



**Testimony by Teena Halbig, Public Policy Chair of the
American Association of University Women of Kentucky and AAUW Louisville Branch**

to the

**Louisville Metro Government
Labor, Economic Development and Contracts Committee**

in support of

**AN ORDINANCE Prohibiting THE LOUISVILLE/JEFFERSON COUNTY METRO
GOVERNMENT FROM requesting salary history FROM JOB APPLICANTS**

March 27, 2018

The American Association of University Women of Kentucky (AAUW-KY) strongly supports this effort to tackle the persistent gender and racial pay gap through the prohibition on using salary history in hiring.

Founded in 1881, AAUW has approximately 170,000 members and 1,000 branches nationwide, as well as more than 900 college and university partners across the country. In Kentucky, we have over 1,300 members and supporters. AAUW has long fought to end gender pay discrimination, having released our first report on pay equity in 1913. As early as 1922, AAUW was calling for a gender-fair reclassification of the U.S. Civil Service and a repeal of gender-based salary restrictions in the U.S. Department of Labor's Women's Bureau. In 1955, AAUW supported a bipartisan bill introduced by AAUW member Reps. Edith Green (D-OR) and Edith Rogers (R-MA) requiring "equal pay for work of comparable value requiring comparable skills." Congress eventually enacted the Equal Pay Act,¹ a version of the 1955 bill, in 1963.

Today, AAUW continues its mission to end pay inequality through programming, advocacy, education and research. AAUW's bi-annual report, *The Simple Truth about the Gender Pay Gap* is a seminal work on the gender pay gap. Our Work Smart and Start Smart programs empower women with the skills and confidence to successfully negotiate their salary and benefits packages. Our advocacy work spans local, state, and federal efforts, and we lead the nationwide coalition dedicated to passing the Paycheck Fairness Act, a much needed and long overdue update to that 1963 law. While passage of this critical legislation has been mired in the heightened partisanship of Capitol Hill, AAUW strongly urges that other strategies be pursued that can help to close the gender pay gap. Equal pay legislation at the state and local levels is one such strategy.

With this background and expertise in mind, AAUW-KY offers its strong support for this ordinance to help close the gender pay gap.

The Persistent Gender Pay Gap, by the Numbers

AAUW-KY's strong support for this ordinance is buttressed by the clear and convincing data that the gender pay gap is not a myth, but rather a pernicious problem that undermines the economic security of American families. To that point, I am pleased to share findings from AAUW's research reports, *The Simple Truth about the Gender Pay Gap* and *Graduating to a Pay Gap: The Earnings of Women and Men One Year after College Graduation*. Our reports provide reliable evidence that sex discrimination in the workplace continues to be a problem for women, who, on average, when working full-time earn

just 80 cents for every dollar a full-time male worker earns. It's math, not myth, and our reports demonstrate just how much this pay gap impacts women, families, businesses and the economy.

As it currently stands, women who work full-time typically earn about 80 cents for every dollar a full-time male worker earns.² In Kentucky, that number is also 80 percent. Over a lifetime of work (47 years), the total estimated loss of earnings of women compared to men is \$700,000 for a high school graduate, \$1.2 million for a college graduate and \$2 million for a professional school graduate.³

Critics charge that pay differences between men and women are simply a matter of personal choices. However, our analysis found that just one year after college graduation, women were paid 82 percent of what their similarly educated and experienced male counterparts were paid.⁴ Ten years after graduation, the pay gap widened, and women were paid only 69 percent of what men were paid – despite the fact that women were more likely to obtain an advanced degree.⁵ In part, these pay gaps do reflect men's and women's choices, especially the choice of college major and the type of job pursued after graduation. Yet not all of the gap can be “explained away.” After accounting for a litany of factors—college major, occupation, economic sector, hours worked, months unemployed since graduation, GPA, type of undergraduate institution, institution selectivity, age, geographical region, and marital status—there is still a seven percent, unexplained difference in the earnings of male and female college graduates one year after graduation.⁶ While detractors like to say that seven percent doesn't seem like such a large difference, I would challenge them to relinquish seven percent of their paycheck for no good reason. I'd further challenge them to forgo the compounding raises, bonuses, and retirement benefits that are often based on salaries. Suddenly, seven percent doesn't seem so inconsequential.

