Comparable Worth and Pay Equity: Recent Developments in the United States

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To describe recent developments in the United States with respect to comparable worth and pay equity is both simple and complicated. It is simple because there have been very few noteworthy developments that are truly recent: most of the excitement and activity in the US concerning comparable worth and pay equity had died down by the late 1980s. However, the task of describing these developments is somewhat complicated by the fact that the US is a federal union of sovereign states. Thus, it is necessary to describe not only what happened at the federal level, but also what has been going on (or not going on) in each of the 50 states of the union with respect to comparable worth and pay equity (hereafter, CWPE).

Accordingly, the plan of this paper is as follows. First, since CWPE is usually seen as a mechanism...
for increasing women’s wages and attacking discrimination, I begin by briefly discussing the institutional setting and some simple descriptive statistics concerning trends in the female-male pay differential in the US during the latter part of the last century. I then describe, equally briefly, the meaning of the term CWPE as it is usually understood in the US context. Second, I discuss developments at the federal level. Third, I discuss developments in the states. I conclude with some comments and prognostications about the future of CWPE in the US.

THE INSTITUTIONAL SETTING, THE FEMALE-MALE PAY DIFFERENTIAL AND CWPE

CWPE is usually seen as a means of raising women’s wages and addressing labour-market discrimination against women. To view CPWE in context, therefore, it may be helpful to consider the institutional environment into which CWPE was introduced. The most important laws and regulations concerning labour market discrimination are the Equal Pay Act of 1963, the Civil Rights Act of 1964, and affirmative action (established by presidential Executive Order 11246 in 1965). Each of these measures prohibits discrimination based on race, sex, and certain other factors (e.g., ethnic origin or religion). Each has been revised and (in particular) expanded over time, both by court decisions (which have created case law concerning their meaning) and by legislative and other amendments.

These three measures differ in some important respects. The Equal Pay Act requires “equal pay for equal work,” that is, paying the same wage to persons who are performing essentially the same job (with allowance for differentials based on piece-work, seniority, and other factors). Title VII of the Civil Rights Act prohibits discrimination in virtually all aspects of employment (e.g., hiring and firing, job assignments, promotions, pay, fringe benefits, etc.); virtually all employers are covered. The affirmative action program applies only to employers with federal contracts or subcontracts. It prohibits such employers from engaging in any form of employment discrimination, and also requires them to analyze their employment patterns (e.g., hiring, promotions, etc.) and undertake affirmative action to remedy any sex differences identified by these analyses; in general, any such action must include a commitment to “goals and timetables” to remedy the differences in question.

These differences have some important practical consequences. For example, employees may sue employers for alleged violations of the provisions of the Equal Pay Act and Title VII; in contrast, the federal government (specifically, the Department of Labor’s Office of Federal Contract Compliance Programs, or OFCCP) administers the “affirmative action” program, conducts compliance reviews, and can sue employers for alleged violations of the Executive Order.

The Equal Pay Act is concerned only with pay in specific (and virtually identical) jobs, whereas both Title VII and affirmative action apply to all aspects of the employment relationship — hiring, firing, pay, promotions, etc. The Equal Pay Act and Title VII apply to almost all except the smallest employers (e.g., only employers with less than 15 employees are exempt from Title VII); whereas only federal contractors and subcontractors are subject to affirmative action.

Despite these differences, these three antidiscrimination measures do have one important common element, having to do with the nature of the evidence that is typically offered by a party seeking to prove that an employer has discriminated: In general terms, such a litigant must show that sex (or some other impermissible factor, such as race or religion) played an independent role in employment outcomes (e.g., hiring or pay decisions), even after other, legitimate, factors (e.g., seniority) have been
taken into account. How could one derive evidence of this kind? In the social sciences, such questions are often analyzed in a regression framework. For example, to determine whether sex $S$ is independently related to some employment outcome $E$ (e.g., earnings) after taking account of other factors $X$ (e.g., seniority, education), one would usually obtain data on the relevant individuals (e.g., job applicants, employees) and estimate the parameters $b$ and $d$ of a regression equation such as

$$E = Xb + dS + u$$  \hspace{1cm} (1)

where $u$, the regression error term, refers to unobserved characteristics. A finding that the coefficient $d$ on the sex variable $S$ is statistically significant would generally be regarded by social scientists as evidence of employment discrimination. Remarkably enough, such a finding would also generally be regarded as evidence of employment discrimination in legal proceedings pursuant to the Equal Pay Act, Title VII or the Executive Order: the legal standard for evidence of discrimination seems to correspond quite closely to the social science standard (see, e.g., Ashenfelter and Oaxaca 1987; Bloom and Killingsworth 1982; and Killingsworth 1993)

