women are overrepresented in jobs such as administrative assistants and cashiers.

But while some point to this as evidence that the gender wage gap is due to women making different choices about their careers, the reality is that even within the same industry and same occupation, women are still paid less than men. As an example, research finds that up to 68 percent of the gender pay gap could be closed if men and women were paid equally within occupations—that is, men and women received equal pay for equal work.

And explanations of the gap that point to individual characteristics or choices only account for part of the problem. When you add up all the measurable explanations for the gender wage gap, including differences in occupation and industry, or accounting for education and length of work experience, 38 percent of the gender wage gap remains "unexplained," which many economists attribute to discrimination.

Finally, when seeking to understand the gender wage gap, we cannot ignore the role played by our economy's de-valuation of work that has traditionally been done by women, particularly women of color. Care work is among some of the lowest paid work in our economy. The Bureau of Labor Statistics estimates that the median pay for home health and personal care aides is $27,080 a year, which is barely above the poverty level for a family of four. Perhaps not coincidentally, women of color make up a disproportionate share of care workers. For example, Black women are 13 percent of the U.S. workforce, but 28 percent of home care workers.

PROPOSALS TO MAKE PROGRESS

Addressing the gender wage gap will require a multi-faceted approach. No single policy is going to close it, but there are many policies that, together, will help narrow it.

Raising wages in low-paying occupations that tend to be dominated by women would provide the greatest benefit to the women in these jobs while also benefiting all workers. An important way we can do this is by strengthening the minimum

wage and improving workers' bargaining power, such as through legislation like the Raise the Wage and PRO Acts.

Gender and racial discrimination are the second largest driver of the gender pay gap. Therefore, policies that address the ongoing role of discrimination in the labor market will be absolutely necessary to make a meaningful difference in the pay gap. The Paycheck Fairness Act is one example of a policy that would make it easier for women to challenge pay discrimination.

Finally, we also need policies that help keep women connected to the labor market and moving up the career ladder, such as paid leave and affordable childcare. We cannot make progress toward narrowing the gender pay gap if we do not make it sustainable for women to remain in the workforce through policies like the Building an Economy for Families Act, the FAMILY Act, or the Child Care for Working Families Act, which are aimed at ensuring that all workers are able to take the time they need to care for their families and make sure their children are receiving quality care while they are at work.

And this is why I look forward to the testimony of our witnesses. Now I would like to turn it over to Senator Lee for his opening statement.

PREPARED STATEMENT OF HON. MIKE LEE, RANKING MEMBER, JOINT ECONOMIC COMMITTEE

Good afternoon and thank you to Chairman Beyer for convening today's hearing on this topic.

Women make unique and invaluable contributions to our families, communities, and workplaces. And, thankfully, the opportunities for women in the workplace have grown tremendously over time.

The female labor force participation rate has doubled over the last 50 years. And American women have not simply joined the workforce but they have excelled and become leaders in it. In fact, the United States has a higher share of female managers than almost every other OECD nation.

I myself am fortunate to benefit from the skills and expertise of my female chief of staff, female legislative director, female chief counsel, and female staff director here on the Joint Economic Committee. So, I am personally grateful for the fruits of women's economic progress and freedom. Additionally, I am the father of an unbelievably gifted and intellectually curious daughter. For this and many other reasons, fairly valuing women's important contributions is a particularly important issue to me.

The gender pay gap is the topic that brings us here today, and the pay gap is frequently a focal point in conversations about women's labor market experiences. Although the pay gap can tell us some things about women's experiences at work, we know that—like many metrics—the pay gap has substantial limitations. If—as a society—we truly care about supporting and empowering women, then it is crucial that we understand what those limitations are, and what this measure can and cannot tell us.

For example, although the pay gap indicates that the average man and average woman earn different amounts, the headline number does not tell us why this is the case. We know that industry, occupation, years of experience, educational attainment, geographic location, and family decisions all matter greatly for pay. Some of these characteristics vary for the average man and average woman and contribute in significant ways to the pay gap.

One of the largest drivers of the pay gap seems to be that men and women work in different industries and in different occupations. Caretaking responsibilities also play an outsized role—before the birth of their first child, women make the same on average as men, but afterward, working mothers' earnings diverge from working fathers' earnings, reflecting fewer hours worked and other changes.

Although some of women's decisions regarding their education, occupation, industry, and engagement with the labor force may be influenced by cultural pressures and expectations, this does not necessarily mean that employers are discriminating on the basis of gender.

Still, women cannot make as many decisions as they should be able to when it comes to their work life. And government policy needs to get out of the way and allow employers to provide the flexibility that working mothers say they want.

A path forward lies in policymakers at the Federal, state, and local level removing the government barriers that currently limit choice and opportunity for women. Reforming regulations that get in the way of flexible work can greatly increase opportunity—this type of reform would help all workers, but especially working women, who surveys indicate prioritize flexibility in order to care for their families.

Passing the Working Families Flexibility Act would be a step in the right direction to help women and other workers. For decades, Federal labor laws have unfairly restricted working parents in the private sector from choosing either traditional overtime pay or paid time off as compensation for overtime hours worked, while granting a special exemption for government employees. The Working Families Flexibility Act would correct this disparity to give that same opportunity to all working moms and dads.

In addition to passing the Working Families Flexibility Act, policymakers should reform home-based business zoning, which stifles entrepreneurship. While home-based businesses have multiplied in recent decades—currently making up half of all businesses—many remain "underground" since they are illegal under current law. An incredible 17% of Black women and 10% of White women are entrepreneurs, and so regulatory reform to ease these burdensome rules would be especially helpful in clearing the path for their success.

Occupational licensing laws also constitute a major barrier to work, and reform is necessary to eliminate onerous requirements for jobs that can be done with little risk to workers and those that they serve.

Another area in need of reform is childcare—there are many unnecessary regulations that drive up the cost of care. Some laws impose unnecessary education requirements on daycare workers or increase staff-to-child ratios, making it far more difficult for families to afford care and preventing some women from working. Passing the Child Care Worker Opportunity Act would help to address this issue for working moms and childcare workers in the Washington, D.C., area.

Finally, I would be remiss if I did not mention the Paycheck Fairness Act, which yesterday the Senate voted not to take up. If we care about women's long-term success, it seems important that we consider the unintentional impacts that this bill would likely have, and how it may result in more rigid compensation structures that translate into less flexibility in the workplace and fewer of the work arrangements that women and many men value.

In addition to reforming regulatory barriers, recent history tells us that growth in opportunities for female workers translates to higher wages, new jobs, and a narrowing of the pay gap. Just in the years before the pandemic, pro-growth policies—like lower taxes and regulatory reforms—helped sustain a strong labor market for American workers. Women, and especially women of color, benefited the most. They experienced some of the fastest job growth and largest wage gains on record.

Rebuilding after the pandemic will be challenging but we know that markets, supported by commonsense policies, are the best way to support female workers and allow them to build on their decades of progress in the workplace.

As we seek to empower women in the workplace, it is essential that we support these pro-growth policies and protect workplace flexibility. I am hopeful that today's hearing will help us better understand how to meet women's and working mother's needs, and how to develop policies that empower them to continue building on their many achievements.

I look forward to hearing the insights of our witnesses on this important topic.

Thank you.

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June 9, 2021

Good Afternoon Chairman Beyer, Senator Lee, and Distinguished Members of the Joint Economic Committee,

Thank you for the opportunity today discuss the gender wage gap. My name is Dr. Michelle Holder, and I'm an Associate Professor of Economics at John Jay College, City University of New York. I'm a labor economist by training, and my research centers around the position and status of the Black community and women in the American labor market. In my remarks today I will focus on the impact of the gender wage gap on Black women in the United States. To do so I will largely draw on original quantitative research I conducted last year on black women and the gender wage gap in the economic report "The Double Gap and The Bottom Line: African American Women's Wage Gap and Corporate Profits" which I prepared for the Roosevelt Institute in NYC.

Introduction

The gender wage gap is typically a straightforward comparison the average or median full-time wages/earnings of all working men in the U.S. and the average or median full-time wages/earnings of all working women in the U.S. According to the Department of Labor's Bureau of Labor Statistics (BLS), as of June 2020, men working full-time earned a median of $1,087 per week ($56,500 annually), and women earned $913, ($47,500 annually) , or about 84 cents for every dollar men earn. According to the Institute for Women's Policy Research (IWPR), in 2019 women's median annual earnings were about 81 percent of men's. However, this simple formulation masks complex factors which play a role in the gender wage gap; occupational crowding based on sex, gender socialization, employer bias, historical exclusionary practices on the part of unions, the "motherhood penalty,"[i] and human capital disparities.

One prominent narrative that's been advanced regarding the gender wage gap is that it is not due to discriminatory treatment on the part of employers in this country. Instead, the fault lies primarily with women due to voluntary choices we make. Women choose not to pursue STEM fields in college, women choose to stop out in the careers to have and raise children, women choose occupations that allow more flexibility for parenting obligations, and these occupations are inevitably lower paying. While I do not dispute that women are clearly capable of making informed choices about their careers, what I hope to show is that even when women do seemingly do all the things that should result in equitable pay outcomes there are long-held practices in American work life that leave women vulnerable to unequal pay.