It's important to remember that the pervasive pay gap does not affect all women equally. Most women of color, older women, moms, and women who have achieved higher levels of education experience an even larger pay gap. Compared with salary information for white male workers, Asian American women's salaries show the smallest gender pay gap, at 87 percent of white men's earnings. Meanwhile, compared to white men's wages, African American women are paid 63 percent, Native Hawaiian and Other Pacific Islander women are paid 59 percent, and American Indian and Alaska Native women are paid 57 percent. Hispanic and Latina women experience the largest pay gap, taking home just 54 percent of what white men were paid in 2014. In the same year, for full-time workers ages 20–24, women were paid 96 percent of what men were paid on a weekly basis. But among workers 55–64 years old, women were paid only 74 percent of what their male peers were paid. As a rule, earnings grow as years of education increase for both men and women. However, at every level of academic achievement, women's median earnings are less than men's median earnings, and in some cases, the gender pay gap is larger at higher levels of education.⁷ While a college degree greatly improves a women's earning capacity, it does not improve her earnings on the same scale as her male counterparts.

It is increasingly clear that the gender pay gap follows women throughout their lives, and in insidious ways—women who complete college degrees are less able to pay off their student loans promptly, leaving them paying more and for a longer time than men. In 2012, among students who graduated in 2007–08, women working full time had paid off 33 percent of their student loan debt on average, while men working full time had paid off 44 percent of their debt. African American and Hispanic women working full time earn considerably less than their male counterparts, and they struggle to pay off student loans promptly; four years after graduation, they had paid off less than 10 percent of their debt—much less than other women and men.⁸

Paying women equally would not just unburden them from debt more quickly; it could significantly impact the state of poverty in the U.S. A recent analysis found that the poverty rate for working women

would be cut by more than half, from 8.2 percent to 4 percent, if women received equal pay to men of the same age, with the level of education, who work the same number of hours, and have the same urban/rural status.⁹

Equal pay is not simply a women's issue—it's a family issue. Between 1967 and 2012, the percentage of mothers who brought home at least a quarter of the family's earnings rose from less than a third (28 percent) to nearly two-thirds (63 percent).¹⁰ Families increasingly rely on women's wages to make ends meet. A majority of mothers are in the paid labor force,¹¹ and a growing number of them are responsible for supporting their families. For the 40 percent of mothers with children under the age of 18 who are their families' sole or primary breadwinner,¹² the gender pay gap can contribute to poor living conditions, poor nutrition, and fewer opportunities for their children. Despite the discriminatory wages women take home, there's no women's discount on rent, electricity or any of life's other necessities.

Women who take time away from the workforce to care for children—23 percent of mothers, as compared to only 1 percent of fathers, measured 10 years after graduation—often encounter a “motherhood penalty” that extends beyond the actual time out of the workforce. Research has documented that employers are less likely to hire mothers compared with childless women, and when employers do make an offer to a mother, they offer her a lower salary than they do other women.¹³ Fathers, in contrast, do not suffer a penalty compared with other men. Many fathers actually receive a wage premium after having a child.¹⁴

All of these statistics have real world consequences for women, families, businesses and the economy. Unequal pay early in women's careers compounds throughout a lifetime, hindering women as they try to pay off their student loans, contribute to and raise their families, and thrive in retirement. Unequal pay also leads to workplace dissatisfaction, low morale, and higher turnover. But compensating women equally can remedy many of these problems. Paying women the salary they have rightfully earned is not only the fair thing to do; it puts more money into workers' pockets. That additional income can then be infused into the economy, while also alleviating some of the burden on government programs to support those who are struggling to make ends meet. Equal pay is good for women, good for families, and good for the nation.

Other State Efforts to Close the Gender Pay Gap

Research and statistics clearly show the existence of the gender pay gap. Over 50 years ago, Congress passed the Equal Pay Act to remedy the issue. Yet the gap remains. If progress continues at the current rate, we will not achieve pay parity for men and women until 2059.¹⁵ Because Congress is not acting, states and localities are moving forward. In 2015, seven states passed equal pay bills, in 2016, six states approved legislation concerning pay equity, and in 2017 five additional states and Puerto Rico enacted legislation to close the gender pay gap.¹⁶ These bills advanced in red, blue and purple states – California, Colorado, Connecticut, Delaware, Illinois, Maryland, Massachusetts, Oregon, Nebraska, Nevada, New York, North Dakota, and Utah. Legislators approved many different methods to close the gender pay gap, but prohibiting employers from relying on prior salary to set future wages is an increasingly popular approach. This ordinance is among good company and follows the trend of states and localities offering increased protections to their workers.

