



Testimony of Catherine Hill, Ph.D.
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before the
United States House Committee on Education and Labor
Hearing on "Strengthening the Middle Class: Ensuring Equal Pay for Women"
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Chairman Miller and members of the Committee, thank you for the opportunity to testify today on the issue of pay equity for men and women.

I am the Director of Research at the American Association of University Women Educational Foundation. Founded in 1881, AAUW has over 100,000 members and 1300 branches across the country. AAUW also has a long and proud 125-year history as an advocate for education and equity for women and girls, releasing its first report on pay equity in 1913. Today, AAUW continues its mission through education, research, and advocacy.

I am pleased to share findings from AAUW's research report *Behind the Pay Gap*, co-authored by myself and Judy Goldberg Dey. This report – just released yesterday – provides new evidence that sex discrimination in the workplace continues to be a problem for women, including young college-educated women.

In our report, AAUW found that just one year after college graduation, women earn only 80 percent of what their male counterparts earn. Even women who make the same choices as men in terms of fields of study and occupation earn less than their male counterparts. Ten years after graduation, women fall further behind, earning only 69 percent of what men earn. After controlling for factors known to affect earnings, a portion of these pay gaps remains unexplained and is likely due to discrimination.

The study is based on recent, nationally representative surveys conducted by the U.S. Department of Education.

AAUW's research uses the Baccalaureate and Beyond Longitudinal Study, a nationally representative data set of college graduates produced by the U.S. Department of Education. This data set is unique because it is designed to follow bachelor's degree recipients as they navigate the workplace, graduate school and other life changes such as

having a family. The research examines two sets of college graduates: men and women who graduated in 1999-2000, and men and women who graduated in 1992-93; we also limited our analysis to those who earned their first bachelor's degree at age 35 or younger.

The 1999-2000 graduates were chosen because they were the most recent graduates interviewed in the year after graduation. By looking at earnings just one year out of college, we believe you have as level a playing field as possible. These employees don't have a lot of work experience and, for the most part, don't have care-giving obligations, so you'd expect there to be very little difference in the wages of men and women. The 1992-1993 graduates were chosen so that we could analyze earnings ten years after graduation.

The pay gap can only be partially explained by differences in choices.

Despite some gains, many majors remain strongly dominated by one gender. Female students are concentrated in majors that are associated with lower earnings, such as education, health, and psychology. Male students dominate the higher-paying majors: engineering, mathematics, physical sciences, and business. Both women and men who majored in "male-dominated" majors earn more than those who majored in "female-dominated" or "mixed-gender" majors.

The choice of major is not the full story, however, as a pay gap between recently graduated women and men is found in nearly every field and in every occupation.

Women full-time workers earn less than men full-time workers in nearly every major, although the size of the gap varies. In education, a female-dominated major and occupation, women earn 95 percent as much as their male colleagues earn. In biology, a mixed-gender field, women earn only 75 percent as much as men earn, just one year after graduation.

The kinds of jobs that women and men accept also account for a portion of the gender pay gap. While the choice of major is related to occupation, the relationship is not strict. For example, some mathematics majors teach, while others work in business or computer science. It is important to bear in mind that such choices themselves can be constrained in part by biased assumptions regarding appropriate career paths for men and women. Other differences in type of jobs also affect earnings. For example, women are more likely than men to work in the nonprofit and public sectors, where wages are typically lower than in the for-profit sector.

A portion of the pay gap in the year after graduation is not explained by women's choices or characteristics.

AAUW's analysis showed that men and women's different choices can explain only some of the wage gap. After controlling for factors like major, occupation, industry, sector, hours worked, workplace flexibility, experience, educational attainment, enrollment status, GPA, institution selectivity, age, race/ethnicity, region, marital status

and children, a *five percent difference in the earnings of male and female college graduates is unexplained*. It is reasonable to assume that this difference is the product of discrimination.

Discrimination is difficult to measure directly. It is illegal, and furthermore, most people don't recognize discriminatory behavior in themselves or others. This research asked a basic but important question: If a woman made the same choices as a man, would she earn the same pay? The answer is no.

Ten Years after Graduation, the Pay Gap Widens.

AAUW's analysis found that, ten years after graduation, the gender pay gap widened—so much so that female full-time workers earned only 69 percent of what their male peers earned.

Ten years out, the gender gap within occupations also increased. For example, in engineering and architecture, where wages were at parity one year out of college, we now see that women earn only 93 percent of what their male counterparts earn. In business and management, the wage gap widens, with women earning 69 percent of men's wages, compared to 81 percent one year out. Strikingly, women did not make gains in any fields compared to their male counterparts.

Similar to what we saw one year out of college, this pay gap can only partially be explained as a result of women's characteristics and choices. In terms of occupation, women and men remained segregated in the workforce over time, and the difference in earnings among occupations grew over this time period. This occupational segregation is mirrored in the gender division by industry. Women also continued to be much more likely to work in the lower-paying non-profit sector. Among full-time workers, women reported working fewer hours than men, and their employment and experience continuity also differed from men. These choices were associated with wage penalties.