If we were to rank median or average annual pay in the U.S. by race and gender, women of color, including Black women, would be at the very bottom of that rank. As of June 2020, median wages of full-time workers according to the Bureau of Labor Statistics:

White Men	$1,115 weekly, $58,000 annually
Black Men	$828 weekly, $43,000 annually
White Women	$929 weekly, $48,300 annually
Black Women	$779 weekly, $40,500 annually (70 cents for $1 for white men)

Black women earn the least due to the effects of both the "racial wage gap" (overall, Blacks earn on average less than whites in the U.S.—this is called the racial wage gap) and the gender wage gap; this is an effect I term the "double gap" in wages/earnings of Black women.
According to the National Partnership for Women and Families, Black women earn about 61 cents for every dollar non-Hispanic white men earn. The takeaway here is that the gender wage gap has the largest absolute negative impact on the earnings of women of color.

The Impact of the Gender Wage Gap have on Black Women and Black Communities

In original research I conducted using descriptive as well as regression analysis most of the most important factors that could contribute to wages/earnings differentials between Black women and non-Hispanic white men, such as educational attainment of years of work experience, have been taken into account, or, "controlled for," which means that in my research I compare full-time working black women and non-Hispanic white men with similar educational attainment, similar work experience, and many other similarities with regard to the skills they bring to the job. Thus, I am comparing "apples to apples." I examine the earnings differences by occupation between black women and non-Hispanic white men, and, with few exceptions, non-Hispanic white men earn considerably more than black women in almost all 22 major occupational categories and almost all 77 minor occupational categories. For an individual Black woman who's a worker, the gap ranges. It can be as low as $5,000 in certain low-wage occupations, or it can be as high as

$50,000 to $75,000 in some high-wage occupations. More or less, on average, the gap in earnings between black women and non-Hispanic white men ranges between $10,000 to $20,000 for your typical Black woman worker in in the U.S. workforce. In the aggregate, I estimate that Black women workers in the U.S. "involuntarily forfeit" approximately $50 billion in wages/earnings due to the gender wage gap each year, a large and recurring loss to the Black community.

Causes of Large Differentials in Full-Time Annual Earnings between Black Women and White Men?

Several factors can contribute to the gender wage gap faced by all women, and by Black women in particular. Contributing factors to the gender wage gap that Black women face include their historically subordinate position in the American labor market, the role of networks, differences in college completion rates between Black and white Americans (there is still a large educational attainment gap between blacks and whites—over 35% of non-Hispanic whites have a college degree compared to about 25% of blacks), the use of prior earnings history in determining wages (in the 2018 Ninth Circuit Court of Appeals case Rizo versus Yovino, subsequently vacated by the U.S. Supreme Court on a technicality, the common practice of requesting previous salary histories from job applicants was found to be discriminatory against women), the lack of wages/earning transparency in the American workforce, and discrimination.

Black women, in line with women generally in the U.S. workforce, are crowded into low-wage occupations, in part due to the kinds of occupations that were historically open to African American women. This, of course, has an influence on the magnitude of wage gaps African American women face in the workforce. Conrad (2005) noted that, prior to the passage of the 1964 Civil Rights Act, particularly Title VII of the Act which prohibited race and gender-based discrimination in employment, the occupation with the highest share of black women in the U.S. (38 percent in 1960) was private household (i.e., domestic servants). Conrad pointed out that by 1980, the occupation with the highest share of black women had changed from private household to clerical (also, see Albelda 1985 for more on this change). Indeed, in 2015, about one in five African American women worked in office and administrative support occupations, and an additional 17 percent worked in healthcare practitioner and healthcare support occupations, which includes jobs such as nurses, nursing assistants, medical records technicians, home health aides and medical assistants.

It has been estimated that about half of jobs in the U.S. are filled through social contacts (Granovetter 1995). One potential explanation for this is such a process for filling jobs can be beneficial for, primarily, employers at no added human resource cost; Fernandez, Castilla and Moore (2000) conceptualized the "richer pool" theory which indicates that, by tapping its

employees for referrals for company vacancies, employers obtain a better and larger pool of candidates for job openings. Employers can reap other benefits from hiring individuals who were referred to the firm by incumbent employees, including referrals of candidates trusted by employees. Incumbents place their "reputation on the line," provide other information about candidates not easily assessed during the hiring process and help acclimate referral hires to their new work environment (Elliot 2001; Fernandez, Castilla and Moore 2000; Granovetter 2005). In addition, other research posits that African Americans tend to rely on formal routes in employment (Holzer 1987, Elliot 2001). Holzer (1987) argues that Blacks are more likely to rely on formal routes to employment because it is harder for ascriptive characteristics to play an outsize role in hiring, given the professionalization of the human resources occupation. Importantly, other researchers (Stainback 2008) have pointed out that networks can serve to maintain racially (or gender, for that matter) segregated labor markets since job information is shared through homogeneous networks, leading employers to draw from homogeneous pools. The point here is that, given the long-standing exclusions of all women and Black men from equal competition in the American labor market, white male networks in the workforce have an historical and potent reach. Presumably, not only is job vacancy information shared through homogenous white male networks, but also salary information.

Policy Approaches that Have Potential to Narrow the Gender Wage Gap for Black Women

The following policy approaches have the potential to narrow the wage gap faced by Black women in the U.S.:

1) Passage of state and/or federal laws which prohibits employers from requesting previous salary histories from job applicants.
2) Passage of state and/or federal laws requiring pay transparency in the private, for-profit sector; economist Marlene Kim (2015), the other economist providing testimony today, has found that in states where pay secrecy practices are banned the gender wage gap is lower among highly educated women
3) Revision of the "EEO-1 Form" to include compensation data. This form, required to be submitted regularly by employers, already reports the demographic and occupational makeup of most workers in the U.S., and this data is used by the EEOC to "support civil rights enforcement." Under former President Obama an executive order implemented a revision to the form to include compensation data; this was jettisoned under former President Trump's administration. I am calling for this revision to be re-implemented.
4) The likelihood of acquiring student debt is a disincentive to attending college—making tuition free at community and public colleges throughout the U.S. would incentivize more Black women to complete college, raising this group's median educational attainment level which will likely narrow their wage gap.

5) Raise the federal minimum wage. The majority of minimum wage earners in the U.S. are women, and proportionally more Black women earn the minimum wage than Black men. Economist Marlene Kim has found a small but positive effect on the gender wage gap is likely to occur by raising the minimum wage.

Conclusion

It's easy to attempt to scapegoat women in general for the wage gaps they endure by asserting that they, as a group, lack, for example, adequate negotiating skills. But it would be incorrect to do so. Research by Gerhart and Rynes (1991) as well as Laura Crothers et. al. (2010) shows that even when women engage in the same salary negotiating strategies as men their economic returns are lower. Research also shows that when Blacks attempt to assertively bargain fair salaries they are perceived as aggressive, and risk either losing employment offers or being offered lower salaries for violating employer's expectations, when compared to their white male counterparts engaging in the same behavior (see Hernandez et. al. 2019);

The burden of shrinking the double gap lies primarily with employers who must recognize and acknowledge that they are underpaying Black women, writ large, and take measures to rectify this. But CEOs are not going to do this of their own volition, so we need our policy advocates, policymakers and legislators to push corporate America in the right, and fair, direction

[i] Elizabeth Ty Wilde, Lily Batchelder, and David. T. Ellwood, 2010, "The Mommy Track Divides: The Impact of Childbearing on Wages of Women of Differing Skill Levels." The National Bureau of Economic Research *Working Paper* No. 16582 (December): 1-45. Accessed at https://www.nber.org/papers/w16582.pdf

TESTIMONY BEFORE THE JOINT ECONOMIC COMMITTEE HEARING

THE GENDER WAGE GAP: BREAKING THROUGH STALLED PROGRESS

June 9, 2021

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SUMMARY OF TESTIMONY

The gender wage gap has fallen significantly over the previous decades, but improvement towards parity is likely to be more difficult. This is because unconscious gender bias is likely the source of the lower pay for women, resulting in lower hiring, training, mentoring, and promotion rates for women in higher-paid professional and managerial jobs. In addition, compensation schemes are likely to have embedded in them bias against women, either from undervaluing the work women perform, from establishing separate job evaluation systems for men's and women's jobs, and/or from historically underpaying female-dominated jobs and never correcting for these. Public policy can help close the gap by the following:

- Implement comparable worth (pay equity) to remedy historically underpaid women's jobs in the federal sector and for government contractors.
- Greater enforcement of non-discrimination laws and affirmative action.
- For government contractors, require more detailed records of hiring, promoting, training, and mentoring women compared to the available pool of workers. Once discrepancies are spotted, employers can affirmatively implement policies to ensure that representation by gender occurs, which will help advance women and close the gender pay gap.
- Require diversity, gender-free bias, and sexual harassment training in the federal sector and for government contractors.
- Implement paid family and medical leave and expand affordable, accessible childcare so that women can prosper in their careers.