Currently four states – California, Delaware, Massachusetts, and Oregon – and Puerto Rico have passed legislation banning employers from relying on prior salary to set future wages.¹⁷ Additionally, the governors of New Jersey and New York signed executive orders prohibiting the practice for state employees. Many cities have also taken action, with New York City, Philadelphia, Pittsburgh, San Francisco, and Salt Lake City enacting ordinances and the mayor of New Orleans issuing an executive

order for city agencies on the subject.¹⁸ Many additional states have already introduced similar bills in the 2018 legislative sessions.

Arguments for Prohibiting Prior Salary

This ordinance would protect job seekers from having to disclose their salary history in order to be considered for a job offer. Eliminating the reliance on salary history in setting future wages would go a long way toward closing the pay gap. By banning the use of this practice, all workers will have the opportunity to take home a fairer paycheck based on the work they are doing today rather than jobs they have held in the past.

Since we know pay discrimination starts early in women's careers, relying on prior salary as a marker for future pay only compounds the problem, hurting women and people of color. Relying on salary history to set future salary assumes that prior salaries were fairly established in the first place. But if a worker faced a pay gap, and thus lost wages, at one job – perhaps because of bias or even outright discrimination – basing her next job's salary on the one prior only continues that pay gap. Salary history questions can, in fact, introduce bias and discrimination into the recruitment process of a company earnestly trying to avoid it.

In addition to exacerbating previous discrimination, reliance on salary history also harms individuals who have taken time away from the workforce. The federal government's Office of Personnel Management recently issued guidance corroborating this argument by stating, "Reliance on existing salary to set pay could potentially adversely affect a candidate who is returning to the workplace after having taken extended time off from his or her career or for whom an existing rate of pay is not reflective of the candidate's current qualifications or existing labor market conditions."¹⁹

Moreover, prior pay has very little to do with a worker's ability to perform in a new position. An employee should be compensated based on what her skills – and the job in question – are worth to the new employer, rather than based on a different job she did in the past or her ability to negotiate. Traditionally, it has been socially expected (and therefore accepted) for men to negotiate for raises because negotiating conforms with the stereotype of men as assertive. But negotiation is especially tricky for women because some behaviors that work for men, like self-promotion and assertiveness, may backfire on women. Our Work Smart salary negotiation workshops have long taught participants to avoid sharing their salary history until after an offer is made. Deflecting those questions mitigates the downstream effects of the gender pay gap; this ordinance would give women another powerful tool to combat this problem.²⁰

Many employers are also seeing the value of basing wages on factors other than prior pay. When hiring managers are forced to look at what the market is paying for a position, as well as the necessary skills and experience for a job, rather than an applicant's current salary and the budget, the process is more likely to yield high-quality candidates. Employers can implement a broad and thorough hiring process that does not rely on unhelpful shortcuts.²¹

Conclusion

With a record number of women in the workforce and nearly two-thirds of women functioning as primary or co-bread winners for their families, equal pay for women is critical to families' economic security. Despite critics' insistence that the pay gap is a myth, we know the truth: it's math. It's time to pay women equally. America is a nation founded on the ideal that all of us are created equal—that ought to hold true at home and at work. Paying people fairly for the work they do shouldn't be dependent on their gender, race or ethnicity.

To eliminate the gender pay gap, we need to base salaries on relevant factors, such as job requirements and the skills and experience of the applicant. Past wages have nothing to do with future performance. Relying on salary history can drag along past discrimination and exacerbate the problem. Curtailing this practice will go a long way in our fight for pay equity. AAUW-KY thanks the Committee for the opportunity to testify. We strongly support the proposed ordinance and urge its expeditious passage.

¹ Public Law No. 88-38.

² American Association of University Women (2017). *The Simple Truth about the Gender Pay Gap*. Washington, DC: AAUW. <http://www.aauw.org/resource/the-simple-truth-about-the-gender-pay-gap/>.

