

Testimony of Kristin Rowe-Finkbeiner

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**House Committee on Education & Labor
Subcommittee on Civil Rights and Human Services and Subcommittee on Workforce
Protections**

**Joint Subcommittee Hearing on the Paycheck Fairness Act (H.R. 7): Equal Pay for Equal
Work**

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Thank you, Chairs Suzanne Bonamici and Alma Adams, thank you also ranking Members James Comer and Bradley Byrne, as well as members of the Committee, Subcommittee on Civil Rights and Human Services, and Subcommittee on Workforce Protections for the opportunity to speak and to submit testimony on H.R. 7, the Paycheck Fairness Act.

I'm Kristin Rowe-Finkbeiner, Executive Director/CEO of MomsRising, an organization with more than a million members, including members in every state in the nation, working to increase family economic security, decrease discrimination, and to build a nation where everyone can thrive.

At MomsRising we regularly hear from women experiencing unfair pay, who fear retaliation in their workplaces and therefore can't speak up, and who need the protections the Paycheck Fairness Act would provide, including: freedom from retaliation; making it easier to come together to collectively challenge pay discrimination; an end to the use of prior salary histories to set current salaries; and the additional protections that would finally move us closer to pay parity.

Stories like this one from Laura: Laura and her husband met at Columbia University and graduated with the same degree. They both got jobs at the same agency in the exact same position. However, they were dumbfounded by the difference in their salaries. She was paid \$5,000 less than he was. When Laura asked the agency about the discrepancy, she was given the runaround. She was told to accept the pay or they would give the job to someone else.

Laura's not alone. Unfair pay and the fear of losing the wages you depend on in retaliation for speaking out is real and much too common. That's why not only directly prohibiting retaliation but also advancing automatic inclusion in class action lawsuits is so important. To put it simply: There's strength in numbers and many women can't stand up and speak out if being the only one speaking out puts their own job at risk—but they can be part of a class action. For lower-wage women workers, automatic inclusion in class action lawsuits also is vitally important.

Put yourself in Laura's shoes: If your employer was paying you \$5,000 less a year because you're a woman, that's a \$50,000 loss over ten years. That's not all: You also lose retirement income and risk being overlooked for promotions you deserve; and if you file an individual lawsuit, you risk being fired or facing other retaliation, not to mention the added time and expenses that come with any lawsuit. So if the company is discriminating against many of its female employees, a class action becomes key to achieving fairness; and if companies are systemically paying women less, then there is a systemic problem, not an individual issue, that should be addressed as a class. That's why the ability to join together with automatic opt-in to class action without fear of retaliation is so important.

Let me tell you, too, about Felicia. She experienced blatant wage discrimination while working at a technical support center for a large retail corporation. She was hired to work the exact same job as her brother-in-law, and after talking to him she discovered that she was being paid about \$4 an hour less to do the exact same work. She went on to find out that all of the male employees, working the same job, with the same amount of experience, were making \$4 an hour more than she was. And, as it turns out, all the women were making a lower wage.

Felicia's not alone either; and her experience demonstrates why preventing retaliation against employees who discuss wages with other employees is critical, as well as why prior earning history should never be used to set current earning rates. Using prior wage history compounds unfair pay over time, takes money out of women's pockets and out of our economy, and increases poverty. To see the impact of compounded unfair pay, flip the frame to review what

having fair pay would do: If women received pay parity, it would cut poverty by more than half for women and families and add \$512.6 billion to our national economy.ⁱ

Having pay parity, studies also find, would also increase our gross domestic product by at least 3 percent.ⁱⁱ Why? When women don't have funds to spend in our consumer-fueled economy, businesses have fewer customers and there is lower economic activity across our nation. And the lower wages don't just reduce economic activity now. Reduced wages also reduce retirement savings, leading to poverty in women's sunset years.

But this isn't just about Laura or Felicia. It's about the women of America, our families, our economy, and our children's future. Every single story gives a glimpse of a real-life experience with unfair pay, but the patterns in the overall numbers show how universal the unfair pay experience is for the women in our nation, and how critically important it is to our economy and communities for Congress to pass the Paycheck Fairness Act right now.

It's time. Our country has changed, but our public policies haven't kept up. Women and moms are in the labor force to stay. Our families need our wages to make ends meet and to survive economically. In fact, women became half of the full-time labor force in our nation for the first time in the last decade,ⁱⁱⁱ and three-quarters of moms are now in the labor force, more than half of whom are the primary breadwinners for their families.^{iv} Yet women are experiencing unfair pay every day in our country, with moms and women of color experiencing the highest levels of wage and hiring discrimination.^v As this is happening, we can't ignore that 81% of women become mothers, which means this double wage hit – and sometimes triple wage hit if you're a mom of color -- is impacting the majority of women in our nation.^{vi}

Take Valerie, who discovered that the male co-worker who had been hired on the same day she was hired was being paid substantially more, even though they had the same job title and she had more duties and responsibilities. Valerie went directly to the owner to request an increase to match her co-worker's wage. She was told because her co-worker was married and male, he 'needed' a higher income than she did. Valerie pointed out that since he was married and his wife also worked outside the house, he actually had two incomes to cover his bills; while she was

single and struggling to keep her head above water. Her boss was cordial but adamant that that was his policy, and she had no choice but to live with it.