Thank you Chairman Beyer, Ranking Member Mike Lee, and members of the Joint Committee. I am an economics professor at the University of Massachusetts, Boston, specializing in labor economics. I have conducted research on and studied the gender wage gap for my entire 30 year career. Women (25 years of age and older) today earn 81% of men, according to the Bureau of Labor Statistics data on median weekly earnings for full-time workers for 2020, the latest year available. Among those ages 16 and older, white women earn 82% of white men, African American women, 69%, and Latinas, 64% of white men, with Asian American women earning the same as white men.[i]

The gender wage ratio has improved in the past decades, from a low of 65% decades ago. Much of the decline came about because women earned college degrees and advanced degrees, and entered fields that were not open to them back in the 1950s. The gender wage gap used to be determined in part by women working fewer hours than men, having lower levels of education, and being crowded into lower-paying, traditionally female jobs. But discrimination was also a factor in their lower pay. Many professions were not yet open to them.

Women have since advanced into law, medicine, journalism, and other professional jobs, as well as jobs such as bus driver and mail carrier that were also virtually closed to women. In some cases, it took lawsuits to initiate change. In others, schools (such as medical schools) opened their doors to women, largely as a result of Title IX. Currently, education is less a factor, since women are now more likely than men to graduate from college, and they are less likely than previously to take years off caring for children. Thirty years ago, you could count the number of female CEOs of Fortune 500 companies on one hand. Today, you need eight hands! Much progress has been made, but progress on reducing the gender wage gap has stalled, with the ratio of earnings steady in the low 80s. Why?

Many believe that the easy work has been accomplished. Women gained education, are working more hours, and their careers look a lot like men's. But subtle biases remain.

Many still view women as the primary caretakers of the home and children, and less the breadwinners in the family. Those who go against these social norms face the threat of divorce, a lower ability to marry, and societal disapproval.[ii] Without affordable, accessible childcare, women will continue to bear the lion's share of this burden. Women who are married and have children are punished in the labor market with lower earnings. Men, however, are rewarded.

Within the labor market, occupational segregation is still a factor: Women are still more likely to be crowded in lower-paying, traditionally female jobs, such as administrative assistants, child care workers, and K-8 teachers. They are less likely to work in higher-paid managerial and professional jobs.

FIGURE 1: Progress in Closing the Gender Wage Gap has Stalled
The Gender Earnings Ratio, 1955-2020, Full-Time Workers[iii]

Women work in lower-paid industries. They are less likely to work in those that pay more than average—such as in oil and gas. In contrast, they are more likely to work in clothing and department stores—those that are lower-paying.

Women are also more likely to work in lower-paid firms. Female attorneys are less likely to work in private law practices and are more likely to work as government attorneys or for non-profit agencies. Female physicians are less likely to work in private practices as doctors and more likely to work in HMOs.

Women often are clustered in lower-paying specialties within occupations and industries. Within management, they are more likely to work in staff positions like human resources, and less likely to work in line positions that have authority and responsibility (and higher pay). Within medicine, they are more likely to specialize as pediatricians, OB-GYNs, and in family practice and less likely to be neurosurgeons.

Finally, women work at lower rungs of the job ladder within any profession. They are less likely to be partners of law firms, Wall Street investment banks, hedge funds, and accounting firms. They are more likely to be entry level professors or adjunct professors rather than full professors.

Gender Differences and Gender Biases

Many suggest that women choose their occupations (sometimes in order to have flexible hours and to take care of their children), or that they are less productive because they work fewer hours. Or that they have less ambition than men do, not wanting to climb the rungs up to CEO. Although decades ago, these explanations may have been significant factors contributing to the gender wage gap, and although today they possibly could explain part of the gender wage gap, these don't explain much of the gender wage gap today. Scores if not hundreds of studies show that women with the same abilities (measured as skills on their resumes, their grade point averages, or scores on their aptitude tests), ambitions, productivity (measured in performance evaluations, on their resumes, or on tests), and hours of work earn less than similar men. They are also less likely to be hired, promoted, trained, and mentored. When hired, they are offered lower pay.[iv]

Why? Much of this has to do with people simply feeling more affinity with people who are like themselves.[v] Employers and employees want to hire people like themselves—they simply feel more comfortable with people who attended similar schools, lived in similar neighborhoods, and thus are in a similar socioeconomic stratum, similar culture, and social circles. They are more willing to train and mentor those they enjoy associating with. And they are more willing to trust and promote people like themselves as well. (This feeling of comfort because of similarity includes that by race as well as by gender).

The result is that women are less likely to be helped and mentored, or invited to join social events with their colleagues: going out to lunch, dinner or clubs after work (including strip clubs). They are less likely to become friends with their colleagues and potential mentors, losing out in training, mentoring, important assignments or working groups, advancement, and thus success in their fields.

Consequently, women are often treated differently: Either with hostility, because they are seen as different and not like the "in-group," or with coldness and indifference. This has been documented well in the STEM fields,[vi] but anecdotal evidence from lawsuits against Wall Street firms, in management jobs, in the skilled trades, and others, show the pervasiveness of this type of behavior. Sexual harassment is also pervasive in many workplaces, and women often quit their jobs or don't bother to apply to or work in firms with reputations of not treating women well.

Research suggests that women face many more subtle biases as well. Women's achievements and work are simply not valued—even by women. Art with a women's name on it is rated lower than the same piece with a man's name. Female musicians are less likely to be hired unless they audition behind a screen so that people don't know that they are women. Their music is simply not perceived to be as good! Research with a woman's name on it must be of higher quality in order to be published. And women are less likely to be hired and receive tenure than men with similar dossiers.[vii]

How Compensation is Determined

Traditionally female dominated jobs, like K-8 teachers, child care workers, and home health aides are thought to be undervalued because of the simple fact that women perform the work. It is said that Margaret Meade was the first to notice that there were villages where men weave and women fish, and villages where men fish and women weave, but in either village, the work performed by men was valued higher. Decades ago, researchers noticed that male jobs like dog catchers or tree trimmers were paid more than child care workers, even though the training level and skill levels are arguably similar or even greater for child care. And Biblical scholars noted that in the Old Testament, the amount that women should earn in shekels was less than men, three-fifths or 60%. Cross-culturally and historically, women's work has been valued less and also paid less.

These biases inform the very process of setting pay. Compensation courses in business school teach you that there are three factors in determining compensation systems. First, employers want to pay the market wage in order to attract and retain workers. This is known as external equity. In order to perform this, employers conduct, purchase, or view salary surveys. Second, within a firm, occupations are evaluated relative to each other, so that the more skilled, demanding, and responsible jobs (those with greater consequence of error) are paid more. The reason for this is that employees would become upset if they are undertaking more difficult work but earning the same or less than others. This is known as internal equity, and employers conduct job evaluations, where they evaluate the skill, effort, responsibility and working conditions (or other factors) of each occupation. Occupations with greater demands are awarded higher pay. Third, employees who perform more work or bring in more money to the firm are rewarded with higher pay even within occupations. Thus employers conduct performance evaluations and award merit pay. This is known as employee equity.[viii]

In practice, usually select jobs (such as Civil Engineer and Registered Nurse) are surveyed for market rates, and the pay for the other engineering and nursing jobs (such as Senior Civil Engineer and Registered Nurse 2) are then set in comparison to the skill levels required internally and are rewarded accordingly. In this example, the job evaluation might suggest that the occupation Senior Civil Engineer would be paid 15% more than Civil Engineer, and Registered Nurse 2, 20% more than Registered Nurse. Annual performance appraisals of incumbents are then conducted for employee equity.

Gender bias creeps into all of these processes. First, performance evaluations are found to discriminate against women, with women who receive higher performance evaluations receiving less merit pay than men with lower performance evaluations.[ix] Second, salary surveys involve many decisions by those conducting them, which can be manipulated to produce higher or lower outcomes. Which occupations are surveyed (if not all those within a firm)? Which firms? Private sector only, or include the public sector? What geographical areas? Are only union rates used? Given a large spread of earnings from salary surveys, which should be used? Do you take the median? The weighted average? The interquartile value? Thus bias can enter

at many points and affect the resulting pay. My own research finds that the occupations primarily filled by men were more likely to have market wage surveys that included only urban areas, union rates, and higher-paid industries and firms compared to the occupations filled primarily by women, resulting in higher market pay rates.[x]

When conducting job evaluations, occupations that are primarily filled by women are usually compared to other women's occupations. Thus, management jobs are often only compared among themselves. A separate job evaluation will compare all scientist occupations. Yet another separate job evaluation will examine engineers. Separate job evaluations are often performed on trades and maintenance occupations; and a separate one for administrative assistants and clerical. If women's jobs are underpaid (see below), and only compared with other women's jobs, this will perpetuate gender inequities in pay. What is needed instead is that within a firm or company, to compare all occupations using one job evaluation and common criteria. When this is performed, the pay for women's occupations increases. This strategy is known as comparable worth or pay equity.

