POLICY Rx: Gender Wage Gap

2018

The Issue

As long as women have been established members of the workforce, there has been a gap in earnings between male and female workers. There are many causal factors that contribute to the "gender wage gap," most of which have to do with longstanding, system-wide biases against women. Our society has partially addressed some of the issues that contribute to the gender wage gap, which helped reduce the wage gap from the 1970s to the 1990s. Unfortunately, the gap has remained relatively constant since 2001. In 2017, women earned approximately 82% of what their male counterparts earned. To put this disparity into perspective, women on average must work an extra 47 days to compensate for what their male counterparts earn in a year.

Wisconsin is not exempt from the national wage gap reality, as Wisconsin women earn approximately 78.9% compared to their male counterparts, and often earn less for doing the same work. This is true of jobs requiring any level of education or experience, and the gap actually increases as education level increases. Highly educated women make about 26% less than their equally educated male counterparts.

The gender wage gap is not just a statistical phenomenon; it is also a social reality about which many women are painfully aware in their own lives. In focus groups conducted by the Wisconsin Alliance for Women's Health in conjunction with 9to5 Wisconsin, a panel of fourteen low- to moderate-income women from the greater Milwaukee area gave high priority to the issue of equal pay during their discussion of challenges they face in daily life. When asked what could be done to make life easier, the women cited that equal and fair pay for women and people of color would greatly improve their lives. A 2018 study confirmed that while 78% of polled employees believed that equal treatment in the workplace was one of the most important priorities in the workplace, 56% of female workers felt their employers could do more to promote gender equality and diversity.

Why is Eliminating the Gender Wage Gap Important to Women

- The gender wage gap affects all women, though the level of disparity varies depending on other factors such as age, education level, or race. Younger women (20-24 years old) are closer to parity, as they earn 95.6% of what their male counterparts earn.

- The gender wage gap is closely intertwined with racial discrimination. Compared to white men, women of any race make significantly less, with Latina and African American women respectively making 52% and 63% of what white men make. Decreasing the gender wage gap is also extremely important for families where women are the sole breadwinner, which also disproportionately affects women of color.

- More than ever, women are responsible for the financial wellbeing of their families. Whether they are the main breadwinner of their house, co-breadwinner, or financially supporting relatives such as parents or grandparents, working women play a vital role in the financial stability of their families. As many as 63% of women with children are either the sole provider (41%) or co-provider (22%) in their house, shattering the norm that most families rely solely on men for financial stability. Ending the gender wage gap will increase household income. If women's pay was made equal to their male counterparts, this could increase the average household income by $10,086 per year. Neglecting to pay women what they deserve harms not only women, but also the family members who depend on them.

- Eliminating the wage gap will incentivize women to work towards career advancement. A 2013 study of workers in Australia's healthcare sector found that the gender pay gap actually deterred women from working more hours, which made these women less likely to receive promotions or pay raises.

What Wisconsin Can Do

Addressing this systemically ingrained wage bias against women requires a multifaceted policy approach. Luckily enough for policy makers, it is also a problem that can be improved by addressing many of the other issues brought forward in this policy prescription manual, such as by increasing the state's Earned Income Tax Credit and raising Wisconsin's minimum wage. Other policy solutions to reduce the wage gap include:

- **Reinstate Wisconsin's Equal Pay Law** that was repealed during the 2011-2013 legislative session. Equal pay protections will give women and other groups the legal right to pursue justice in the state court system if they have been victims of employment-based discrimination. The repealed law provided victims of employment discrimination with compensation for lost wages, reinstatement of the employee, and punitive damages against an employer that willfully engages in discriminatory employment practices. Equal pay legislation was proposed in 2017 that unfortunately did not pass into law.

- **Protect employees from the requirement of providing salary history and promote pay transparency in the workplace.** Because of the gender wage gap, women often have lower career pay histories than their male counterparts. In addition to the wages already lost to this disparity, this pay history disparity also adversely affects women when they start a job with a new employer, who often base a new employee's salary on the employee's pay history. The Equal Pay Transparency Act, would address this issue by prohibiting employers from requiring prospective employees to disclose their previous salary history. The bill would also ensure that employees would be able to engage in transparent conversations about their wages with their coworkers. As suggested by the Department of Labor, systemic change that makes discussion of wages easier could lead to better outcomes for employees who experience discrimination.

- **Restore Collective Bargaining Rights and Strengthen Unions**. The gender wage gap for union workers is 56 percent lower than for non-union workers. Union representation also helps reduce the even larger wage gap experienced by women of color.

- **Require the state to collect data on private sector salaries.** This data should be analyzed and broken down by different factors which include historically marginalized groups, such as women and people of color. In this way, the state can directly monitor whether companies are effectively complying with pay equity laws to narrow the gender wage gap.

- **Require companies to self-analyze or audit their wages with a discrimination lens**. Many companies, including those receiving government funding or contracts, are not being held accountable to the standards laid out in the Federal Equal Pay Act. With weak state laws and enforcement mechanisms, some of these companies might not even be aware that they are participating in practices that lead to wage discrimination. Bringing discrimination to the forefront is the first step in improving wage discrepancies within a company and throughout Wisconsin.

How Can I Help Eliminate the Wage Gap in Wisconsin?

- Contact your state legislators to encourage them to support reinstating Wisconsin's equal pay protections or support any of the other public policies listed above that would help reduce the wage gap in Wisconsin.

- If you are a woman facing discriminatory behavior in your workplace, learn how to confront the issue and speak with your employer. Arm yourself with the facts about what you're making, what you should be making, and your rights as an employee. If you would like further education on discussing equal pay with your employer, attend a seminar or workshop in your area on wage discrimination discussions.

Resources:
- National Women's Law Center: Moving Women & Families Forward, See Page 13
- Economic Policy Institute: Closing the Pay Gap and Beyond
- American Association of University Women: The Simple Truth about the Gender Pay Gap
- Center for American Progress: Next Steps for Progress on Equal Pay
- National Partnership: America's Women and the Wage Gap