



Strengthening Iowa's Equal Pay Laws 2019

About AAUW

- The American Association of University Women (AAUW) is a non-partisan organization that advances equity for women and girls through advocacy, education and research.
- AAUW released its first pay equity study in 1913-106 years ago. Reducing the gender pay gap and improving the economic well-being of women continue as major areas of focus for the organization.
- We issue a biennial report *The Simple Truth about the Gender Pay Gap*, in 2012 released the report *Graduating to a Pay Gap: The Earnings of Women and Men One Year after College Graduation*, and in 2017 the *Deeper in Debt* report about women and student loans. All are online at aauw.org.
- To address the gender pay gap, AAUW offers free Start Smart workshops for college students about to graduate and free on-line Work Smart workshops (salary.aauw.org) for those already in the workforce. Both are designed to teach how to negotiate for salary and benefits, something research has shown about 70% of women currently do not do.

Iowa and equal pay

Legislators passed the Iowa Equal Pay Act in 2009 (SF 137), adding pay discrimination to Iowa's Civil Rights Code as a means of making Iowa law more consistent with the Federal "Lily Ledbetter Fair Pay Act of 2009."

Four significant aspects of the amendments to Chapter 216.6A

1. It covers businesses with four or more employees. The Federal law applied to employers with 15 or more employees (family members excluded).
2. It allows an employee's pay to be compared to others who have a similar job or whose job function is different, but requires "equal skills, effort and responsibility" or are performed under "similar working conditions." Employers are prohibited from paying them lower wages.
3. Each paycheck can constitute a discriminatory practice and may lead to litigation over pay decisions made years ago, but which were only recently discovered.
4. Damages for wage discrimination include, but are not limited to, court costs, reasonable attorney fees, and an amount equal to twice the wage differential paid to another employee compared to the complainant for the time when the complainant has been discriminated against. In instances of willful violation, the amount is equal to three times the wage differential. Federal law at the time limited recovery of back wages to two years.

While this law was a very important first step, Iowa women still face pay disparity- 77% of what men are paid in the First Congressional District, 74.8% in the Second, 81.4% in the Third, and 79.1% in the Fourth. (AAUW, U.S. Census Bureau data, 2017)

Strengthening Iowa's Equal Pay Law

AAUW Iowa urges legislators to adopt two provisions strengthening Iowa's existing equal pay laws that would go a long way toward reducing pay disparity between men and women.

1. *Prohibit employers from relying on a job applicant's salary history in considering them for employment.*
2. *Allow employees to discuss and share information about wages, benefits, and other compensation without retaliation or discrimination.*

We also support creation of an *equal pay task force*.

The salary history question

- Researchers have found that requesting salary history “is a common employer practice that perpetuates discriminatory pay based on the erroneous justification that prior pay accurately reflects the skills and experience of an applicant, untainted by discrimination.”
- In a study of more than 15,000 job applicants, nearly half (43%) of their prospective employers asked them about pay history. (information from PayScale, a compensation data and software firm)

What's the problem with asking about salary history?

1. Pay discrimination often starts early in women's careers and follows throughout when salary in a new job is based on previous salary.
 - Using salary history based on an assumption that earlier pay was fairly established only compounds the problem.
 - Salary history questions can introduce bias and discrimination into the hiring process, even when the employer does not intend to do so.
2. Past wages have nothing to do with future performance.
 - Prior pay has very little to do with a worker's ability to perform in a new position.
 - An employee should be compensated based on what her skills - and the job in question - are worth to the new employer, rather than based on a different job she did in the past.
 - When hiring managers look at what the market is paying for a position, as well as the necessary skills and experience for a job, rather than an applicant's past salary, the process is more likely to yield high-quality candidates.
 - The vice president for government affairs for the Society for Human Resource Management says companies can avoid wasting time and resources by including a salary range in a job posting.
3. The motherhood penalty
 - We know many women take time away from working to raise children.
 - Reliance on salary history harms these individuals because the salary they made years ago is likely outdated.
 - Guidance issued by the federal government's Office of Personnel Management states, “Reliance on existing salary to set pay could potentially adversely affect a candidate who is returning to the workplace after having taken extended time off from his or her career or for whom

an existing rate of pay is not reflective of the candidate’s current qualifications or existing labor market conditions.”

- Women who take time away from the workforce to care for children—23 percent of mothers, as compared to only 1 percent of fathers—often encounter a “motherhood penalty” that extends beyond the actual time out of the workforce such as lower salary or an employer reluctant to hire women with children.
- Meanwhile, researchers have found that many fathers actually get a wage premium after having a child.