Comparable worth is an idea and a strategy that pay should be set so that occupations with the same value to the employer should earn the same pay. Most employers (two-thirds to 80%)[xi] use some type of job evaluation. What comparable worth is promoting is that the criteria and job evaluation be applied consistently so that women's occupations are evaluated the same way as men's. For example, the employer can assign points to skill, effort, responsibility, and working conditions (such as 0-100 for the first three, and 0-10 for the last), and occupations with higher points would merit higher pay.

There is another good reason to re-do these job evaluations in this way, using only one job evaluation consistently and throughout the firm or business. When many pay systems were established long before pay discrimination was illegal, jobs primarily filled by women were underpaid simply because women worked in those occupations. And these compensation systems were seldom changed. For example, in Westinghouse, predominately female occupations with the same job evaluation points as predominately male jobs were explicitly paid less.[xii] In the 1930s, when the California Civil Service was establishing its compensation system and determining how to pay its various occupations, personnel administrators asked the policy-making body to make various decisions, such as whether it should pay union rates, geographical differentials, etc. One question asked if gender differences should be established[xiii]:

> Question 5. Should any differences in pay on account of sex be made?
>
> POSSIBLE METHODS OF PROCEDURE

Some of the possible methods of answering this question are as follows:

1. To pay men consistently more than women doing the same kind of work.

2. To pay men and women doing the same kind of work the same, regardless of sex.

3. When men and women do the same kind of work to make no difference, but to pay somewhat higher for those occupations filled predominately by men than for those occupations filled predominately by women, where, aside from sex, the qualifications are the same.

RECOMMENDED PROCEDURE

The compensation staff recommends that the third of the methods outlined above be followed, the differentials to be limited to those kinds of occupations where in the commercial world distinctions are made in the pay for workers engaged in occupations predominately filled by men as compared to those predominately filled by women.

Memos indicate that the third option was adopted, and occupations filled primarily by women were underpaid between 22% to 36%. Moreover, this underpayment of wages continues to the present.[xiv] The same person who established this compensation system did the same across the US and the world, including in White Plains, New York and the Philippines, and used the same question 5 on gender differentials in establishing these other pay systems.

Intersectionality of race and gender: As noted in the beginning, women of color have additional wage gaps based on both gender and race or ethnicity. My own research finds that African American women suffer a 15% gender penalty, a 9% race penalty, and an additional 3% intersectional penalty due to both their race and gender. Latinas suffer similarly.[xv] Asian American women[xvi] suffer from an intersectional penalty and a gender penalty, and the race penalty cannot be separated from the gender penalty. For African American women, the cause of these additional earnings penalties seems to be their working in lower-paid jobs within industries and occupations.

Policies to Alleviate the Gender Wage Gap

Policy solutions to reduce the gender pay gap are many, because the source of the wage gap are many.

Implement Comparable worth (Pay Equity): Although this has fallen out of political favor, Australia implemented this 30 years ago (it sets minimum wages by occupation), so did the province of Ontario in Canada, the state of Minnesota (for state workers), San Jose in California, and the Vacaville School District in California, among others. All could afford this. Studies conducted at this time found that comparable worth would reduce the poverty rate by half, since women and children comprised three-quarters of the poor. The US Congress can

implement comparable worth for federal workers. It can require government contractors to conduct a job evaluation of all its occupations and adjust pay from these accordingly, or the federal government can also make pay equity a factor in rewarding government contracts.

Enforce Existing Non-Discrimination Laws: and Affirmative Action: Title VII of the 1964 Civil Rights Act has been very successful when enforced. Affirmative action worked 40 years ago to open the doors so that women could enter traditionally male-dominated jobs. It increased women's employment and pay. It can continue to do so in the skilled trades, sciences, engineering, and IT jobs. Affirmative action requires that companies that receive government contracts compare their gender and racial composition to that of the available workforce, and when needed, implement voluntary goals and timetables to take affirmative steps in increasing the representation of women, such as publicizing available jobs, recruiting women, and training and mentoring women. In extreme cases of discrimination, court-mandated quotas are imposed.[xvii]

Implement affordable, accessible child care So that women can work, given that women continue to bear the largest share of the burden of child care and housework. Many countries, especially in Western Europe and Scandinavia, have managed to do this. We can too.

Implement paid family and medical leave: Allow parents to care for their newborn or ill children. Allow working adults to care for their aging parents when they are in need. Currently, this leave remains unpaid unless state law requires it or employers act voluntarily. Without a federal law, the vast majority of care leaves are unpaid, and for the 40% of workers without federal job protection for leave, can even result in job loss.

Mandate sexual harassment and diversity training for all federal government workers and for all government contractors. The subtle biases that exist don't need to, and people can be trained to become aware of exclusionary and unwelcome behaviors.

Reporting: Mandate reporting of the composition of the workforce, hiring and pay in every workplace, by gender and race. The EEOC categories are too broad. Include narrower occupational groups. What do women get paid in various occupations? What do men? How many men were hired and in what occupations? How many women? How many applied and were interviewed? What percentage of women are on the Board of Directors? What percentage of women are in higher management? How many female CEOs have there been in the last 10 years? People of color? At least require this for government contractors and use this information to award government contracts.

Conclusion

These and other remedies can help begin narrowing the gender wage gap again. Because the source of the wage gap is most likely stemming from subtle, unconscious gender bias, narrowing the gap further is likely to be more difficult than in previous decades. This is why

keeping records to see if firms are hiring, promoting, training, and mentoring women in their representative numbers is critical—employers are unlikely to spot these gender biases without such data. Once discrepancies are spotted, employers can affirmatively implement policies to ensure that representation by gender occurs, which will help advance women and close the gender pay gap. Implementing comparable worth will single-handedly remedy gender bias in compensation structures, and this has been successfully implemented in localities, states, and countries. Diversity, gender-free bias, and sexual harassment training will allow employees to understand how seemingly small behaviors can hinder women's progress in their careers and perpetuate the gender wage gap. And as the pandemic showed very clearly, child care and family care is essential work that prevents women from fully participating in the labor market. Paid family and medical leave and affordable, accessible childcare is critical so that women can prosper in their careers.

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[i] Calculations from US Bureau of Labor Statistics, Table 37, Median earnings of full-time age and salary workers by selected characteristics. Note that using median annual earnings of full-time, year-round workers or from other years may yield somewhat different measurements; however, the overall patterns are the same. See Figure 1 for an example of this.

[ii] Arlie Hochschild, *The Second Shift: Working Parents and the Revolution at Home* (1989, 1997, 2012 NY: Viking Penguin); Marianne Bertrand, Emir Kamenies and Jessica Pan. 2015. Gender Identity and Relative Income Within Households. *The Quarterly Journal of Economics*, 130(2): 571-614; Marianne Bertrand, Patricia Cortex, Claudia Olivetti, and Jessica Pan. Social Norms, Labor Market Opportunities, and the Marriage Gap Between Skilled and Unskilled Women. Forthcoming, *Review of Economic Studies.*

[iii] From Figure 3 of the same title in Ariane Hegewisch and Eve Mefferd's 2021, The Weekly Gender Wage Gap by race and ethnicity: 2020. Institute for Women's Policy Research.

[iv]Catherine Weinberger and Lois Joy, 2007, Relative Earnings of Black College Graduates. In Marlene Kim's, Ed., *Race and Economic Opportunity in the Twenty-First Century*. London: Routledge; Melissa Binder, Kate Krause, Janie Chernak, Jennifer Thacher, and Julia Gilroy. 2010. Same work, different pay? Evidence from a US public university. *Feminist Economics*, 16(4): 105-35; Ryan Smith, 2012, Money, Benefits and Power: A Testing the Glass Ceiling and Glass Escalator Hypothesis. *Annuals of the American Academy of Political and Social Science*, 635; Rhea E. Steinpreis, Katie A. Anders, and Dawn Ritzke. 1999. The Impact of Gender on the Review of the Curricula Vitae of Job Applicants and Tenure Candidates: A National Empirical Study, *Sex Ro*les, 41(7/8): 510-528.

[v] Rosabeth Moss Kanter's *Men and Women of the Corporation* (1977; NY: Basic Books) was the first to point this out. Social psychological studies of "in" and "out" groups have documented similar behaviors.

[vi] Silvia Ann Hewlett, Carolyn Buck Luce, Lisa J. Servon, Laura Sherbin, Peggy Shiller, Eytan Sosnovich, and Karen Sumbert. 2008. The Athena Factor: Reversing the Brain Drain in Science, Engineering, and Technology. *Harvard Business Review Research Report* No. 10094.

