
ISSUE BRIEF:

PAY EQUITY IN NEW JERSEY

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Beyond principles of fairness, the matter of gender pay equity concerns not only the sustenance and mobility of employees, but also the security of families and the strength of the overall economy. Certain assessments reveal the median earnings of women working full-time, year-round total only 78 percent of men's median compensation, leaving a disparity of 22 percent.¹ New Jersey ranks 19th among the states in terms of the wage gap, with females on average earning \$48,640 as compared to \$60,815 for males, a 20-percent difference.² Even when adjusting the data and methodology to account for multiple variables, analyses support the existence of gender-based wage discrepancies, with negative outcomes. Closing the pay gap in New Jersey requires the promotion of greater transparency and the protection of recovery rights related to discrimination, in concert with more comprehensive policies, such as those that lift wages, facilitate child care and ensure earned sick leave.

Key Points

- New Jersey ranks 19th among the states in terms of the wage gap, with females on average earning \$48,640 as compared to \$60,815 for males, a 20-percent difference.
- Advances toward pay equity would enhance conditions for women, families and the wider economy, reducing poverty and elevating output.
- New Jersey taking the final steps toward pay equity depends on such measures as the Wage Transparency Act and the Unfair Wage Recovery Act, as well as such policies as increasing the tipped minimum wage, implementing a Child and Dependent Care Tax Credit, instituting statewide earned sick leave and expanding early childhood education.

Since the passage of the Equal Pay Act in 1963 and the Civil Rights Act in 1964, women have experienced measurable improvements in workforce participation, educational attainment and pay.³ Progress with compensation has stalled in the past

decade, when the income differential between females and males narrowed only by 1.5 percentage points, down from the 4.9 percentage points by which the disparity decreased in the previous decade and the 8.1 percentage points in the prior ten years.⁴ The sluggish pace of parity presents one component of the earlier-cited wage gaps of 22 percent nationwide and 20 percent in New Jersey, with the current rate of activity projected to close the former in as late as 2058 and the latter in as late as 2055.⁵

Critics question the raw gap as failing to reflect accurately such elements as choice of profession, weekly hours logged and career continuity, all of which speak to the complex influences on women's overall relationship to work. For example, childbearing and childrearing appear to affect more directly women's short-term professional schedules and long-term trajectories as compared with those of men.⁶ Additionally, women simultaneously encounter underrepresentation in higher-wage fields and overrepresentation in the lowest-wage fields.⁷

While some studies capturing diversity in education, experience, career interruption and other variables find a national wage gap smaller than 22 percent,⁸ Francine D. Blau and Lawrence M. Kahn conclude, "Even controlling for experience and whatever other qualifications can readily be measured, there tends to be a pay difference between men and women that is not explained and is potentially due to discrimination."⁹ In short, gender-based wage inequality does exist. More importantly, this inequality results in quantifiable individual and collective losses.

By one calculation – admittedly, an estimate drawn from averages of the upper-level disparity – a woman who worked full-time over a 40-year career would lose \$435,049 due to wage inequality.¹⁰ The absence of pay equity undermines households, to which women increasingly contribute direct economic support.¹¹ The recent recession's elevated unemployment left many families even further reliant on women's earnings,¹² a tangible introduction for many to pay equity's significance. The impact of wage inequality also likely yields farther-reaching societal costs, as women suffer higher rates of poverty than do men and – as a consequence – potentially depend more readily on government assistance.¹³

Conversely, advances toward pay equity would enhance conditions for women, families and the wider economy. Equal pay would lower the poverty level for working women by half, working single mothers by nearly half and working single women by more than half.¹⁴ Moreover, equilibrating wages between men and women would infuse \$447.6 billion of additional income into the nation's economy.¹⁵

The recognition of pay inequality – to some degree, at the very least – and its attendant effects has motivated efforts at the federal level, most notably the enactment in 2009 of the Lilly Ledbetter Fair Pay Act, which re-establishes with each new paycheck the 180-day statute of limitations for filing an equal-pay suit. In the recent past, Congress has considered, but not passed related legislation: the Paycheck Fairness Act, which would strengthen penalties for compensation violations and

protect employees in the disclosure and discussion of wages; and the Fair Pay Act, which would require employers to provide equal pay for work of equal value.

States also have instituted policies to help bridge the wage gap, with 16 having introduced legislation in 2014 alone.¹⁶ New Jersey already has adopted and enforces several pay-equity provisions, with the Institute for Women’s Policy Research ranking the state as one of the five best in the nation with respect to women’s employment and earnings.¹⁷ Even so, a wage gap remains in New Jersey that has prompted attempts to heighten transparency and protect the compensatory damages of those subject to discrimination.