Implications for employers

The salary history proposal addresses the harm the pay gap imposes on women and people of color without unduly burdening employers because alternatives to asking for and relying on an applicant’s pay history are readily available.

- The requirement adds no additional cost for employers.
- Employers will need to train interviewers not to ask questions about salary history—nothing a well-run company can’t handle.
- Before hiring, employers will have an idea of the skill level, knowledge, and experience required for the position they are seeking to fill, the market rate for the job, their pay philosophy (regarding internal and external comparability) and the range of what they are willing to pay for the position.
- Based on their assessment of the value of the job, and the suitability of the applicant, they can make an offer to a candidate.
- The Society for Human Resource Management has published several articles about compliance with a ban on salary history questions as a resource for employers as more and more states adopt this provision.

Disclosing salary and benefits

Even though Iowa law says employers cannot pay lower wages to employees who have “equal skills, effort and responsibility” or whose jobs are performed under “similar working conditions,” how are workers to know if they are paid fairly if they are prohibited from discussing their salary and benefits? Currently private employers can impose prohibitions on salary disclosure and may retaliate or discriminate against those who share that information.

AAUW Iowa supports allowing employees to discuss and share information about wages, benefits, and other compensation without retaliation or discrimination. The reason why this provision in the law is needed is pretty straightforward. If women do not know what men who do the same or comparable work are paid, women have no way of knowing whether or not they are receiving equitable compensation.

Employers may actually reduce their exposure to potential liability under the Iowa Equal Pay Act when their employees can freely share salary and benefit information.

Pay laws passed in other states and cities

Every state (except Alaska and Mississippi which have none as of Sept. 2018) has some type of equal pay protection under law. (AAUW “Equal Pay Laws by State”)

States continue to strengthen existing laws. Fourteen states and Puerto Rico passed equal pay laws in the past three years.

Salary history

- Colorado, Delaware, Nevada, Oregon and Puerto Rico and several major cities had passed laws to prohibit employers from using the job applicant's salary history during the hiring process.
- In 2018 California, Connecticut, Hawaii, and Vermont joined those states by passing bills primarily focused on banning the use of salary history in hiring.

Salary information

- 18 states already protect workers who inquire about or share salary information.
- In 2017 Colorado, Nevada, and Puerto Rico enacted or expanded those protections.
- In 2018 Washington and New Jersey added similar protections. Washington and New Jersey passed comprehensive bills aimed at closing the gender pay gap. Among other provisions, both states prohibit discrimination against workers who discuss their wages. The New Jersey bill clarifies the reasons employers can use to justify a pay difference.

Why should Iowa Legislators care about equal pay?

Pay equity is a nonpartisan issue—our mothers, daughters, sisters, or granddaughters should all be paid a fair wage whether they are Republicans, Democrats or not aligned with any political party.

When women do not receive equal pay, it affects not only their lifetime earnings and retirement benefits, but also impacts their family income and the Iowa economy.

The gender pay gap is not a myth—it's math.

The pay gap can't be totally explained away as a "choice" women make. It persists regardless of the industry, is present within occupations, and exists regardless of educational level. Factoring for all the variables, a portion of the wage gap can only be explained by discrimination and bias.

Over a lifetime of work (47 years), the total estimated loss of earnings of women compared to men is

- \$700,000 for a high school graduate
- \$1.2 million for a college graduate
- \$2 million for a professional school graduate.

At every level of academic achievement, women's median earnings are less than men's median earnings, and in some cases, the gender pay gap is larger at higher

levels of education. While a college degree greatly improves a woman's earning capacity, it does not improve her earnings on the same scale as her male counterparts. (see *Graduating to a Pay Gap*, AAUW) Lower wages mean it takes a longer time for women to pay off student loans. (see *Deeper in Debt*, AAUW)

The U.S. Bureau of Labor Statistics, Division of Labor Force Statistics, publishes the detailed “Labor Force Statistics from the Current Population-Median weekly earnings of full-time wage and salary workers by detailed occupation and sex” report. <https://www.bls.gov/cps/cpsaat39.htm> Of the occupations with a sufficient number of men and women workers for analysis, you can count on one hand those that paid women about the same or more than men.

The pay gap is disproportionate.