[vii] Claudia Goldin and Celia Rouse. Orchestrating Impartiality: 'Blind' Auditions on Female Musicians. *American Economic Review*, 90(4): 715-741 ; David Card, Stefano Della Vigna, Patricia Funk, and Nagore Iriberri. 2018. Are Referees and Editors in Economics Gender Neutral? *Quarterly Journal of Economics*, 135(1): 269-327; Rhea E.

Steinpreis, Katie A. Anders, and Dawn Ritzke. 1999. The Impact of Gender on the Review of the Curricula Vitae of Job Applicants and Tenure Candidates: A National Empirical Study, *Sex Rol*es, 41(7/8): 510-528.

[viii] George T. Milkovich, Jerry Newman, and Barry Gerhart. 2019. *Compensation* (India: Mac Graw Hill)
[ix]Emilio Castilla, in his 2012, Gender, Race, and the New (Merit-Based) Employment Relationship, *Industrial Relations* 51(S1):528-562, and 2008, Gender, Race, and Meritocracy in Organizational Careers. *American Journal of Sociology,* 113(6):1479-1526, finds that women and racial and ethnic minorities are rewarded less from their performance evaluations compared to white men. In addition, racial and ethnic minorities receive lower performance appraisals, while women receive higher ratings.
[x]Marlene Kim. 2000. "Employers' Estimates of Market Wages: Implications for Discrimination," *Feminist Economics*, 6(2): 97-114.

[xi] George T. Milkovich, Jerry Newman, and Barry Gerhart. 2019. *Compensation* (India: Mac Graw Hill)
[xii] Winn Newman. 1976. Combatting Occupational Segregation: Presentation III. *In Women in the Workplace: The Implications of Occupational Segregation*, Eds. By Martha Blaxall and Barbara Reagan. (Chicago: University of Chicago Press): 265-72.
[xiii] Marlene Kim. 1999. Inertia and Discrimination in the California State Civil Service. *Industrial Relations*, 38(1): 46-68. Quoted from page 53.
[xiv]Marlene Kim. 1999. Inertia and Discrimination in the California State Civil Service. *Industrial Relations*, 38(1): 46-68.
[xv] Marlene Kim. 2009. "Race and Gender Differences in the Earnings of Black Workers." *Industrial Relations,* 48(3): 466-88.

[xvi] Because Asian American women are more likely than white men to have college and advanced degrees, they should earn higher wages, not wages that are the same.
[xvii] Andrea Beller. 1982. The Impact of Equal Opportunity Policy on Sex Differentials in Earnings and Occupations. *The American Economic Review*, 72(2): 171-175; Doris Weichselbaumer and Rudolf Winter-Ebmer. 2007. International Gender Wage Gaps, *Economic Policy*, 237-287; Jonathan Leonard. 1989. Women and affirmative action. *Journal of Economic Perspectives* 3:61-75.

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Statement of Ai-jen Poo, Executive Director, National Domestic Workers Alliance

June 9, 2021 Hearing before the U.S. Congress Joint Economic Committee

"The Gender Wage Gap: Breaking Through Stalled Progress"

Introduction

Chairman Beyer, Ranking Member Lee, and Members of the Committee, thank you for the opportunity to testify on how to break through the gender wage gap.

My name is Ai-jen Poo, and I am the Executive Director at the National Domestic Workers Alliance (NDWA). Founded in 2007, the National Domestic Workers Alliance is the nation's leading voice for 2.2 million domestic workers who work as nannies, home care workers, and house cleaners in private homes.[1] NDWA works to raise and strengthen industry standards to ensure that domestic workers achieve economic security and opportunity, and have protections, respect, and dignity in the workplace. NDWA organizes domestic workers, cultivates the leadership of women and women of color, leads campaigns for policy change, engages in social innovation to deliver greater economic security and benefits to domestic workers and their families. NDWA reaches and engages over 250,000 domestic workers on a regular basis through our 70 affiliate organizations in 36 cities and 17 states, local chapters in Philadelphia, Washington, D.C., and New York City, and through digital platforms.

A History of the Wage Gap Within the Domestic Workforce

The gender and racial wage gaps have been ever present in the domestic workforce, which has long been seen as undervalued and unskilled labor. During the New Deal era, Congress enacted the Fair Labor Standards Act to raise substandard wages and to give additional compensation for overtime work.[2] Congress also enacted the National Labor Relations Act to guarantee employees the right to form labor unions.[3] However, domestic workers were excluded from these signature

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[1] About the National Domestic Workers Alliance, https://www.domesticworkers.org/about-us

[2] United States v. Rosenwasser, 323 U.S. 360, 361 (1945) (internal quotation marks omitted)

[3] National Labor Relations Act, 29 U.S.C. §§ 151-169 (1935)

New Deal laws. Given that Black workers in the South were concentrated in low-paying sectors, such as agriculture and domestic work, these laws would have surely provided a large benefit to these workers.[4] For the exact reason that raising wages and allowing the opportunity to join a union would have resulted in increased economic and political power, Southern congressmen refused to support the labor law provisions of the New Deal if they covered Black workers.[5] The exploitation of underpaid Black labor was far too important in upholding the regional economy of the South.[6] Keeping Black workers subjugated was also integral to maintaining an order of racial hierarchy.[7] For several decades after the passage of the New Deal, domestic workers were denied the federal right to organize and collectively bargain, and the right to a minimum wage and overtime pay. In addition to this history of racial exclusions, domestic work is associated with women -- gender roles that define cooking, cleaning and care as household duties or a labor of love to be performed by women, naturally women's work, and not real work.[8]

Domestic Workers Organize for Increased Labor Protections

Through the power of organizing, domestic workers have won important victories and made progress toward equal protections. In 1974, Congress amended the Fair Labor Standards Act to cover a significant number of workers who are "employed in domestic service in one or more households."[9] At the same time -- through an exemption of domestic service workers who provide companionship services to older adults and people with disabilities[10], and domestic workers who reside in the households in which they provide services (i.e., live-in domestic workers) -- Congress left many domestic workers out of minimum wage and overtime pay protections.[11] A 1975 DOL regulation clarified that live-in domestic workers were covered under minimum wage

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[4] Marc Linder, Farm Workers and the Fair Labor Standards Act: Racial Discrimination in the New Deal, 65 *Tex. L. Rev.* 1335, 1373-1375 (1987).

[5] Sean Farhang and Ira Katznelson, The Southern Imposition: Congress and Labor in the New Deal and Fair Deal, *Studies in American Political Development*, p. 15 (2005).

[6] Id.

[7] Juan F. Perea, The Echoes of Slavery: Recognizing the Racist Origins of the Agricultural and Domestic Worker Exclusion from the National Labor Relations Act, 72 *Ohio St. L.J.* 95, 100-104 (2011).

[8] Alexandra Finley, The Washington Post, Women's household labor is essential. Why isn't it valued? (May 29, 2020) available at https://www.washingtonpost.com/outlook/2020/05/29/womens-household-labor-is-essential-why-isnt-it-valued/

[9] Fair Labor Standards Amendments of 1974, Pub. L. No. 93-259, § 7, 88 Stat. 55, 62 (1974).

[10] FLSA defines individuals who receive companionship services as "individuals who (because of age or infirmity) are unable to care for themselves." *See* Fair Labor Standards Act, Pub. L. No. 75-718, 52 Stat. 1060 (1938). In this testimony, I refer to such individuals as older adults or aging adults and people with disabilities.

[11] Pub. L. No. 93-259, § 7, 88 Stat. 55, 62.; 29 U.S.C. 13(a)(15), 13(b)(21).

protections but not overtime requirements.[12] Then, in 2013, the Department of Labor extended minimum wage and overtime protections to home care workers.[13] However, live-in domestic workers who are hired directly by their household employer remain excluded from the FLSA overtime pay protection.

Organizing at the crossroads of the women's rights, civil rights, and labor rights movements also helped shift the cultural perception that work done inside the home had the same inherent value as work done outside the home.[14] However, after decades of being written off as merely "women's work" or "help around the house," domestic work continues to be underpaid and undervalued.

The Socioeconomic State of Domestic Workers

Domestic workers are over 90 percent women, while well over half are women of color, and more than a third are immigrants.[15] They are much more likely than other workers to be living in poverty, regardless of occupation. The typical domestic worker is paid $12 an hour, or 39.8 percent less than a typical nondomestic worker who is paid $19.97 an hour.[16] The average annual income of a domestic worker is less than $16,000 per year as compared to $39,000 for nondomestic workers.[17]

Pay may be even lower within each specific domestic labor industry. On average, house cleaners are paid under $15,000 a year, nannies are paid about $13,500 a year, non-agency home care workers are paid about $18,000 a year and agency-based home care workers are paid about $20,000 a year. House cleaners also have twice-poverty rates that are nearly 20 percentage points higher and nannies have twice-poverty rates over 10 percentage points higher than you would expect these rates to be if these workers were employed in nondomestic occupations.[18]

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[12] 29 CFR § 552.2 available at https://www.law.cornell.edu/cfr/text/29/552.2.

[13] 29 CFR Part 552 at 60454-55.

