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City of Gainesville Policy Program Preliminary Research & Analysis

TOPIC: Gender Pay Equity

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DATE: April 6th, 2021

REQUESTED BY: Commissioner Johnson

OBJECTIVE

Research the effects of pay inequity on women throughout their lifetimes.

HISTORY/BACKGROUND INFORMATION

Background on the Gender Pay Gap

According to the National Women's Law Center, women on average make about 82 cents for every \$1 earned by a man, and this difference is greater for many women of color. Black women make 62 cents and Latinx women make 54 cents for every dollar a white man earns, while Native American women earn 57 cents on the dollar, and Asian-American women make 90 cents on the dollar.¹

There are several factors which contribute to the gender pay gap, including occupational segregation, with jobs traditionally associated with men generally paying better than traditionally female-dominated jobs; a motherhood penalty, where mothers who work full time are typically paid 69% as much as fathers with factors such as lack of paid family, medical, and sick leave contributing to the gap; gender and race discrimination bias; and a lack of pay transparency among workplaces.² Additionally, women are

¹ <https://nwlc-ci49tixgw5lbab.stackpathdns.com/wp-content/uploads/2020/03/Women-and-the-Lifetime-Wage-Gap.pdf>

² https://www.aauw.org/app/uploads/2020/02/Simple-Truth-Update-2019_v2-002.pdf

disproportionately driven out of the workforce to accommodate caregiving and other obligations, and thus tend to have less work experience than men. Similarly, due to those obligations women are more likely to work part time, which means lower hourly wages and fewer benefits compared to full time workers.³

Financial Impacts of Underpayment of Women

This decrease in pay can have many effects on women in the workplace. The average woman could lose \$403,440 over a 40-year career to the gender wage gap, and that number is larger for women of color, with Black women losing \$867,920 and Latinx women losing \$1,056,120.⁴ Due to these inequities, women hold nearly two-thirds of the nation's \$1.54 trillion in student loan debt, as the gender wage gap makes it harder for women to repay their student loans.⁵ The pay gap also follows women into retirement. Due to lower lifetime earnings, women receive less in Social Security and pensions, and in terms of overall retirement income, women on average have only 70% of men's retirement wages.⁶

There is also evidence that the gender wage gap for working women translates into lower lifetime pay for women, less income for families, and higher rates of poverty across the United States. If women in the United States received equal pay with comparable men, poverty for working women would be reduced by half, and the United States economy would add \$482 billion to its economy. If all working women in the United States were paid the same as comparable men, their average earnings would increase from \$37,358 to \$43,909 annually.⁷

Non-Financial Impacts of Underpayment of Women

The pay gap may also affect women in non-financial ways. For example, a study from Columbia University indicates that the gender pay gap contributes to increased rates of depression and anxiety among women.⁸ The study specifically found that the odds of experiencing depression within the past year were 1.96 times higher in women than in men, and rates of anxiety past the one year mark were more than 2.5 times higher in women than in men. The study found that when women earned an income equal to or greater than that of their male counterparts, the odds of experiencing depression were generally the

³ <https://www.americanprogress.org/issues/women/reports/2020/03/24/482141/quick-facts-gender-wage-gap/>

⁴ <https://www.cnn.com/2018/04/09/this-is-the-age-at-which-women-are-most-underpaid.html>

⁵ <https://www.aauw.org/resources/research/deeper-in-debt/>

⁶ https://www.aauw.org/app/uploads/2020/02/Simple-Truth-Update-2019_v2-002.pdf

⁷ <https://statusofwomendata.org/featured/the-economic-impact-of-equal-pay-by-state/#:~:text=Persistent%20earnings%20inequality%20for%20working,higher%20poverty%20rates%20than%20men.>

⁸ <https://www.cnn.com/2020/03/31/how-the-gender-pay-gap-affects-womens-mental-health.html>

same across both genders. However, when women earned a lower income compared with their male counterparts, the odds of depression were 2.43 times higher.⁹