The sad truth is that right now, in the United States of America, dads get wage boosts and moms get pay cuts.^{vii} Being a mom is now a greater predictor of wage and hiring discrimination than being a woman.^{viii} Our country, which claims to love, adore, and respect motherhood, pays women with children just 71 cents to every dollar it pays to dads.^{ix}

To get a real picture of what's going on with moms in our nation, here are the specific numbers: Latina mothers are paid just 46 cents; Native mothers are paid 49 cents; Black mothers are paid 54 cents; white, non-Hispanic mothers are paid 69 cents; and Asian/Pacific Islander mothers are paid just 85 cents for every dollar paid to white, non-Hispanic fathers.^x

(Overall, the U.S. Census reported in 2017 that women, on average, earned just 80 cents to a man's dollar for all year-round full-time workers.^{xi} That being said, women of color, on average, experience significant increased wage hits:^{xii} Latina women earn only 53 cents; Native American women only 58 cents; Black women only 61 cents; and Asian women earn only 85 cents on average for every dollar earned by white, non-Hispanic men.^{xiii xiv})

What's happening with moms? One series of studies painted a stark picture of hiring, workplace, and wage discrimination: Moms were hired 80 percent less often than women with *equal* resumes who didn't have children; and when moms were hired, they were offered salaries \$11,000 lower on average than those offered to non-moms. On the other hand, dads with equal résumés were offered \$6,000 more than non-dads,^{xv} proving that the antiquated and false idea that only men need paychecks large enough to support their families persists, causing intense damage, and keeping many families poor and hungry. Studies have also shown that mothers are judged more harshly in the labor force, even when they have the same credentials as non-mothers.^{xvi}

Discrimination is at work when it comes to the motherhood pay penalty. Michelle J. Budig, writing in *Third Way*, reports that the motherhood penalty, "Cannot be explained by human

capital, family structure, family-friendly job characteristics, or differences among women that are stable over time...This motherhood penalty is larger among low-wage workers while the top 10% of female workers incur no motherhood wage penalty.”^{xxvii}

Further, while moms overall are paid just 71 cents to every dollar that dads are paid, the discrimination in pay compounds for single moms and their children.^{xxviii} Paid just 55 cents for every dollar paid to all fathers,^{xxix} single mothers are among those who face the worst wage discrimination in our nation.^{xxx} This impacts a tremendous and growing number of women and children. A study from Johns Hopkins University found that 57 percent of babies born to millennials were not born within a marriage. Technically these are “single mothers” by many people’s definition, but that doesn’t mean there isn’t a partner present. These and other numbers demonstrate the extensive nature of deeply unfair pay gaps that women and moms are facing in our nation.

Unfair pay causes grave and lasting harm to those who are in low-income jobs in particular: Mothers in low-wage jobs are paid just 66 cents for every dollar paid to fathers in low-wage jobs;^{xxxi} and we can’t forget that 90 percent of women earn less than \$75,000 a year, and more than half of them earn less than \$30,000 a year.^{xxxii} Too many women and moms are working hard, being paid unfairly, surviving paycheck to paycheck, and falling into poverty as they struggle to raise families and open doors for their children to thrive.

To be clear: It is essential that we reach pay parity. As we reach toward this goal we must keep in mind that the wage gap is not the “fault” of women: Women are actually graduating from college in higher numbers than men.^{xxxiii} But after only one year in the workforce, young women are already being paid less than equally qualified young men in many occupations.^{xxxiv} This can’t be explained away by women’s job choices. Claudia Goldin, a labor economist at Harvard University, has found in studying age, race, work hours, and education that people working in the exact same sectors experience wage gaps. For instance, women doctors and surgeons earn 71 percent of men’s wages. Women financial specialists earn 66 percent of men’s wages.^{xxxv}

Unfair pay results largely from subconscious negative assumptions about women and work which add up to a massive amount of money lost for women and our economy over time. It also stems from the fact that our nation lags behind other industrialized nations when it comes to access to paid family and medical leave for people of all genders, access to affordable childcare and sick days, a living minimum wage that also covers tipped workers, and other economic security measures. Ultimately, one thing is clear: When this many women are facing the same barriers at the same time, we don't have an epidemic of personal failures, we have structural issues that we can and must solve together. One such solution is for Congress to pass the Paycheck Fairness Act as soon as possible.

Without this Act, too many women are struggling: Julia's employer used her salary history as an excuse to reduce her pay. Julie was offered a job at \$65,000 per year but when her offer letter arrived, she was offered just \$55,000. It was for the same job, but not at the same salary. Julia was told the reason was her salary history. She decided to take the job anyway. In time, she asked a male colleague about his salary and learned he was being paid \$62,000 for *the same* job. When Julia asked about the disparity, she was told her male colleague was fresh out of college and that's what they decided to start him at. So he benefited from having no experience and no salary history, while her seven years of relevant experience was used against her. Salaries at her next two jobs were premised on her salary there, so the harm compounded over time. She's lost tens of thousands of dollars to this discrimination, as have millions of other women in similar situations.

This is an urgent matter. Study after study has shown that wage, hiring, and advancement discrimination is happening against women like Laura, Felicia, Valerie, and Julia in real time right now, ^{xxvi} even though studies also show the work contributions of women and moms aren't any less valuable than contributions from men and dads. Not even a little bit. In fact businesses tend to make *higher* profits with women in leadership and better decisions are made when there are diverse decision-makers. For instance, a 19-year study of all Fortune 500 companies by Pepperdine University found a direct correlation between high levels of women in leadership and higher profits—and that promoting women meant outperforming the competition.^{xxvii} But despite

those facts, women are still treated unfairly: Women – particularly women of color and moms -- are judged more harshly, paid unequally, and discriminated against in the labor force.

It's time to stop treating women unfairly. It's time for women to be able to join together, to be able to share information, and to demand that current pay not be set by past pay, without fear of retaliation. It's time to pass the Paycheck Fairness Act.

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