[14] Phyllis Palmer, Outside the Law: Agricultural and Domestic Workers Under the Fair Labor Standards Act, 7 J. Policy Hist. 416, 418, 427-78 (1995).

[15] Julia Wolfe, Jori Kandra, Lora Engdahl, and Heidi Shierholz, Economic Policy Institute, Domestic workers chartbook (May 14, 2020) available at https://www.epi.org/publication/domestic-workers-chartbook-a-comprehensive-look-at-the-demographics-wages-benefits-and-poverty-rates-of-the-professionals-who-care-for-our-family-members-and-clean-our-homes/

[16] Id.

[17] Id.

[18] Id.

Several factors compound domestic workers' lack of financial security. They are far less likely to get employer-provided benefits, like health insurance or paid time-off, and cannot access paid family and medical leave or paid sick days. Fewer than one in ten domestic workers are covered by an employer-provided retirement plan and one in five receives health insurance coverage through their job.[19]

Domestic workers are also vulnerable to wage theft and other workplace violations and abuse, largely due to the fact that they work in isolation in private homes where there is a stark power imbalance between domestic workers and their employers. Many domestic workers often work without a written contract.

Furthermore, domestic workers remain excluded from most federal labor and workplace protections including the National Labor Relations Act, the Civil Rights Act of 1964, the Americans with Disabilities Act, the Age Discrimination in Employment Act, the Occupational Health and Safety Act and the Family and Medical Leave Act.[20] As stated earlier, live-in domestic workers still do not have overtime protections under FLSA.

The experiences of NDWA members illustrate the persistence of domestic workers earning poverty wages. Zofia, a home care worker from Illinois, worked 84 hours per week and earned just $500 weekly while caring for an elderly patient with Parkinson's and dementia. After learning her rights and how to calculate her proper wages from an NDWA affiliate, Zofia found she was owed thousands of dollars for 11 months of work. With support from our affiliate, she led meetings and direct negotiations with the employer, and recovered $11,000 in owed wages.

Carmen[21] has worked as a domestic worker for almost 10 years and lives in Massachusetts. When she worked as a live-in nanny, Carmen worked 12 hours and sometimes up to 20 hours a day. She got paid a total of $350 a week and was never compensated for her overtime hours. Her employer relied on the FLSA overtime exclusion to not pay for all the hours she worked. Leonora[22] -- also a live-in nanny who lives in a border state -- has been a domestic worker for the past 18 years. Leonora worked Mondays to Fridays from 6:30am to 7pm and received a total of $220 each week in violation of both the minimum wage and overtime protection under the FLSA.

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[19] Id.

[20] Economic Policy Institute, Domestic workers are underpaid and unprotected by labor law during the coronavirus pandemic (May 14, 2020) available at https://www.epi.org/press/domestic-workers-are-underpaid-and-under-protected-by-labor-law-during-the-coronavirus-pandemic/

[21] Name has been changed to protect privacy.

[22] Name has been changed to protect privacy.

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Finally, Diwata[23] is a home care worker from the Philippines. The United States has been her home for the past 30 years but she lives in fear of being deported as undocumented She loves her work, caring for people one-on-one in their homes. Before the pandemic, she worked as a caregiver for four years for the same client. Her client's daughter advertised the position at $15 dollars an hour, but they paid Diwata only $10 an hour -- less than the minimum wage in California. She found out that they were paying other workers who were citizens $15 an hour. She was upset, but she was afraid to speak up and ask for the advertised wage because of her immigration status.

The pandemic has been especially devastating for domestic workers who were already struggling to financially support themselves and their families. Many domestic workers experienced sudden job losses, without access to unemployment insurance or other COVID-19 relief.[24] Those who did retain employment risked their lives and those of their own families to care for families in other households, in order to stay afloat.[25]

On a call with our members last year, one woman held up her phone to the camera to show us that she only had one cent left in her bank account. Like many domestic workers, she was faced with the impossible choice of keeping herself and her family safe, or risking eviction and the threat of not feeding her family. Susie Rivera, a home care worker in Texas for over 40 years, has continued working as an essential worker through the pandemic, without sick days, paying out of pocket for her own PPE and safe transportation to reach her clients, and to support her family, earning a wage of $11 per hour.

A Case Study on the Benefits of Closing the Wage Gap for Home Care Workers

Low wages and lack of strong workplace protections perpetuate and widen the gender and racial pay gaps. It is also shortsighted policy that has much broader risks. An investment in home care workers is a salient case study.

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[23] Name has been changed to protect privacy.

[24] In March 2020, 52% of domestic workers surveyed by NDWA had no work, and a week later, that number increased to 68%. NDWA also surveyed more than 20,000, largely Spanish-speaking domestic workers, from March to September 2020, and found that, by late March, 90 percent of these workers lost jobs due to COVID-19. The situation worsened in early May, when nearly 7 out of 10 respondents were out of work. See National Domestic Workers Alliance Labs, 6 Months in Crisis: The Impact COVID-19 on Domestic Workers p. 15 (2020) available at https://domesticworkers.org/sites/default/files/6_Months_Crisis_Impact_COVID_19_Domestic_Workers_NDWA_Labs_1030.pdf. See also Julia Wolfe, Domestic workers are at risk during the coronavirus crisis (April 8, 2020) available at https://www.epi.org/blog/domestic-workers-are-at-risk-during-the-coronavirus-crisis-data-show-most-domestic-workers-are-black-hispanic-or-asian-women/#:~:text=According%20to%20new%20data%20from,68%25%20by%20the%20next%20week

[25] See generally Madeline R. Sterling, Emily Tseng, and Anthony Poon, Experiences of Home Health Care Workers in New York City During the Coronavirus Disease 2019 Pandemic, *JAMA Intern Med.* (2020). See also Luke Winkie, Vox, What domestic work looks and feels like right now (Jan 15, 2021) available at https://www.vox.com/the-goods/2021/1/15/22225692/national-domestic-workers-alliance-us-covid-19-rights

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Raising the pay for home care workers would disproportionately benefit women, who make up nine of ten individuals in the home care industry.[26] It would also benefit the 63% of home care workers that are Black, Hispanic, Asian American/Pacific Islander or Native American.[27]

Failing to invest in home care workers ultimately harms other Americans who rely on these workers to live independently and with dignity. Home care is one of the fastest growing occupations in our economy, as the caregiving demand has skyrocketed. 88% of aging adults preferring to receive long-term supports and services (LTTS) in home and community-based settings,[28] and by 2050, the population of people 65 and older will nearly double.[29]

Despite the fact that home care work is one of the fastest growing occupations in our economy and can greatly increase the quality of life for consumers, wages have not kept up with the demand for these jobs. According to PHI, the median hourly wage for home care workers only increased by a total of 91 cents between 2009 and 2019.[30] In the same time period, the number of jobs in this industry saw growth of over 1,400,000 jobs or approximately 145%.[31] The increase in wages is vastly deficient to keep up with the increase in prices of staple foods, housing, and other goods over the last 10 years.[32]

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[26] PHI U.S. Home Care Workers Key Facts, p. 3 (2019) https://phinational.org/wp-content/uploads/2019/08/US-Home-Care-Workers-2019-PHI.pdf.

[27] Christian Weller, Beth Almeida, Marc Cohen, and Robyn Stone, Leading Age, Making Care Work Pay, p. 13 (Sept. 2020) available at https://leadingage.org/sites/default/files/Making%20Care%20Work%20Pay%20Report.pdf

[28] The AP-NORC Center for Public Affairs Research, Long-Term Care in America: Americans Want to Age at Home (May 2021) available at https://apnorc.org/projects/long-term-care-in-america-americans-want-to-age-at-home

[29] U.S. Department of Health and Human Services, Assistant Secretary for Planning and Evaluation, What is the lifetime risk of needing and receiving long-term services and supports (April 4, 2019) available at https://aspe.hhs.gov/basic-report/what-lifetime-risk-needing-and-receiving-long-term-services-and-supports

[30] PHI, Direct Care Worker Median Hourly Wages Adjusted for Inflation, 2009 to 2019 available at http://phinational.org/policy-research/workforce-data-center/#tab=National+Data&natvar=Wage+Trends

[31] PHI, Direct Care Worker Employment, 2009 to 2019, available at http://phinational.org/policy-research/workforce-data-center/#tab=National+Data&natvar=Employment+Trends

[32] Bureau of Labor Statistics, Consumer Price Index Historical Tables for U.S. City Average, available at https://www.bls.gov/regions/mid-atlantic/data/consumerpriceindexhistorical_us_table.htm. See also Irene Jiang, Business Insider, How much American grocery staples like bread, bacon, and coffee cost now versus 10 years ago (Dec. 18, 2019) available at https://www.businessinsider.com/grocery-price-change-bread-bacon-cost-10-years-ago-now-2019-12#tomatoes-11. See also Aimee Picchi, CBS News, It's been a record 11 years since the last increase in U.S. minimum wage (Jul. 24, 2020) available at https://www.cbsnews.com/news/minimum-wage-no-increases-11-years/

