

## THE PAYCHECK FAIRNESS ACT WOULD HELP CLOSE THE WAGE GAP FOR MINNESOTA WOMEN

At the time of the Equal Pay Act's passage in 1963, women earned merely 59 cents to every dollar earned by men.<sup>1</sup> Enforcement of the Equal Pay Act and related civil rights laws has helped to narrow the wage gap, but significant disparities remain and must be addressed. Although Congress has recently taken initial steps to improve the laws that govern pay discrimination by passing the Lilly Ledbetter Fair Pay Act of 2009,<sup>2</sup> there is more than must be done to realize the decades old promise of equal pay for equal work. In particular, the Paycheck Fairness Act would close loopholes in the Equal Pay Act, enhance the procedures and remedies available to challenge violations of the law, and provide the government with tools to monitor and address pay inequities. This bill, which has already passed the House of Representatives, is particularly critical in these economically perilous times, when women and their families are especially vulnerable.

### The Gender Wage Gap Persists in Minnesota

Although the gap between men's and women's wages has narrowed over the past three decades, on average women continue to earn significantly less than men.

- In 2007, on average, women in Minnesota working full-time, year-round earned only 77% of what men working full-time, year-round earned<sup>3</sup> -- one percentage point below the nationwide average of 78%.<sup>4</sup>
- The wage gap is even more substantial when race and gender are considered together. White, non-Hispanic women working full-time, year-round in Minnesota earned only 75% of the wages of White, non-Hispanic men. However, Black women working full-time, year-round in Minnesota earned only 59%, and Hispanic women only 47% of the wages of White, non-Hispanic men.<sup>5</sup>
- The wage gap persists at all levels of education. Women in Minnesota with a high school diploma earned only 64% of what men with a high school diploma earned. Women in Minnesota with a bachelor's degree earned only 67% of the amount that men with a bachelor's degree were paid. In fact, the average Minnesota woman must receive a bachelor's degree before she earns as much as the average Minnesota male high school graduate.<sup>6</sup>
- The wage gap exists across occupations. For example, Minnesota women working full-time, year-round in sales and related occupations earned only 72% of what men in the same occupations earned, and Minnesota women working full-time, year-round in management, business, and financial occupations earned only 76% of what men in the same occupations earned.<sup>7</sup>

## **Minnesota Women Are Particularly Vulnerable to Economic Hardship in This Struggling Economy**

In the current economic downturn, many Minnesota residents are facing financial problems, stagnant wages and living standards, and job loss. Women in Minnesota already have higher rates of economic insecurity – on average they have lower earnings than men (\$24,935 compared to \$36,878 in 2007)<sup>8</sup> and are more likely to live in poverty (10% of Minnesota women compared to 7% of men lived in poverty in 2007).<sup>9</sup> As a result, women may be particularly vulnerable to economic hardship in this struggling economy. For example:

- Women’s lower incomes make it harder for them to make ends meet. Between the second half of 2007 and the second half of 2008, in the Minneapolis-St. Paul area, the cost of groceries increased 9.4% and home energy costs increased 9.3%.<sup>10</sup>
- Although unemployment rates for men and women are rising nationwide,<sup>11</sup> because of their lower earnings, women may have fewer savings to fall back on if they lose their job. Worse yet, women who lose their jobs are also less likely than men to receive unemployment insurance benefits.<sup>12</sup> The unemployment rate in Minnesota in March 2009 was 8.2%, a 71% increase since the recession began in December 2007 and the highest level of state unemployment in over 25 years.<sup>13</sup>
- In part because of lower earnings, nationwide about a third of women borrowers receive subprime mortgage loans, compared to only a quarter of male borrowers.<sup>14</sup> As the housing market continues to struggle, women may be more likely to face rising mortgage rates and even foreclosures. In 2008, Minnesota had 23,716 foreclosure filings, a 76% increase from 2007 and a 336% increase from 2006.<sup>15</sup>
- The worsening recession is affecting all Americans, but women – who were already in a more precarious economic position than men because of lower earnings and higher poverty rates – are more likely to rely on public programs and benefits like Medicaid, food stamps, and housing assistance.<sup>16</sup> In 2008, Minnesota provided food stamps to over 293,000 children and adults, an increase of over 17,500 from the previous year.<sup>17</sup> Additionally, Minnesota faces a mid-year FY 2009 budget shortfall of \$654 million and a projected FY 2010 budget gap of \$3.2 billion.<sup>18</sup> Enacted cuts to the state workforce and any further program or service cuts as a result of these shortfalls<sup>19</sup> disproportionately affect women and create greater hardship for Minnesota women and their families.

**The Paycheck Fairness Act would help close the wage gap and help women to deal with these economic realities.**

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<sup>1</sup> U.S. Census Bureau, Historical Income Tables – People, Table P-40: Woman's Earnings as a Percentage of Men's Earnings by Race and Hispanic Origin: 1960 to 2007, available at <http://www.census.gov/hhes/www/income/histinc/p40.html> (last visited 4-17-09).