This year’s annual Equal Pay Day on Tuesday, April 2, 2019 marks the symbolic date when a woman’s earnings finally “catch up” to what men earned in the previous year. Women overall in 2019 will earn \$0.80 for every dollar paid to men. The disparity for non-white women is even worse.

- Asian American women’s salaries show the smallest gender pay gap, at 85 percent of white men’s earnings. Tuesday, March 5 is Asian American women’s equal pay day.
- Black women are paid 61 percent of men’s earnings. They have to wait until August 22, 2019 for their equal pay day.
- American Indian and Alaska Native women are paid at a rate of 58 percent; finally reaching their equal pay day on September 27, 2019.
- Latina women experience the largest pay gap, taking home just 53 percent of what white men are paid. They’ll finally catch up to what men earned in 2018 on November 20, 2019.
- White women’s (white, non-Hispanic women v. white, non-Hispanic men) equal pay day this year is April 19 and their rate of pay is 77 percent that of men.

The pay gap affects Iowa’s economy

“Iowa women who are employed full time lose a combined total of more than \$8.5 billion every year due to the wage gap. These lost wages mean women and their families have less money to support themselves, to save, to invest for the future, and to spend on goods and services.” (Iowa Women and the Wage Gap, April 2017, National Partnership for Women and Families)

Iowa has focused on economic development for businesses through tax exemptions, credits and tax cuts. However, we need to remember that when workers earn higher wages, they have more spendable income that has a ripple effect throughout the economy. Iowa currently faces a shortage of skilled workers, and commendably, is dedicating effort and resources toward workforce development. The men and women receiving that training should be able to look forward to equal pay for their work.

- Depending on the source, Iowa ranks as “high” as 31st or as low as 46th in state-by-state comparisons of the pay gap for women. None of these are rankings to boast about and certainly make Iowa less attractive to women considering coming to the state to work or wondering whether they should stay after graduation or additional training.
- Iowa’s legislature, governor, and educational institutions have put considerable emphasis on improving opportunities for girls and women in

STEM careers. Iowa's below-average salaries in STEM fields already make it difficult to fill jobs in those areas. (Des Moines Register, October 11, 2017) Additional measures to strengthen our equal pay laws will send a positive message that we want to hire and retain women in STEM areas and that we value fair pay.

- Closing the gender pay gap could add billions of dollars in wage or salary income to Iowa's economy. In Iowa, that would add an additional 3.1% of the state's GDP to the state's economy—that's \$5.55 billion. (2016 data, The Economic Impact of Equal Pay by State, Status of Women in the States, IWPR#C457)
- According to National Women's Law Center data, Iowa women make up 70.4% of the low-wage workforce in Iowa and are 2.6 times more likely than men to work in a low-wage job. This means some women are not even getting an equitable share of already poor pay. Seven out of ten working women in Iowa, Mississippi and Louisiana are in low-wage jobs—the worst states in the country.
- The Gender Wage Gap by Occupation 2017 and by Race and Ethnicity, IWPR#C467 report from the Institute for Women's Policy Research (using data from U.S. Department of Labor, Bureau of Labor Statistics) details the disproportionate impact on non-white women.
- Elimination of the pay gap would reduce poverty rates for Iowa's working women from 6.6 % down to 2.8% (a 57.6% reduction) and would have a meaningful impact on household income, including more money for food and shelter, quality childcare, and other family needs. For employed Iowa single mothers, equal pay could reduce their poverty rate from 28.3% to 13.7%; a significant improvement for them and their children. Overall, 14% of Iowa women age 18 and older are in poverty, but the numbers are even higher for women of color. (The Economic Status of Women in Iowa, Status of Women in the States IWPR#R496, March 2018)
- As of 2016, Iowa had 539,350 children with working mothers. It's estimated that 61.1% of those children would benefit if their mothers achieved increased earnings. (The Economic Impact of Equal Pay by State, Status of Women in the States, IWPR#C457)
- Many areas in Iowa are becoming a childcare desert, with no childcare providers or only poor quality childcare. Many families pay a major percentage of their income for childcare. If working mothers earned fair pay, they could better afford to pay for childcare.

Iowa must be both business friendly and women and family friendly.

Summary

Prohibiting reliance on salary history and allowing discussion of wages and benefits without employer discrimination or retaliation would benefit male and female workers. These proposed additions to Iowa law are worker friendly, family friendly, benefit the economy, and do not place an undue burden on employers.

An equal pay task force study would provide a baseline comparison to use in evaluating whether or not progress is made in closing the gender pay gap in Iowa.