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Care work is also emotionally taxing and physically punishing -- involving heavy lifting, long hours, and exposure to potentially hazardous materials.[33] Low pay, combined with difficult and poor working conditions, has led to chronic staffing shortages in the home care sector, and instability for care workers and the families that they serve.[34] Even home care workers that love their jobs are more likely to leave for another profession with better pay or benefits -- leading to high turnover rates.[35] For example, PHI found that in all 50 states and the District of Columbia, wages of direct care workers are lower than the median wage for other occupations with similar entry-level requirements, such as janitors, retail workers, and customer service representatives.[36] A living wage would help to relieve worker shortages, both by encouraging home care workers to stay in this field and work more hours, and by attracting new employees.[37]

A care recipient's health outcomes would also improve. This workforce provides critical support to people with disabilities and older Americans with activities of their daily living, such as bathing, dressing and often provides invaluable medical care, such as managing their medications or performing tracheostomy care. As care recipients receive more services day-to-day, their home care worker can become more familiar with their needs,[38] and recipients receive more consistent and dependable care, making it easier for them to live independently.[39]

In addition, domestic workers spend their days supporting family caregivers. According to the AARP, over 50 million Americans now serve as unpaid caregivers for adult family members or

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[33] Linda Burnham and Nik Theodore, Home Economics: The Invisible and Unregulated World of Domestic Work, National Domestic Workers Alliance, pp. 28-32 (2012) https://domesticworkers.org/sites/default/files/HomeEconomicsReport.pdf

[34] Chris Farrell, Forbes, The Shortage Of Home Care Workers: Worse Than You Think (April 18, 2019), available at https://www.forbes.com/sites/nextavenue/2018/04/18/the-shortage-of-home-care-workers-worse-than-you-think/?sh=6f1ed6f83ddd

[35] Margaret Barthiel, NPR, Many Health Workers Earned Low Wages, Suffered Losses During The Pandemic (March 10, 2021) available at https://www.npr.org/local/305/2021/03/10/975626535/many-health-workers-earned-low-wages-suffered-losses-during-the-pandemic

[36] Robert Espinoza, PHI, Competitive Disadvantage: Direct Care Wages Are Lagging Behind (Oct. 13. 2020) available at https://phinational.org/resource/competitive-disadvantage-direct-care-wages-are-lagging-behind/

[37] CUNY Academic Works, The Case for Public Investment in Higher Pay for New York State Home Care Workers: Estimated Costs and Savings, pp. 14-15 (2021) available at https://academicworks.cuny.edu/cgi/viewcontent.cgi?article=1806&context=gc_pubs

[38] Leading Age, Making Care Work Pay, p. 4 available at https://leadingage.org/sites/default/files/Making%20-Care%20Work%20Pay%20Report.pdf

[39] Id. at p. 20.

friends.[40] 61 percent of these unpaid caregivers are women.[41] Many are in the sandwich generation -- simultaneously bringing up their own children and caring for their aging parents.[42] These multigenerational caregivers must expend more of their time and income on caregiving, while forgoing their own financial stability and overall well-being.[43] Domestic workers enable millions to participate in the workforce, knowing their homes and families are in good hands. That is why we call care jobs job-enabling jobs. However, when family caregivers cannot access care, their labor force participation may stall.[44]

That domestic workers are integral to the rest of the workforce became clear when, as a result of the pandemic, women's overall participation in the workforce dropped to 57% -- the lowest level since 1988.[45] Women have suffered more COVID-19 related job loss in large part to having to shoulder the majority of caregiving and household responsibilities -- sharply exacerbated by school and childcare center closings. Some women had to make the choice to leave the workforce when it became impossible to juggle their work schedules, while also taking care of their children, their aging parents or other loved ones that needed care. The impact of prolonged shutdowns exposed the lack of foundation or infrastructure to support our ability to care for our families.

Policy Solutions to Close the Wage Gap Among Women and Women of Color

Congress can play a direct role in breaking through the gender and racial wage gaps by enacting a holistic set of policies to bolster both the wages and economic power of the woman-led domestic workforce. In turn, it will make care more accessible and reliable, enable other women workers to return to and stay in the workforce, and fuel the economic recovery.[46]

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[40] NAC and AARP, Caregiving in the U.S. p. 4 (2020), available at https://www.aarp.org/content/dam/aarp/ppi/2020/05/full-report-caregiving-in-the-united-states.doi.10.26419-2Fppi.00103.001.pdf?intcmp=AE-CAR-BAS-IL

[41] Id. at p. 10.

[42] CNBC, Rising costs, less in savings: How the pandemic is slamming the 'sandwich generation (Dec. 15, 2020) available at https://www.cnbc.com/2020/11/27/how-the-pandemic-is-slamming-the-sandwich-generation.html

[43] Jessica Grose, The New York Times, 'It's Pretty Brutal': The Sandwich Generation Pays a Price (Feb. 18, 2020) available at https://www.nytimes.com/2020/02/11/parenting/sandwich-generation-costs.html

[44] Leila Schochet, Center for American Progress, The Child Care Crisis Is Keeping Women Out of the Workforce (March 28, 2019) available at https://www.americanprogress.org/issues/early-childhood/reports/2019/03/28/467488/child-care-crisis-keeping-women-workforce/

[45] National Women's Law Center, The Pandemic, The Economy, & The Value of Women's Work p. 3 (March 2021) available at https://nwlc.org/wp-content/uploads/2021/03/Final_NWLC_Press_CovidStats.pdf

[46] S&P Global,The Key to Unlocking U.S. GDP Growth? Women (2018) available at https://www.spglobal.com/_Media/Documents/03651.00_Women_at_Work_Doc.8.5x11-R4.pdf

First, Congress must support President Biden's critical investment of $400 billion in Medicaid's home and community-based services (HCBS) in the American Jobs Plan.[47] This meaningful investment would make it possible to both expand services to people with disabilities and older Americans and pay home care workers family-sustaining wages. Congress can also enact the National Domestic Workers Bill of Rights,[48] being led by Congresswoman Pramila Jayapal and Senator Kirsten Gillibrand. The National Domestic Workers Bill of Rights strikes the remaining FLSA exclusion for live-in domestic workers and establishes other baseline standards such as earned sick days, privacy protections, meal and rest breaks, safety and health measures, and fair scheduling provisions[49] to protect domestic workers from substandard working conditions.

Congress should also consider a pathway to citizenship for immigrant domestic workers and other essential workers through the Citizenship for Essential Workers Act (H.R. 1909/S.747) and the SECURE Act (S. 2144). Adding to the existing power imbalance, immigrant workers are more vulnerable to workplace violations and mistreatment, including wage theft, physical and verbal abuse and labor trafficking. However immigrant workers are even less likely to report labor abuses.[50] Getting these workers on a stable pathway to citizenship would better ensure their rights are respected, that they can negotiate for fair wages and working conditions, and can speak up against mistreatment on the job -- without fearing retaliation because of their immigration status.

Conclusion

Congress has a profound moment of opportunity to rebuild and reset our economy to be more inclusive and equitable. Work that is associated with women has traditionally been less valued. Care jobs are the quintessential example of this. The pandemic has only revealed and deepened inequity for women who were already struggling. By supporting efforts to raise wages and improve the quality of low-wage jobs -- beginning with the jobs like care jobs, historically associated with women and women of color -- we can promote equity from the bottom up, ensuring that all working women are valued, and paid well enough to support their families. We can break the patterns of gender inequality that appear in our economy, among care workers like domestic workers and the other women workers in the economy that they support every day. Thank you.

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[47] The White House, FACT SHEET: The American Jobs Plan (March 2021) available at https://www.whitehouse.gov/briefing-room/statements-releases/2021/03/31/fact-sheet-the-american-jobs-plan/

[48] Domestic Workers Bill of Rights, H.R. 3670/S. 2112 (2019) https://www.congress.gov/bill/116th-congress/house-bill/3760/text

[49] Id.

[50] Paul Harris, The Guardian, Undocumented workers' grim reality: speak out on abuse and risk deportation (March 28, 2013) available at https://www.theguardian.com/world/2013/mar/28/undocumented-migrants-worker-abuse-deportation

Statement before the Joint Economic Committee

Hearing on "The Gender Wage Gap: Breaking Through Stalled Progress"

Misdiagnosis Leads to Ineffective Policy

Romina Boccia

Managing Director, Stonebrick LLC & Fmr. Director of the Grover M. Hermann Center for the Federal Budget, The Heritage Foundation.

June 9, 2021

Chairman Beyer, Ranking Member Lee, and distinguished members of the Joint Economic Committee, good afternoon.

Thank you for inviting me to discuss the gender wage gap.

My name is Romina Boccia and the views I express in this testimony are my own and should not be construed as representing any official position of my employer, current or former.

I am a first-generation immigrant and naturalized American citizen. I believe in the American Dream—that ours is a country that provides opportunity for all to make something of themselves with hard work, a little bit of help, and some luck.