<sup>2</sup> Public Law No. 111-2, 123 Stat. 5 (2009).

<sup>3</sup> NWLC calculations from the U.S. Census Bureau, *Income, Earnings, and Poverty Data from the 2007 American Community Survey* (August 2008), Detailed Tables. [“2007 ACS”]

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<sup>4</sup> NWLC calculations from the U.S. Census Bureau, Current Population Survey, 2008 Annual Social and Economic (ASEC) Supplement, Detailed Income Tables (2007 Income), August 2008.

<sup>5</sup> NWLC calculations from the 2007 ACS.

<sup>6</sup> *Ibid.* Population is workers ages 16 and over.

<sup>7</sup> *Ibid.*

<sup>8</sup> *Ibid.* Population is people with earnings ages 16 and over.

<sup>9</sup> *Ibid.*

<sup>10</sup> These statistics are from the semi-annual Consumer Price Index for All Urban Consumers (CPI-U), the most recent data available for the Minneapolis metropolitan area. Groceries costs are captured by the food at home category. Home energy costs are captured by the household energy category. U.S. Department of Labor, Bureau of Labor Statistics, “Consumer Price Index: Minneapolis-St. Paul, MN-WI: Second Half 2008 Semiannual Averages and 2008 Annual Averages,” February 20, 2009, available online at <http://www.bls.gov/ro5/cpimpls.htm> (last visited 4-17-09).

<sup>11</sup> U.S. Department of Labor, Bureau of Labor Statistics, “The Employment Situation: March 2009,” Table A-1 (April 3, 2009), available online at <http://www.bls.gov/news.release/empsit.nr0.htm>.

<sup>12</sup> Vicki Lovell, Institute for Women’s Policy Research, Testimony before the House Ways and Means Committee, Subcommittee on Income Security and Family Support, The Unemployment Insurance Modernization Act: Improving UI Equity and Adequacy for Women (September 19, 2007).

<sup>13</sup> U.S. Department of Labor, Bureau of Labor Statistics, “Regional and State Employment and Unemployment: March 2009,” Table 3 (April 17, 2009), available at <http://www.bls.gov/news.release/laus.t03.htm>. NWLC historical calculations from the Local Area Unemployment Statistics database, available at <http://data.bls.gov/cgi-bin/surveymost?la>.

<sup>14</sup> Allen Fishbein and Patrick Woodall, Consumer Federation of America, Women are Prime Targets for Subprime Lending (December 2006).

<sup>15</sup> RealtyTrac, “Foreclosure Activity Increases 81 Percent In 2008,” available online at <http://www.realtytrac.com/ContentManagement/pressrelease.aspx?ChannelID=9&ItemID=5681&acct=64847> (last visited 4-20-09).

<sup>16</sup> In 2004, women were more than two-thirds of adult Medicaid beneficiaries. Kaiser Family Foundation, Issue Brief: An Update on Women’s Health Policy, October 2007, available at [http://www.kff.org/womenshealth/upload/7213\\_03.pdf](http://www.kff.org/womenshealth/upload/7213_03.pdf) (last visited 5-21-08). In 2006, about 68% of non-elderly adult food stamp beneficiaries were women. U.S. Department of Agriculture, Food and Nutrition Service, Office of Analysis, Nutrition and Evaluation, *Characteristics of Food Stamp Households: Fiscal Year 2006*, FSP-07-CHAR by Kari Wolkwitz. Project Officer, Jenny Genser. Alexandria, VA, 2007. In 2000, 84% of households receiving housing assistance were headed by women. U.S. Department of Housing and Urban Development, *A Picture of Subsidized Households – 2000*, available at <http://www.huduser.org/picture2000/index.html> (last visited 5-21-08).

<sup>17</sup> U.S. Department of Agriculture, Supplemental Nutrition Assistance Program: Average Monthly Participation (Persons), data as of March 26, 2009, available online at <http://www.fns.usda.gov/pd/15SNAPpartPP.htm> (last visited 4-20-09). Comparison is based on FY 2007 data compared to preliminary FY 2008 data.

<sup>18</sup> Elizabeth C. McNichol and Iris Lav, Center on Budget and Policy Priorities, “State Budget Troubles Worsen” (revised March 13, 2009), available at <http://www.cbpp.org/9-8-08sfp.htm> (last visited 4-20-09).

<sup>19</sup> Nicholas Johnson, Phil Oliff, and Jeremy Koulisch, Center on Budget and Policy Priorities, “An Update on State Budget Cuts: At Least 34 States Have Imposed Cuts That Hurt Vulnerable Residents, But the Federal Economic Recovery Package Is Reducing the Harm” (revised March 18, 2009), available at <http://www.cbpp.org/files/3-13-08sfp.pdf> (last visited 4-20-09).