- The Wage Transparency Act (S1038/A2345) – sponsored by Senator Loretta Weinberg, Assemblywoman Pamela Lampitt, Assemblywoman Gabriella Mosquera, Assemblywoman Bonnie Watson Coleman and Assemblyman Gordon Johnson – would require businesses contracting with the state to disclose “information regarding the gender, race, job title, occupational category, and total compensation of every employee of the employer employed in the State in connection with the contracts.”
- The Unfair Wage Recovery Act (S783/A2349) – sponsored by Senator Weinberg, Assemblywoman Lampitt, Assemblywoman Mosquera, Assemblywoman Watson Coleman and Assemblywoman Carmelo Garcia – would expand upon the Lilly Ledbetter Fair Pay Act by superseding the cap (two-to-three years) on damages in the federal version and allowing for recovery over the full duration of employment, mirroring New Jersey’s existing Law Against Discrimination.

The Wage Transparency Act and the Unfair Wage Recovery Act each passed the Senate and the Assembly; however, Governor Chris Christie vetoed the former outright and vetoed the latter conditionally in August 2014. In the state’s pursuit of pay equity, the merits of each initiative recommend their enactment.

Additionally, just as wage inequality springs from a battery of causes, the achievement of pay equity will emerge from comprehensive reforms that would ameliorate multiple facets of a person’s and a family’s economic reality. The Center for America Progress, among other entities, proposes several measures aimed at addressing the wage gap, including an increase in the tipped minimum wage, the provision of earned sick leave, the facilitation of child care and the expansion of early childhood education,¹⁸ all initiatives for which New Start New Jersey has advocated.¹⁹

When President John Kennedy signed the Equal Pay Act in 1963, he referred to the law as a “first step” and acknowledged that “much remains to be done to achieve full equality of economic opportunity.” Over four decades later, progress around wage disparity has occurred, although not to a satisfactory degree. New Jersey taking the final steps toward pay equity will hinge upon such advances as the Wage Transparency Act and the Unfair Wage Recovery Act, as well as such policies as

increasing the tipped minimum wage, implementing a Child and Dependent Care Tax Credit, instituting statewide earned sick leave and expanding early childhood education.

Notes

¹ American Association of University Women, “The Gender Pay Gap: New Jersey” (Washington, DC: American Association of University Women, 2014).

² National Women’s Law Center, “Wage Gap: State Rankings 2013” (Washington, DC: National Women’s Law Center, 2014).

³ National Women’s Law Center, “50 Years & Counting: The Unfinished Business of Achieving Fair Pay,” 2013 (Washington, DC: National Women’s Law Center, 2013); Mary E. Guy and Vanessa M. Fenley, “Inch by Inch: Gender Equity Since the Civil Rights Act of 1964,” *Review of Public Personnel Administration*, no. 34 (2014): 40-58.

⁴ Institute for Women’s Policy Research, “The Gender Wage Gap: 2014” (Washington, DC: Institute for Women’s Policy Research, 2015).

⁵ Institute for Women’s Policy Research, “The Status of Women in the States: 2015” (Washington, DC: Institute for Women’s Policy Research, 2015).

⁶ Natalia Kolesnikova and Yang Liu, “Gender Wage Gap May Be Much Smaller Than Most Think,” *The Regional Economist* (St. Louis, MO: Federal Reserve Bank of St. Louis, 2014); Institute for Women’s Policy Research, “The Gender Wage Gap: 2014,” 2015.

⁷ National Women’s Law Center, 2013.

⁸ CONSAD Research Corporation, “An Analysis of Reasons for the Disparity in Wages between Men and Women” (Pittsburgh, PA: CONSAD Research Corporation, 2009); Dan A. Black, Amelia M. Haviland, Seth G. Sanders and Lowell J. Taylor, “Gender Wage Disparities among the Highly Educated,” *Journal of Human Resources*, no. 43 (2008): 630-659.

⁹ Francine D. Blau and Lawrence M. Kahn, “The Gender Pay Gap: Have Women Gone as Far as They Can?” *Academy of Management Perspectives*, no. 21 (2007): 846.

¹⁰ National Women’s Law Center, “How the Wage Gap Hurts Women and Families” (Washington, DC: National Women’s Law Center, 2015).

¹¹ Guy and Fenley.

¹² Heather Boushey, “Equal pay for breadwinners: More men are jobless while women earn less for equal work” (Washington, DC: Center for American Progress, 2009).

¹³ National Women’s Law Center, 2015.

¹⁴ Heidi Hartman, Jeffrey Hayes and Jennifer Clark, “How Equal Pay for Working Women would Reduce Poverty and Grow the American Economy” (Washington, DC: Institute for Women’s Policy Research, 2014).

¹⁵ Ibid.

¹⁶ National Conference of State Legislatures, “2014 Equal Pay Legislation” (Washington, DC: National Conference of State Legislatures, 2014).

¹⁷ Institute for Women’s Policy Research, “The Status of Women in the States: 2015,” 2015.

¹⁸ Sarah Jane Glynn, Milia Fisher and Emily Baxter, “7 Actions that Could Shrink the Gender Wage Gap” (Washington, DC: Center for American Progress, 2014).

¹⁹ David Madland and Timothy Castano, “A Policy Agenda for Strengthening New Jersey’s Middle Class: Initial Proposals Toward Security and Prosperity” (Newark, NJ: New Start New Jersey, 2015).