With this as background — and, in particular, keeping in mind that these three bodies of federal rules and regulations on discrimination date from the 1960s — it is interesting to consider Figure 1. This presents a simple picture of the behaviour of the female-male pay differential in the US since 1960. It shows the ratio of median earnings of women relative to median earnings of men (for year-round, full-time workers only), with the decimal shifted two places to the right for ease of reading, taken from the Annual Demographic Files of the Current Population Survey for each of the relevant years. In 1960, this ratio was about 60.7, meaning that, for year-round, full-time workers, median earnings of women were about 60.7 percent of the

**Figure 1**
Female-Male Earnings Ratio, 1960–1999, All Races (median earnings of year-round, full-time workers)
figure for men. By 1999, the ratio had risen to 72.2, but the increase was by no means uniform from one year to the next. For most of the 1960s and 1970s, the ratio was essentially constant. Not until 1982 did the ratio exceed its level in 1960. In contrast, during the 1980s and part of the 1990s, the ratio rose more or less steadily, hitting a peak of 74.2 in 1997.

Figure 2 revisits this experience, considering blacks and whites separately. Since most US workers are white, it comes as no surprise that the female-male earnings ratio for whites has moved in roughly the same way as the ratio for all workers: median earnings of white women remained at roughly 57 or 58 percent of the white male median until about 1982, but then increased more or less steadily until the late 1990s. Less well-known, and therefore perhaps more interesting, are the level of and change in the pay gap for black workers. First, women’s relative pay is noticeably higher among blacks than it is among whites. For example, during 1995–99, median earnings of black women year-round, full-time workers were about 82 percent of the figure for comparable men; in contrast, during the same period, median earnings of white women were only about 72 or 73 percent of the figure for white men. Likewise, the female-male earnings ratio among whites began to rise only during the 1980s, tapering off somewhat in the 1990s. In contrast, the ratio among blacks rose more or less steadily (albeit with a fair amount of variation around the trend) until the early 1990s, when it began to decline somewhat.

Do Figures 1 and 2 provide useful evidence on how anti-discrimination laws and regulations may have affected the pay gap? On first consideration, Figures 1 and 2 might appear to suggest some rather novel conclusions. The 1960s, when these anti-discrimination laws were introduced, saw very little change in the pay gap. The 1970s, when one might have expected these laws and regulations to have taken hold, also saw very little change in the pay gap. The 1970s, when one might have expected these laws and regulations to have taken hold, also saw very little change in the pay gap. Ironically, the period of the most sustained
increase in the female-male wage ratio was the 1980s and early 1990s, when the federal executive branch was run by conservative Republicans who were not widely known for their commitment to anti-discrimination laws and regulations.

Of course, the main lesson one learns from attempting to use Figures 1 and 2 in this way is that it is unwise to try to use simple descriptive statistics to draw serious conclusions about complicated social changes. For example, during the 1960s and 1970s, a positive influence on the earnings ratio of anti-discrimination measures could have been offset by other forces, resulting in essentially no net change in the earnings ratio for whites during this period. Likewise, during the 1980s and 1990s, other factors (e.g., a booming economy) could have raised the earnings ratio even if anti-discrimination measures had had little or no effect.

A look at successive birth cohorts underscores the possibility that simple explanations of the changes in the earnings ratio are likely to be misleading. Consider Figure 3, which shows the behaviour of the earnings ratio during 1979–99 for four (synthetic) birth cohorts: persons born in 1925–34; persons born in 1935–44; persons born in 1945–54; and persons born in 1955–64. (For persons born in 1965–74, only one data point, for 1999, is available.) Two aspects of Figure 3 are particularly noteworthy: the earnings ratio actually rises with age for all but the most recent (1955–64) cohort; and is higher for younger cohorts. It is by no means clear that anti-discrimination measures, by themselves, gave rise to these patterns; and it is by no means difficult to offer alternative hypotheses to account for them.

Careful statistical analyses of how anti-discrimination measures and other factors contributed to changes in the earnings ratio have yielded mixed conclusions: Beller (1979, 1982) contends that Title VII raised the earnings ratio (relative to levels that would otherwise have prevailed); in contrast,
Leonard (1989) suggests that affirmative action under the Executive Order has had only negligible effects on women’s labour market status.

