

THE PAYCHECK FAIRNESS ACT WOULD HELP CLOSE THE WAGE GAP FOR VERMONT WOMEN

At the time of the Equal Pay Act's passage in 1963, women earned merely 59 cents to every dollar earned by men.¹ 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 2009,² 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 Vermont

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 Vermont working full-time, year-round earned only 84% of what men working full-time, year-round earned³ -- six percentage points above the nationwide average of 78%.⁴
- The wage gap persists at all levels of education. Women in Vermont with a high school diploma earned only 65% of what men with a high school diploma earned. Women in Vermont with a bachelor's degree earned only 74% of the amount that men with a bachelor's degree were paid. In fact, the average Vermont woman must receive a bachelor's degree before she earns as much as the average Vermont male high school graduate.⁵
- The wage gap exists across occupations. For example, Vermont women working full-time, year-round in architecture and engineering occupations earned only 65% of what men in the same occupations earned, and Vermont women working full-time, year-round in sales and related occupations earned only 79% of what men in the same occupations earned.⁶

Vermont Women Are Particularly Vulnerable to Economic Hardship in This Struggling Economy

In the current economic downturn, many Vermont residents are facing financial problems, stagnant wages and living standards, and job loss. Women in Vermont already have higher rates

of economic insecurity – on average they have lower earnings than men (\$22,053 compared to \$31,343 in 2007)⁷ and are more likely to live in poverty (11% of Vermont women compared to 8% of men lived in poverty in 2007).⁸ 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 March of 2008 and March of 2009, the cost of groceries increased 4.3% in Vermont and home electricity costs increased 6.7%.⁹
- Although unemployment rates for men and women are rising nationwide,¹⁰ 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.¹¹ The unemployment rate in Vermont in March 2009 was 7.2 %, an 80% increase since the recession began in December 2007 and the highest level of state unemployment in nearly 18 years.¹²
- 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.¹³ As the housing market continues to struggle, women may be more likely to face rising mortgage rates and even foreclosures.
- 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.¹⁴ In 2008, Vermont provided food stamps to over 55,800 children and adults, an increase of over 3,200 from the previous year.¹⁵ Additionally, Vermont faces a mid-year FY 2009 budget shortfall of \$82 million and a projected FY 2010 budget gap of \$253 million.¹⁶ Enacted cuts to programs that serve the elderly and state hiring freezes as a result of these shortfalls¹⁷ disproportionately affect women and create greater hardship for Vermont women and their families.

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

¹ 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).

² Public Law No. 111-2, 123 Stat. 5 (2009).

³ 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”]

⁴ 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.

⁵ NWLC calculations from the 2007 ACS. Population is workers ages 16 and over.

⁶ *Ibid.*

⁷ *Ibid.* Population is people with earnings ages 16 and over.

⁸ *Ibid.*

⁹ These statistics are from the Consumer Price Index for All Urban Consumers (CPI-U) for the Northeast, which includes Vermont. Groceries costs are captured by the food at home category. Home electricity costs are captured by

the household electricity category. U.S. Department of Labor, Bureau of Labor Statistics, “Northeast Region Consumer Price Index: March 2009,” available online at <http://www.bls.gov/ro1/cpine.htm> (last visited 4-17-09).

¹⁰ 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>.

¹¹ 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).

¹² 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>.

¹³ Allen Fishbein and Patrick Woodall, Consumer Federation of America, Women are Prime Targets for Subprime Lending (December 2006).

¹⁴ 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 (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).

¹⁵ 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.

¹⁶ 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).

¹⁷ 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).