It is important to note that what we are calling women's "choices" are often constrained and need to be looked at in context. When women earn less—as they almost immediately do right out of college—most couples are likely to prioritize the higher-earning husband's well-being and career path in relation to child care, choice of residence, and other household decisions. When women are married, this tradeoff may be worthwhile; however, nearly one half of women did not live with a husband in 2005. While most women marry at some point, most also spend a large part of their lives on their own. Women are also much more likely than men to be single parents.¹ It is important for us to remember that lower pay for women means fewer resources for their children today and their retirement tomorrow.

¹ American Community Survey; http://factfinder.census.gov/servlet/STTable?_bm=y&-geo_id=01000US&-qr_name=ACS_2005_EST_G00_S1101&-ds_name=ACS_2005_EST_G00_

Women are investing in higher education, but not receiving the same salaries as men.

Choices made in college affect earnings ten years later. College selectivity matters for men and women, but gender differences were more pronounced. Strikingly, a woman who earned a degree from a highly selective institution had lower earnings than men with degrees from highly selective institutions or moderately selective schools, and about the same pay as a man who attended a minimally selective college. Both women and men invest a great deal of financial resources in their college educations, and often graduate with substantial student loans. AAUW's research suggests that a woman's investment in attending a highly selective school—which is typically more expensive—does not pay off for her in the same way it does for her male counterparts. Further, because of the pay gap, women often have a harder time paying off their student loans.

Ten years out, the unexplained portion of the pay gap widens.

AAUW's analysis showed that while choices mattered, they explained even less of the pay gap ten years after graduation. Controlling for a similar set of factors, we found that ten years after graduation, a *twelve percent difference in the earnings of male and female college graduates is unexplained and attributable only to gender.*

The pay gap among full-time workers understates the lifetime difference in the earnings of women and men.

The impact of personal choices such as parenting have profoundly different effects on men and women. Ten years after graduation, 23 percent of mothers in this sample were out of the work force, and 17 percent worked part-time. Among fathers, only 1 percent were out of the work force, and only 2 percent worked part-time. Stay-at home dads in this study appear to be a rare breed. We know that most mothers return to the workforce, and hence it is reasonable to assume that the pay gap between men and women will widen as mothers return to full-time employment, driving down average earnings for women.

Interestingly, motherhood is not the driving factor behind the wage gap among women working full-time ten years after graduation.² That is, mothers who were in the workforce full-time did not earn less than other women also working full-time, controlling for other factors such as occupation and field of study.

What can be done about the gender pay gap?

First, it must be publicly recognized as a serious problem. Too often, both women and men dismiss the pay gap as simply a matter of different choices. While choices about college major and jobs can make a difference, individuals cannot simply avoid the pay gap by making different choices. Even women who make the same occupational choices

² This is in keeping with research that shows that a “motherhood penalty” applies to most women but less to women who maintain continuous work force attachment (Lundberg & Rose, 2000).

that men make will not end up with the same earnings. If “too many” women make the same occupational choice, resulting in job segregation, earnings can be expected to decline.

Women’s progress throughout the past 30 years attests to the possibility of change. Before Title IX of the Education Amendments of 1972 and Title VII of the Civil Rights Act of 1964, employers could—and did—refuse to hire women for occupations deemed “unsuitable,” fire women when they became pregnant, or limit women’s work schedules simply because they were female. Schools could—and did—set quotas for the number of women admitted or refuse women admission altogether. In the decades since these civil rights laws were enacted, women have made remarkable progress in fields such as law, medicine, and business. Thirty years ago the pay gap was attributed to the notion that women’s education and skills just didn’t “measure up.” If that was ever the case, it certainly isn’t true now.

Unfortunately, women’s educational gains—ironically likely motivated in part by women’s desire for economic security³—have *not* translated into equal pay for women in the workforce. In fact, the pay gap remains larger for college graduates than the population as a whole.⁴

AAUW’s research report provides strong evidence that sex discrimination still exists in the workplace and is not disappearing on its own. Existing laws have failed to end the inequities that women face in the workplace. AAUW believes we must take stronger steps to address this critical issue. Two pieces of legislation—the Paycheck Fairness Act and the Fair Pay Act—would provide additional tools in the struggle for equal pay.

AAUW strongly supports the Paycheck Fairness Act, introduced and discussed by my fellow panelist, Rep. Rosa DeLauro. AAUW also endorses the Fair Pay Act, introduced by Rep. Eleanor Holmes Norton, which addresses the reality that men and women often work in different industries and jobs, and requires employers to provide equal pay for work of equal value, whether or not the jobs are identical.

Collectively, women have demonstrated that they have the skills and the intelligence to do any job. Women have made enormous gains in education and labor force participation. Now it’s time for our paychecks to catch up.

³ DiPrete, Thomas A., & Claudia Buchmann. (2006, February). Gender-specific trends in the value of education and the emerging gender gap in college completion. *Demography*, 43(1), 1-24.

⁴ Authors calculation from tables produced by the U.S. Department of Labor, Bureau of Labor Statistics. (2006). Median Usual Weekly Earnings, Employed Full Time, Wage and Salary Workers, 25 Years and Older. Retrieved April 16, 2007 from <http://www.bls.gov/cps/>.