Whatever may have been the contribution of anti-discrimination laws and regulations to the increase in the female-male earnings ratio during the 1980s and 1990s, in the 1970s many observers — unionists, employment lawyers, academics, public officials, and others — felt considerable impatience and frustration about the apparent lack of change in the earnings ratio since the 1960s (recall Figure 1). From this frustration came increasing interest in a novel alternative to conventional anti-discrimination measures: comparable worth.

The term “comparable worth” is shorthand for the proposition that an employer should award “equal pay for jobs of ‘comparable worth’,” and for the corollary proposition that one can test for discrimination by an employer by investigating whether differences in pay for jobs of comparable worth exist and are related to the sex composition of the incumbents in those jobs. More generally, according to the comparable worth concept, one can determine the “worth” of an employer’s jobs by conducting an evaluation of each job’s skill, effort, responsibility, and working conditions; and then determine whether, after taking account of differences in the jobs’ worth, there remain any pay differences that are related to the sex composition of the incumbents. If so, then pay rates should be adjusted so as to provide equal pay for jobs of comparable worth, and greater (or lesser) pay for jobs of greater (or lesser) assessed worth. Ideally, any pay adjustments should be structured so as to result in a zero correlation between jobs’ pay and the sex makeup of the jobs’ incumbents, other things (in particular, the jobs’ assessed worth) being equal.

It is interesting to note that evidence on whether an employer offers “equal pay for jobs of comparable worth” can be derived using a regression framework that is quite similar, in general terms, to the prototype regression, (1), discussed earlier. In particular, to analyze whether sex composition of jobs $C$ is independently related to pay rates $P$ after taking account of other factors $X$ (e.g., skill, effort, responsibility, working conditions) that measure the “worth” of the jobs, one might obtain data on the jobs and estimate the parameters $b$ and $d$ of a regression equation such as

$$P = Xb + dC + u$$

where $u$, the regression error term, again refers to unobserved characteristics. If we find that the coefficient $d$ on the sex composition variable $C$ is statistically significant, comparable worth advocates would generally regard this as evidence of “unequal [and sex-related] pay for jobs of comparable worth” (see, e.g., the pioneering work by Treiman and Hartmann 1981).

For several reasons, many observers expected that comparable worth would provide a quick and relatively simple means of achieving substantial increases in women’s wages, and thus of raising the earnings ratio substantially. Unionists and labour lawyers were well aware that many employers have conducted job evaluations over a long period, and that data on the “worth” of jobs was therefore readily available; moreover, in many state and local governments, the job evaluations and other data on employment practices — in particular, on jobs’ rates of pay and sex composition — are public information. In such circumstances, it would be a simple matter to obtain these data and analyze them to determine the extent of unequal (and sex-related) pay for jobs of equal value. Instead of getting bogged down in interminable and expensive litigation, pay equity advocates expected to be able to win wage increases for women quickly, easily, and inexpensively.

Did the reality live up to these expectations? In particular, to what extent were proposals for comparable worth actually adopted and implemented? In those cases in which such proposals were adopted, what were the consequences? As we will see, the
outcomes at the state and national levels have been somewhat different. Therefore, to simplify the exposition, I will discuss developments at the national level first, and will then turn to activity in the states.

CWPE AT THE FEDERAL LEVEL

The history of CWPE at the federal level is relatively short and, at least to proponents, bittersweet. In 1963, when Congress was considering the Equal Pay Act, Democratic representatives attempted to mandate equal pay for jobs of comparable worth (rather than merely equal pay for equal work), but the attempt failed in the face of substantial opposition. Lacking sufficient support in Congress, CWPE advocates sought help from the executive branch. During the 1970s, the Equal Employment Opportunity Commission (EEOC) asked the National Research Council to analyze the concept of comparable worth. This resulted in the landmark 1981 study, *Women, Work and Wages* (Treiman and Hartmann 1981), which quickly became the “Bible” and intellectual inspiration for the CWPE movement. Shortly before the end of his term of office in the same year, Democratic President Jimmy Carter proposed an Executive Order requiring federal contractors to adopt a comparable worth standard in setting pay rates — a form of affirmative action with comparable worth added. The prospect of federal support for comparable worth evaporated almost immediately thereafter, however, when Republican President Ronald Reagan took office and quickly scuttled the proposed Executive Order.

