



Why Aren't We There Yet?

An Equal Pay Day 2009 Primer on the Wage Gap

This is an exciting year for those of us who believe women and men deserve equal pay for equal work, and we have a lot to celebrate this Equal Pay Day. President Barack Obama signed the Lilly Ledbetter Fair Pay Act into law on January 29 and established a White House Council on Women and Girls in March. But women in the United States still earn only 78 cents for every dollar a man earns, and African-American and Hispanic women earn even less.

Women are on the verge of outnumbering men in the workforce and are now the primary breadwinners in more families than ever before. Yet women and their families are suffering. More than 45 years after the passage of the Equal Pay Act, fair pay is more crucial than ever.

The Lilly Ledbetter Fair Pay Act ensures that workers can seek restitution for unequal pay, but the Paycheck Fairness Act, which still needs Senate approval, would take a number of proactive steps to close and eventually end the pay gap altogether.

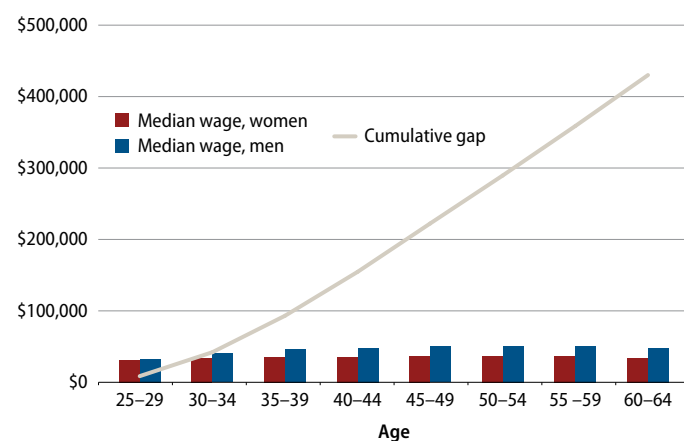
Facts about equal pay

Why April 28? The typical woman worker had to toil all of 2008 and through April 28, 2009 to earn the equivalent of her male counterpart's earnings in 2008 alone.

Women experience a lifetime of losses. Women who work year-round earn less than men in comparable jobs and at all educational levels. The wage gap increases over a woman's lifetime and adds up to \$434,000 over a 40-year career for the typical woman. A woman with a bachelor's degree or higher can lose more than \$713,000.¹

The career gender pay gap

Full-time, year-round female workers typically earn less than men at every age, and the wage gap increases at older ages.



Women are left behind on benefits, too. Women also earn less from benefits that are tied to salary. The size of raises and the percentage of retirement savings matched by their employer will be smaller due to a lower base wage.²

Forty percent of the wage gap remains unexplained. Women's choice of majors, occupation, and their work as primary caretakers only account for 60 percent of the wage gap.³

Unfair pay is not simply the result of women choosing the wrong college major or career. Women attend similar kinds of colleges as men, outperform men academically, and are more likely to earn a professional license or certificate. Yet women earn less than men even within majors. These wage gaps start upon entering the workforce; just one year after college, female graduates working full time earn only about 80 percent as much as male graduates earn. Ten years after graduation, women fall farther behind, earning only 69 percent as much as men earn. And college educated women still earn less than their male peers when controlling for hours, occupation, parenthood, and other factors normally associated with pay.⁴

What is the Lilly Ledbetter Fair Pay Act?

The Ledbetter Fair Pay Act affirmed that a violation of antidiscrimination laws occurs each time a worker receives a discriminatory paycheck, not just the first time. The law corrects the 5-4 Supreme Court decision *Ledbetter v. Goodyear Tire & Rubber Co.* This decision ruled that Lilly Ledbetter needed to file a claim against her employer within 180 days of the initial discrimination—even though she had no way of knowing that she was receiving unequal pay until years later.⁵ The Fair Pay Act ensures that all workers who receive unequal pay have a reasonable amount of time to seek compensation.

What is the Paycheck Fairness Act?

The Paycheck Fairness Act amends portions of the Equal Pay Act to provide stronger enforcement of prohibitions against wage discrimination. The act prohibits retaliation against employees who actively seek knowledge regarding the pay rates of their coworkers. It also closes loopholes that employers have exploited to avoid paying fines and provides funding for programs that will train women to negotiate their wages.

The act allows Equal Pay Act lawsuits to have class-action status, which will ensure relief is provided to all employees who suffer the same discrimination—not solely the plaintiff bringing the case. And it holds employers accountable by making those who violate discrimination laws liable to civil action for compensatory and punitive damages. These damages were previously only available for discrimination based on race or ethnicity.

Finally, the act reinstates gender-based federal data collection and directs implementation of the Equal Opportunity Survey, which helps detect wage discrimination.

Fair Pay Act vs. Paycheck Fairness Act: Why women need both

As Lilly Ledbetter discovered, workers do not always know of unfair labor practices unless they discover what their coworkers earn. Employers are currently able to withhold this information—and might discipline those who seek it—in an attempt to keep workers in the dark about what others earn. This makes it virtually impossible for workers to know if their employers are complying with fair labor laws. The passage of the Lilly Ledbetter Fair Pay Act ensures that they have a reasonable amount of time to discover the discrimination and make a claim. The Paycheck Fairness Act would guarantee that all workers have access to the information they need about their wage-earning potential.

Lilly Ledbetter was unaware for the majority of her 19-year career at the Goodyear Tire Plant that she was receiving less compensation than her male coworkers for the same work. The Lilly Ledbetter Fair Pay Act guarantees that workers like her can legally seek compensation for each and every paycheck for which they are underpaid. And the Paycheck Fairness Act would allow them to find out if they are receiving lower wages and protect them from retaliation.

Endnotes

- 1 Center for American Progress, “Wage Gap by the Numbers,” January 6, 2009, available at http://www.americanprogress.org/issues/2009/01/wage_gap_numbers.html.
- 2 Jessica Arons, “Lifetime Losses: The Career Wage Gap” (Washington: Center for American Progress Action Fund, 2008), available at http://www.americanprogressaction.org/issues/2008/lifetime_losses.html.
- 3 Blau and Kahn (2007).
- 4 AAUW 1999-2000.
- 5 Linda Greenhouse, “Justices Limit Discrimination Suits Over Pay,” *The New York Times*, May 29, 2007, available at http://www.nytimes.com/2007/05/29/washington/30scotuscnd.html?_r=1.