Women are also more likely to stay in fields where they are paid equitably. 80% of women say they would switch to an employer they felt had greater gender equality, 40% say they would leave their job if they learned male colleagues in the same position were paid more, and 42% say that they have experienced discrimination at work. Over three-quarters of men and women say that a workplace where people are treated equally, regardless of gender, sexual orientation, age, race, or religion, is important to them.¹⁰

The gender wage gap can also affect an organization's performance and workplace culture. Companies that close pay gaps now will ultimately pay less than those who wait to take action, as the average cost to correct gaps increases by \$439,000 each year. Additionally, organizations that formally prioritize gender pay equity tend to have superior performance, with lower rates of employee turnover and higher employee satisfaction rates.¹¹

Back-Payments for Equal Pay

In October of 2020, two Verona, New Jersey officials, the Township Clerk and the Municipal Court Clerk, received settlements for years of being paid less because of their gender. The two individuals alleged that they were paid considerably less than what some male department heads received, and they ultimately agreed to a settlement with the town that gave them back pay and raises in a combined package that cost the town about \$500,000. The Township Clerk and Court Clerk were paid between \$73,000-\$79,000 in 2019, which was considerably less than the Finance Director, who received \$125,000, and the Township Manager, who received \$143,322. This was a landmark case, as it was the first action under the Diane B. Allen Equal Pay Act.¹²

Following a federal investigation by the Department of Labor, in 2020 Princeton University paid an additional \$1 million to 106 female full professors, past and present, with an additional \$250,000 reserved for efforts to close additional gender-based pay gaps. The investigation began roughly a decade ago, and alleged gender discrimination in pay among full professors in 2014 and 2016. While Princeton

⁹ <http://workplacementalhealth.org/Mental-Health-Topics/Depression/gender-pay-gap-depression-rates>

¹⁰ <https://www.worldatwork.org/workspan/articles/the-real-world-impact-of-gender-pay-gaps#:~:text=The%20gender%20wage%20gap%20affects,increases%20by%20%24439%2C000%20each%20year>

¹¹ <https://www.worldatwork.org/workspan/articles/the-real-world-impact-of-gender-pay-gaps#:~:text=The%20gender%20wage%20gap%20affects,increases%20by%20%24439%2C000%20each%20year>

¹² <https://newjerseyglobe.com/local/two-verona-official-win-settlement-in-lawsuit-under-diane-b-allen-equal-pay-act/>

admitted to no wrongdoing as part of a conciliation agreement, it did agree to end the review and commit to pay equity.¹³

In February, 2021, Google spent \$3.8 million, including \$2.6 million in back pay, to settle allegations that it underpaid women and unfairly passed over women and Asians for job openings. The allegations stemmed from an audit by the Department of Labor several years ago, which is required by Google's status as a supplier of technology to the US federal government. The settlement includes \$2.6 million in back pay to 5,500 employees and job candidates and also requires Google to review their salary and hiring practices.¹⁴

In 2016, the State of Florida passed Senate Bill 514, which revised the base salaries of supervisors of elections across the state to be equal to the clerk of the court, the property appraiser, and the tax collector in their respective counties. Prior to this legislation, the position paid about 20 percent less than the others, a disparity that had existed since the 1960s, when the position was viewed as a women's job that did not require equal compensation. The increase in pay was supported by the Florida State Association of Supervisor of Elections, and due to the legislation, the population of the county now determines the compensation of the position, which is between \$93,470 and \$182,954 annually.¹⁵

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¹³ <https://www.insidehighered.com/news/2020/10/08/princeton-settles-federal-government-gender-based-faculty-pay-gap-case>

¹⁴ <https://www.reuters.com/article/us-alphabet-google-labor/google-to-spend-3-8-million-to-settle-accusations-of-hiring-pay-biases-idUSKBN2A13SB>

¹⁵ <https://www.wuft.org/news/2016/09/30/floridas-67-supervisors-of-elections-to-get-pay-raises/>

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