Advocates then attempted to introduce CWPE into the executive branch itself, but, again, met with little success. On three occasions during the 1980s, the US House of Representatives passed bills calling for a pay equity study of compensation within the executive branch, but on each occasion the bill failed to pass the US Senate.6

In addition to these efforts, CWPE advocates also asked the federal courts to rule that existing law (particularly Title VII) requires equal pay for jobs of comparable worth. At first, this strategy seemed to be succeeding beyond the wildest dreams of the most ardent proponents. In 1981, the Supreme Court’s decision in *County of Washington v. Gunther* (452 US 161 (1981)) held that plaintiffs can establish the existence of pay discrimination under Title VII even when men and women are in different jobs and are not performing “equal work” — a ruling that clearly “open[ed] the door to cases of sex discrimination in pay [under Title VII] where different jobs were involved” (Figart and Kahn 1997, p. 58).

At about this time, the American Federation of State, County and Municipal Employees (AFSCME) sued Washington State on behalf of state government workers whom it represented, arguing that the state had violated Title VII by paying workers in predominantly female jobs less than workers in predominantly male jobs that were of equal value in Washington State. In 1983, AFSCME won a stunning victory when federal District Judge Jack Tanner ruled in favour of AFSCME and awarded the plaintiffs in the case a $400 million judgement for lost wages.

The 1983 district court decision proved to be the movement’s high-water mark in the courts, however. Two years later, the Ninth Circuit Court of Appeals reversed the district court’s decision.7 The appellate decision — written by Judge Anthony Kennedy, who is now a justice of the US Supreme Court — made it clear that Title VII does not require employers to offer “equal pay for jobs of comparable worth.” Appellate court decisions in later cases came to the same conclusion. Thus, the main (and ironic) consequence of the movement’s search for comparable worth in the federal courts turned out to be an explicit statement, and a substantial body of case law, that existing anti-discrimination law does not require equal pay for jobs of comparable worth.

“The reversal of the AFSCME decision had a devastating effect on the pay equity movement” (Nelson and Bridges 1999, p. 1). In 1994, the
director of the National Committee on Pay Equity summed up a widespread view in the media: “I thought this issue died in 1985” (McCann 1994, p. 85). In 2000, the director of the working women’s department of the AFL-CIO commented that CWPE is “an issue that’s been sleeping for years.”

The past several years have seen some modest stirrings of interest. Since 1997, Tom Daschle, currently majority leader of the Senate, has advocated a proposed “Paycheck Fairness Act,” which, among other things, would direct the US Department of Labor to develop guidelines and provide technical assistance for employers who voluntarily agree to provide for equal pay for jobs of comparable worth. The Fair Pay Act, advocated by Senator Tom Harkin, goes much further: it would amend the Equal Pay Act to require equal pay for jobs “whose requirements are equivalent, when viewed as a composite of skills, effort, responsibility, and working conditions” — in other words, equal pay for jobs of comparable worth. However, neither proposal has received much attention.

The reverses and disappointments for CWPE at the national level are not quite the end of the story, however. As I now explain, developments in the states have been somewhat (though only somewhat) more encouraging. Indeed, if only from the perspective of an empirical social scientist, these developments are very important, for they provide some of the best available evidence on what happens when CWEP is actually adopted.

CWPE in the States

As noted earlier, CWPE produced considerable sound (and sometimes even fury) at the national level, but ended up signifying rather little. In contrast, there have been a number of noteworthy substantive developments at the state level. Leaving aside the unsuccessful attempt at adding comparable worth — perhaps not literally the first salvo, but certainly the first truly important one — may be said to have occurred ten years later in Washington State: Council 28 of the American Federation of State, County and Municipal Employees (AFSCME) raised the issue in a letter to the governor. After negotiations stalled, AFSCME attempted to win comparable worth wage adjustments through the courts; as we have seen, that attempt ultimately was rejected by the federal Appeals Court. In the meantime, however, AFSCME and the state were able to agree on a comprehensive set of pay adjustments based squarely on comparable worth principles: the union and the state agreed on a comprehensive set of job evaluations; performed regression analyses along the lines of the simple prototype model, (2), noted previously; established the existence and magnitude of “unequal pay for jobs of comparable worth” (i.e., a negative and statistically significant estimate of \(d\)); and awarded pay increases to predominantly female jobs that were found to be paid less than predominantly male jobs of comparable worth. The total estimated cost was US$68.4 million, approximately 7 percent of the state’s wage bill (Hartmann and Aaronson 1994, p. 78). At about the same time, other states and even some local governments began to undertake similar exercises.