I was raised by a single mom with a physical disability and mental health problems. We were on welfare for most of my childhood years. I started working when I was only 11 years old and have been working ever since.

As a woman who is the sole breadwinner in her family, I personally know how important it is for women to be treated equally in the workplace. We can not afford to be discriminated against on the basis of sex or any other factor that is not directly related to our performance. It would also be unfair and bad for business.

And I also know that neither men nor women necessarily earn what they are worth, automatically. We earn what we negotiate. Both market factors outside of our control (such as a recession) and factors at least partially within our control (such as skill level) affect our negotiation power. On both the employer and employee side it matters greatly what alternatives we have available.

I have studied the gender wage gap question for more than a decade. It is one of the most misleading policy issues today.

The average person assumes that policymakers who refer to the gender wage gap as evidence for discrimination must be comparing apples and apples: men and women working under the same conditions, in the same jobs, putting in the same hours etc. But that is not the case.

The gender wage gap compares apples and oranges. When you divide the median wage of all full-time working women by the median wage of all full-time working men—without adjusting for any of the important factors that explain obvious differences in earnings—you inevitably arrive at a highly misleading statistic.

Earnings are primarily a function of productivity. Only after accounting for all measurable, explanatory factors can we reasonably discern whether the gender wage gap is a useful signal alerting us to an actual problem, like discrimination based on sex, or largely a function of men and women making different choices. Relevant factors include:

- **Hours worked.** Women work, on average, 10% fewer hours than men. This holds true even in highly regulated work environments that leave little room for wage discrimination. For example, a study examining the earnings of male and female bus and train operators for the Massachusetts Bay Transportation Authority identified that women earned 89% of what men earned, concluding that "while having the same choice sets in the workplace, women and men make different choices."[1] Women in this study chose to work only half as many overtime hours as men and took an average of 17.5 days of unpaid leave compared with 10 days of leave for men. If women worked more hours and days, on average, than men, they would earn more than men (at least in this specific setting).
- **Education and what economists refer to as human capital**. More-educated and highly skilled workers generally produce more and earn more. Young women are now earning more university degrees (from bachelors to doctoral degrees) than men and we observe a gender wage gap in reverse in major metropolitan areas—among childless, college-educated women.[2] That changes once women have children and begin to reduce their hours or take more time off from work for caregiving.
- **Experience and overall tenure.** Employees become more productive as they gain more experience. Women are more likely to interrupt their careers for caregiving, primarily for children, but also for elder care. Biology, culture and gender socialization play a great role in who takes on caregiving responsibilities in a family. While some countries have taken aggressive measures in an attempt to equalize parental leave policies, public policy is a blunt tool to address this primary choice gap.
- **Benefits**. Cash wages make up roughly two-thirds of workers' total compensation. Non-cash benefits, such as health coverage and paid leave, make up the rest. Employers consider the total compensation they provide their employees but the gender wage gap does not account for benefit differentials. Women are more likely than men to

[1] Valentin Bolotnyy and Natalia Emanuel, "Why Do Women Earn Less Than Men? Evidence from Bus and Train Operators," November 28th, 2018, https://scholar.harvard.edu/files/bolotnyy/files/be_gendergap.pdf.
[2] Belinda Luscombe, "Workplace Salaries: At Last, Women on Top," September 01, 2010, http://content.time.com/time/business/article/0,8599,2015274,00.html.

work in industries that provide more of their compensation as benefits, including in government, education, and nonprofit organizations.

We should first diagnose the problem accurately to determine whether public policy is the right tool to address it, or whether there is a problem to address at all. In everything we do, we must also consider the unintended consequences, not merely the intended outcome.

There is little, if any, evidence of widespread discrimination in wages and employment based on gender in the U.S. In those rare cases where employers do discriminate based on gender, the Equal Pay Act of 1963 and the Civil Rights Act provide legal protections for individuals who are discriminated against based on several protected factors.

Some argue that the Equal Pay Act needs additional teeth by amending it with provisions in the proposed Paycheck Fairness Act. The details of the Paycheck Fairness Act suggest, however, that it was written for the benefit of trial lawyers and those who seek government control over employer compensation decisions, not for the primary benefit of women.

Beyond asking employers to prove that wage and employment differentials are due to "factors other than sex," under the new act employers would need to prove that differentials are a "business necessity" for which there is no alternative employment practice. It would be up to the courts to define what constitutes such a business necessity. Lawyers would have their hay day while women—especially working mothers who value flexibility or reduced hours—would likely find it harder to find employment and face reduced promotion prospects.

The act would also lift the cap on compensatory and punitive damages, thereby greatly increasing employers' potential liability. Employers' higher insurance costs to ward off this greater legal liability would most likely be paid for by reducing employee wages and by hiring fewer workers. That would hurt employees across the board, but benefit lawyers', creating potential "jackpot justice" pools. We should stick to gambling at the casino, not with peoples' livelihoods in the workplace.

Another risk is that the Paycheck Fairness Act would move the U.S. economy closer to a "comparative worth" pay regime with governments playing a more active role in determining "fair" pay structures. Politically-driven wage levels and more rigid pay structures would likely reduce performance and productivity, as well as limiting employers' ability to accommodate workplace flexibility (such as reduced hours, flexible hours, reduced travel etc).

Reporting requirements proposed in the Paycheck Fairness Act (as well as in executive orders) regarding pay by gender, and subsequent Labor Department pay guidelines seem innocuous enough on the surface. And yet, they would likely motivate employers to adopt more rigid pay structures and, thus, less-flexible work arrangements, taking away a highly valuable benefit from women.

Employers may also avoid performance-based pay, such as bonuses that encourage and reward excellence, to protect themselves against legal claims. Such a one-size fits all approach promises to reduce productivity and limit employee's choices. Importantly, it fails to recognize and reward individual contributions, negatively affecting motivation and employee wellbeing.

Denmark implemented a pay transparency law, called the 2006 Act on Gender-Specific Pay Statistics, that required firms with more than 35 employees to report pay by gender (among other factors). A subsequent study identified that although there was a slight reduction in the gender pay gap, it came at the cost of 2.8 percent decline in total pay as productivity declined. When both men and women end up earning less in order to correct some perceived, though not necessarily actual injustice, everyone is made worse off.[3]

Other policies proposed to assist women, such as mandatory paid leave, also do more harm than good. Such policies are often proposed with the stated intent of helping women who act as caretakers for children or elderly parents to meet those responsibilities without losing valuable pay. Such mandates come at a high cost. A Cornell study from 2015 identified that women hired after the 1993 Family Medical Leave Act (which mandated leave without pay) were 8 percent less likely to get promoted. This could happen if women ended up taking more leave than before the act or because employers expected them to.[4] Moreover, countries with more generous family leave policies end up creating higher gender wage gaps.[5]

One policy change that carries great promise is the Working Families Flexibility Act introduced by Senator Lee (R-UT). It would enable millions of lower-wage workers to accumulate paid family leave by eliminating a current regulation that prohibits employees who work in the private sector from choosing between pay and paid time off for any overtime hours worked. Importantly, it imposes no new mandates. Rather, it expands choices.

Under current law, workers who are paid hourly (generally those earning the equivalent of $35,568 per year for a full-year worker) must receive overtime pay at a rate of time-and-a-half if they work more than 40 hours in any week. Giving these workers the option exchange some overtime hours for paid time off would increase access to paid leave where it's most needed.

Opponents claim that employers would take advantage of workers and force them to take paid time off instead of paying them for overtime hours. The bill explicitly prohibits this and requires that workers be able to cash out their accrued comp time at any time during the year.

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[3] Morton Bennedson, et al. "Do Firms Respond to Gender Pay Gap Transparency?" November 05, 2018, https://wpcarey.asu.edu/sites/default/files/daniel_wolfenzon_seminar_november_9_2018.pdf.

[4] Mallika Thomas, "The Impact of Mandated Maternity Benefits on the Gender Differential in Promotions: Examining the Role of Adverse Selection," unpublished manuscript, University of Chicago, January 22 2015, https://ecommons.cornell.edu/handle/1813/73171.

[5] Gretchen Livingston, "The link between parental leave and the gender wage gap," December 20, 2013, https://www.pewresearch.org/fact-tank/2013/12/20/the-link-between-parental-leave-and-the-gender-pay-gap/.

As policymakers seek to "break through stalled progress" as indicated in today's hearing title, they should first seek to more deeply understand how wages are determined and not take the raw gender wage gap as evidence of a problem. To the extent that free men and women make very different choices—whether due to biology, culture, or gender socialization—the outcome of those choices should not be misunderstood as somehow unfair or unjust. Government mandates or increasing liability for employers are most likely to backfire, hurting the very same people those policies are supposedly intended to help.

Everyone, regardless of gender, should be able to earn their worth (based on the value they add), and not be subject to unfair discrimination. The best thing policymakers can do is to expand choices and create the regulatory conditions that allow the economy to thrive, creating more opportunities for workers which expands the number and quality of jobs available to them and as such increases their negotiating power.

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