³ National Committee on Pay Equity. (2014). *The Wage Gap Over Time: In Real Dollars, Women See a Continuing Gap*. www.pay-equity.org/info-time.html.

⁴ Corbett, Christianne, and Catherine Hill. (2012). *Graduating to a Pay Gap: The Earnings of Women and Men One Year after College Graduation*. Washington, DC: AAUW. <http://www.aauw.org/resource/graduating-to-a-pay-gap/>.

⁵ Hegewisch, Ariane, and Heidi Hartmann. (2014). *Occupational Segregation and the Gender Wage Gap: A Job Half Done*. Washington, DC: Institute for Women's Policy Research. <http://www.iwpr.org/publications/pubs/occupational-segregation-and-the-gender-wage-gap-a-job-half-done>.

⁶ AAUW, *Behind the Pay Gap*.

⁷ AAUW, *The Simple Truth*.

⁸ *Ibid*.

⁹ Institute for Women's Policy Research (2016). *The Economic Impact of Equal Pay by State*. Washington, DC: IWPR. <http://www.iwpr.org/publications/pubs/the-economic-impact-of-equal-pay-by-state>.

¹⁰ Glynn, Sarah J. (2014). *Breadwinning Mothers, Then and Now*. Washington, DC: Center for American Progress. <https://cdn.americanprogress.org/wp-content/uploads/2014/06/Glynn-Breadwinners-report-FINAL.pdf>.

¹¹ Current Population Survey, reported in U.S. Department of Labor, U.S. Bureau of Labor Statistics. (2015). *Employment Characteristics of Families 2014*. USDL-15-0689. www.bls.gov/news.release/pdf/famee.pdf.

¹² Wang, Wendy, Kim Parker, and Paul Taylor. (2013). *Breadwinner Moms*. Pew Research Center. www.pewsocialtrends.org/2013/05/29/breadwinner-moms.

¹³ Correll, Shelley J., and Stephen Benard. (2007). Getting a job: Is there a motherhood penalty? *American Journal of Sociology* 112 (5): 1297–1338; Kricheli-Katz, Tamar. (2012). Choice, discrimination, and the motherhood penalty. *Law and Society Review* 46 (3): 557–87.

¹⁴ Glauber, Rebecca. (2008). Race and gender in families and at work: The fatherhood wage. *Gender and Society* 22 (1): 8–30; Killewald, Alexandra. (2012). A reconsideration of the fatherhood premium: Marriage, coresidence, biology, and fathers' wages. *American Sociological Review* 78 (1): 96–1.

¹⁵ Institute for Women's Policy Research. *Pay Equity & Discrimination*. Washington, DC: IWPR. <http://www.iwpr.org/initiatives/pay-equity-and-discrimination>.

¹⁶ American Association of University Women (2017). *States Notch Multiple Equal Pay Victories in 2017*. Washington, DC: AAUW. <https://www.aauw.org/2017/10/13/state-equal-pay-victories-in-2017/>; American Association of University Women (2016). *Where Equal Pay Flourished (and Failed) in 2016*. Washington, DC: AAUW.

<http://www.aauw.org/2016/10/27/where-equal-pay-flourished-and-failed-in-2016/>; American Association of University Women (2015). *2015 State Equal Pay Legislation by the Numbers*. Washington, DC: AAUW. <http://www.aauw.org/2015/08/20/equal-pay-by-state/>.

¹⁷ American Association of University Women (2017). *AAUW Policy Guide to Equal Pay in the States*. Washington, DC: AAUW. <https://www.aauw.org/resource/state-equal-pay-laws/>. https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201520160AB1676.

¹⁸ American Association of University Women (2017). *States Notch Multiple Equal Pay Victories in 2017*. Washington, DC: AAUW. <https://www.aauw.org/2017/10/13/state-equal-pay-victories-in-2017/>.

¹⁹ Office of Personnel Management (2015). *Additional Guidance on Advancing Pay Equality in the Federal Government*. Washington, DC. <https://www.chcoc.gov/content/additional-guidance-advancing-pay-equality-federal-government>.

²⁰ AAUW, *The Simple Truth*.

²¹ Society for Human Resource Management (2016). *Banning Salary History Questions: A Game Changer?* <https://www.shrm.org/resourcesandtools/hr-topics/compensation/pages/banning-salary-history.aspx>.