All in all, the National Committee on Pay Equity (NCPE) has identified a total of 14 states as having made CWPE pay adjustments of some kind “in selected occupations as a result of some type of study or negotiation process” (ibid., p. 73). According to NCPE, an additional six states (Washington State among them) are deemed to have fully implemented pay equity (i.e., assessed a broad range of jobs and made substantial pay adjustments in accordance with their assessment).

Some claims about the extent to which individual states have “adopted” or “implemented” CWPE appear to be somewhat exaggerated. For example, as Hartmann and Aaronson (1994, p. 76, n. 14) note, Hawaii, Pennsylvania, Florida, and South Dakota
“do not consider their adjustments to have been motivated by pay equity,” and CWPE was “only one motivation” for pay adjustments in Maine, New Mexico, Oregon, and Vermont.

Likewise, NCPE classifies Michigan as having made limited CWPE pay adjustments, but closer inspection suggests that Michigan’s adoption of CWPE was very limited indeed. In broad terms, the situation in Michigan during the 1980s resembled the situation in Washington State in the 1970s: in both states, unions representing state government workers (particularly, in Michigan, the United Auto Workers [UAW]) sought pay equity adjustments both at the bargaining table and, more or less simultaneously, in the federal courts. At first, Michigan’s unions had some success in collective bargaining. Using methodology that was bitterly criticized by the state’s unions, the state estimated that predominantly female jobs in state government employment were paid US$0.80 less per hour, on average, than predominantly male jobs of comparable worth. During collective-bargaining negotiations in 1985, the state ultimately agreed to an increase of US$0.40 per hour for predominantly female job classes. Then control of the governorship shifted from a Democrat to a Republican, and after that the state offered no further concessions to CWPE advocates. Indeed, it actively opposed the UAW’s federal court case seeking CWPE pay adjustments under Title VII for state government workers. Thanks in large part to the ruling in the Washington State AFSCME case, the state persuaded the court to reject all of the UAW’s claims. In 1991, the UAW returned to the bargaining table seeking further CWPE adjustments for state government workers, but the state flatly refused to make any. Ultimately, an Impasse Panel of the Michigan Civil Service Commission rejected all of the UAW’s demands, on the grounds that basing pay on a formula like the prototype CWPE model, (2) — as the UAW was seeking — was contrary to the essence of collective bargaining.

Thus, many of the states cited by NCPE as having adopted some form of comparable worth do not seem, in fact, to have done very much. Accordingly, I focus on the states that do appear to have undertaken major CWPE initiatives: Iowa, Minnesota, New York, Oregon, Washington, and Wisconsin. The experience of these six states is summarized in Table 1. Fortunately, my work is aided considerably by the fact that there have already been two studies of the CWPE initiatives in these states: one by Hartmann and Aaronson (1994), the other by Gardner and Daniel (1998). Unfortunately, my work is made more complicated because these studies do not always agree on what these six states actually did. For example, Hartmann-Aaronson put the total cost of Oregon’s CWPE at US$52.1 million, more than twice the Gardner-Daniel figure (US$20 million). On the other hand, Gardner-Daniel put the cost of CWPE in Washington State at US$115 million, about 40 percent larger than the US$68.3 million estimate given by Hartmann and Aaronson. These two studies likewise offer conflicting evidence on the cost of the CWPE adjustments as a percentage of total payroll. A serious difficulty with Gardner and Daniel is that its estimates are based on telephone interviews which, by their nature, cannot be subjected to careful outside scrutiny. An equally serious difficulty with the Hartmann and Aaronson study is that the authors provide very little information about their methodology; for example, their cost estimates are described as “data collected by the Institute for Women’s Policy Research (IWPR) from states and other sources, as adjusted by IWPR” (Hartmann and Aaronson 1994, p. 78).

Among the six major CWPE states, Minnesota’s experience seems to have stimulated the most research and investigation. This may be due, in part, to the fact that Minnesota has been very generous and helpful about providing the necessary data. As a result, it has been possible for researchers to consider numerous aspects of the state’s CWPE pay adjustments. Some researchers (including Killingsworth 1990; and Sorensen 1994) have sought to estimate the effects of these adjustments on employment; others (notably Evans and Nelson...
<table>
<thead>
<tr>
<th>State</th>
<th>Date</th>
<th>Total</th>
<th>Receiving Adjustment</th>
<th>Hartmann and Aaronson (1994)</th>
<th>Gardner and Daniel (1998)</th>
<th>Cost as % of Total Payroll</th>
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<td></td>
<td></td>
<td></td>
<td>($ )</td>
<td>($)</td>
<td>(%)</td>
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<td>38.2</td>
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<td>53.4</td>
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<tr>
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<td>853</td>
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<td>70*</td>
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<td>28</td>
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Notes: * = estimate.

n/a = not available due to lack of data.
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1989) have discussed the political economy of the adjustments and how they were viewed by state government employees. In what follows, I consider the most obvious “bottom-line” question that one might ask about the adjustments: What did they do to sex differences in pay in state government employment?

The data available to address this question are ideal, because they are available for every one of the state’s approximately 30,000 employees, for dates both before and after the CWPE adjustments occurred. The data contain information on the characteristics of the employees themselves — their age, sex, race, years of service in state government, handicap status, and veteran status — and also on the positions they hold, including the job-evaluation points (“Haypoints”) awarded to each position. Thus, not only can these data be used to analyze pay of individuals, along the lines of the economist’s conventional regression model, equation (1); they can also be aggregated up to the level of the job, thereby permitting analyses of pay rates of jobs, along the lines of the prototype comparable worth model, equation (2).

The results of the analyses (described at greater length in Killingsworth 1990, esp. pp. 119-30) are presented in Table 2. Each entry in the table is an estimate of the female-male percentage differential in pay (i.e., the percentage by which women’s pay falls short of men’s pay) obtained using a particular model for a particular date. There are two rows: the

<table>
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<th>Regression Model</th>
<th>October 1981</th>
<th>April 1986</th>
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<tr>
<td>Conventional economic model, equation (1)</td>
<td>-22.6</td>
<td>-16.4</td>
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<td>Comparable worth model, equation (2)</td>
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<td>All jobs with Haypoint rating</td>
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<td>-6.3</td>
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<td>Number of jobs</td>
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<tr>
<td>All jobs with Haypoint rating and at least ten incumbents</td>
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<td>-2.8*</td>
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<tr>
<td>Number of jobs</td>
<td>379</td>
<td>403</td>
</tr>
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</table>

Note: * = not statistically significant at conventional test levels.
(Unless otherwise noted, all estimates are statistically significant.)

Conventional economic model (equation (1)): Dependent variable ($E$) is the natural logarithm of employee hourly pay; $S$ is an indicator for female sex; and other regressors are for race, age, years of service in state employment, handicap status, and veteran status. Unit of the analysis is the individual employee. Entries in the table refer to estimates of $d$ in equation (1) for the indicated date.

Comparable worth model (equation (2)): Dependent variable ($E$) is the natural logarithm of the maximum pay rate in the job; $C$ is the proportion of employment in the job that is female; and $X$ is the job’s Haypoint score. Unit of analysis is the job. Entries in the table refer to estimates of $d$ in equation (2) for the indicated date.
upper row refers to estimates obtained using the conventional anti-discrimination regression model, equation (1); the lower row refers to estimates obtained using the comparable worth regression model, equation (2). There are two columns: one for October 1981, before the CWPE pay adjustments took place; and the other for April 1986, after they were implemented. Thus, comparison of results for a given model across the two columns indicates how the adjustments affected the sex differential in pay according to a particular model. Likewise, comparison of results for different rows in a given column shows how, for a given date, the two regression models can yield different implications about the sex differential in pay.

First, consider the results in the upper row, which refer to the conventional anti-discrimination regression model, equation (1). This shows that, in October 1981, the sex differential in pay in the conventional model was about 22.6 percent (and was highly statistically significant). This means that in October 1981, before the state's CWEP pay adjustments took effect, female employees received a wage that was about 22.6 percent less than the wage received by male employees with the same age, years of service in state employment, handicap status, and veteran status. In April 1986, after the pay adjustments, the differential had fallen to 16.4 percent (also significant). Of course, there is no a priori reason to ascribe all of this change to the CWPE pay adjustments, which were certainly not the only changes in state government employment or the general economic environment which took place during 1981–86. I say more about this below.

Now consider the results derived using the comparable worth regression model, (2), as shown in the lower row of Table 2. After discarding persons in jobs for which no Haypoint rating is available and aggregating all data up to the level of the job, I regressed each job's maximum pay rate on its Haypoint score and the proportion of employment in the job that is female. In 1981, the sex differential in pay (i.e., the estimated coefficient d in equation (2)) was about 15.7 percent, and is statistically significant; in 1986, the differential was noticeably less, about 6.3 percent, but still statistically significant. Like the conventional results in the upper row of Table 2, this seems to suggest a reduction in the sex differential in pay and a rise in the female-male earnings ratio. However, as with the conventional results, one should beware of the post hoc fallacy: factors other than the CWPE adjustments could have contributed to this reduction.

Even if all of the reduction in the sex differential (from 15.7 percent to 6.3 percent) is attributable to the CWPE pay adjustments, it is clear that these adjustments did not reduce the sex differential to zero according to either of the two models. The state’s Commission on the Economic Status of Women has nevertheless proclaimed that Minnesota is “in the forefront of pay equity efforts in the nation … the first [state] to implement pay equity legislation for its employees … Minnesota’s experience shows that pay equity can be implemented smoothly and at a reasonable cost” (1985, p. 1). These claims are contradicted by the results in Table 2, which show that the state’s CWPE pay adjustments fell well short of full pay equity. However, the commission’s own analyses look only at jobs with at least ten incumbents; and, if one excludes all jobs with less than ten incumbents, one does indeed end up with a small and non-significant sex differential for 1986, as shown in the last row of Table 2. Thus, in this somewhat limited sense, but only in this sense, it is correct to say that Minnesota’s pay adjustments actually achieved “pay equity” in state government employment. A more accurate statement, however, would be that the cost may have been “reasonable” (although, as noted earlier, there is some disagreement about what the actual cost was), and implementation may have been smooth, but the attainment of actual pay equity was less than complete. A greater degree of pay equity could have been achieved, but only at a higher cost.

Finally, to what extent did the CWPE pay adjustments rather than other factors (e.g., general
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macroeconomic trends) contribute to the reduction in the sex differential in pay in state employment? To answer this question, I performed a series of longitudinal regression analyses of random samples of state employees, in which I followed the same individuals through time while controlling for both a time trend and changes in prices and wages in the state’s economy. I used dummy variables to capture the state’s pay adjustments, which were implemented in three discrete steps (effective July 1983, July 1984, and July 1985). The sum of the coefficients on these dummy variables implied an increase in pay for women of about 10.4 percent, and an increase for men of about 0.8 percent, ceteris paribus. Thus, these results imply that the adjustments raised pay for women by much more than pay for men, on average, and thereby reduced the female-male pay gap by about 9.6 percentage points, ceteris paribus.

To debate whether this is a large or a small reduction would, in a sense, be to debate whether a glass is half-full or half-empty. An improvement in the sex differential in pay of this magnitude is certainly substantial. Perhaps for this reason, some researchers accept at face value the state’s somewhat self-congratulatory claims that its pay adjustments did in fact bring about equal pay for work of equal value. On the other hand, even an improvement of this magnitude falls well short of achieving parity. Ronnie J. Steinberg, a noted pay-equity proponent, comments as follows:

By the time of its implementation, the Minnesota [pay-equity] commission leadership were aware that its recommended wage adjustments were based on a system that perpetuated the undervaluation of women’s work, but they believed that conducting a study that would modify this system would be too costly in terms of money, time, and political success. They didn’t risk it (1991, p. 198).

In other states, whose pay adjustments were much less ambitious than Minnesota’s, the improvement was almost certainly smaller.

Perhaps predictably, management (in the public as well as the private sector) has generally fought hard to oppose or limit the modification of existing job-evaluation systems; to prevent or control the introduction of “modified” job evaluations; and to limit the extent and magnitude of comparable worth pay adjustments. In some instances, management has attempted to divide unions among themselves and to create friction between unions and feminist advocates. However, some unions have needed no encouragement from management on this score, and have actively opposed pay equity adjustments (ibid., p. 206) of their own accord. In some cases, union opposition is prompted by fear that pay equity wage increases for some jobs will inevitably entail wage decreases (explicit or implicit) for others. Union opposition may also stem from the recognition that comparable worth has at least the potential to reduce drastically the scope of collective bargaining: if wage differentials are to be determined by assessments of “job worth,” then the only wage issue remaining for consideration in collective bargaining would seem to be to determine their general level.

In any event, in recent years, a certain amount of disenchantment with comparable worth may have set in, particularly because the reality — the extent and magnitude of pay equity adjustments that have actually taken place — seems to have fallen far short of what its advocates hoped for and expected. Steinberg describes this shift in outlook in the following terms:

Throughout the early efforts to establish pay equity guidelines, it was exciting to participate in the process of legitimating and establishing the parameters of the reform … At many moments we thought it would be a miracle to achieve any reform even faintly resembling the objectives associated with comparable worth. In this context, we were exceptionally positive about any initiative that occurred. With hindsight, we realized that several of these early initiatives had actually established precedents that limited the scope of
subsequent initiatives. Once one jurisdiction had taken the most conservative and narrow approach to adjusting wages, calling it pay equity and getting away with it politically, other jurisdictions had little incentive to correct fully for all of the wage discrimination identified by proponents. By the early nineties, my assessments of pay equity accomplishments were much less positive (1996, pp. 231-32).

POSSIBLE FUTURE DEVELOPMENTS

I conclude as I began, by distinguishing between the federal level and the states. It seems unlikely that CWPE advocates will achieve significant victories at the national level in the near to intermediate term. The case law is distinctly unfavourable; the Bush administration has no interest in CWPE; and proponents of CWPE are a distinct minority in Congress. There seems little likelihood that either the Harkin Bill or the Daschle Bill will become law in the next several years.

In the states where wage adjustments have already been made, advocates of comparable worth and pay equity are, in a sense, victims of their own success: for example, having proclaimed that Minnesota has achieved pay equity, proponents might have a hard time persuading the state’s governor and legislature that further pay equity adjustments are nevertheless necessary. States that have not already embraced CWPE, which means most states, show no signs of doing so now; some (notably Michigan) have strongly resisted it.

Thus, at both the state and the federal level, CWPE has not been adopted on a widespread basis, and adoption seems unlikely in the near future. In part, this may be because of a fear of adverse side-effects, such as employment losses. In part, this may be because CWPE’s appeal is somewhat limited: as just noted, wage adjustments under CWPE seem to have fallen well short of what its proponents originally hoped and expected; management has rarely been enthusiastic about the prospect of added costs under CWPE; and unions may have wondered whether it makes any sense to determine wage differentials by regression analysis of “job worth” rather than through collective bargaining. Finally, long-established and effective anti-discrimination rules and regulations — Title VII, the Equal Pay Act and affirmative action — provide an alternative means of tackling discrimination.

NOTES

1 The Department of Labor’s Wages and Hours Division has the power to sue alleged violators of the Equal Pay Act. The Equal Employment Opportunity Commission and the Department of Justice have the power to bring suit under the Civil Rights Act, and so may private plaintiffs who have retained their own attorneys.

2 The data in Figure 3 refer to “synthetic” cohorts, constructed by stringing together Current Population Survey data at successive dates for persons of the appropriate age. For example, the data for persons born in 1945–54 are derived by taking data for persons age 25–34 in 1979, persons 35–44 in 1989, and persons 45–54 in 1999. The standard caveat about synthetic cohorts certainly applies here: particularly because the data refer to year-round, full-time workers as of each date, these synthetic cohorts cannot really be thought of as cohorts in the true sense. (For example, some people who work year-round, full-time at one date do not do so at other dates, so the composition of persons born in 1945–54 who are working year-round, full-time changes over time.)

3 For example, secular changes in women’s education, training, and career choices relative to men’s choices (which could be a result of anti-discrimination measures and/or more general societal change) could help explain why the earnings ratio is generally higher for younger cohorts. Macroeconomic activity, particularly during the 1990s, could help explain why the earnings ratio for a given cohort frequently (though by no means always) rises with age: note that the last data-point for each cohort refers to 1999, the seventh year of a period of unprecedented economic expansion.

4 As implied here, most comparable worth proponents advocate evaluating and comparing the worth and pay of
jobs at a given employer. So far as I am aware, no comparable worth proponent has ever suggested comparing the worth and pay of jobs at different employers (e.g., determining whether the worth of a job at one employer is equal to the worth of a job at another employer).

During the 1990s, the term “pay equity” gradually superceded the original term “comparable worth.” However, so far as I am aware, pay equity advocates regard the two terms as equivalent and interchangeable. See, e.g., Hartmann and Aaronson (1994, p. 71, n. 11).

5 Details on these developments from the 1963 Equal Pay Act to the proposed pay equity study of federal executive pay may be found in Weiler (1986) and Rhoads (1993).

6 The full details are presumably contained in what the authors described, in 1994, as a “report in progress” (Hartmann and Aaronson 1994, p. 69), but the completed report has apparently not yet appeared in print.

7 In technical terms, these were fixed-effects wage regressions for pay, with non-linear terms for years of state service, time trend terms and variables for changes in private sector wage rates and the price level in the state (which serve as proxies for wage changes that would have taken place in the absence of the pay equity wage adjustments). The samples consisted of randomly selected male and female state employees who were continuously present during 1981–86. Note that since the pay equity pay adjustments were paid to men as well as women in certain predominantly female jobs, the adjustments could certainly raise pay for some men as well as for some women.

REFERENCES


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