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SENATE COMMITTEE ON LABOR AND INDUSTRIAL RELATIONS OVERSIGHT HEARING

“Eliminating Barriers and Challenges for Working Women in California”

October 7, 2015
California State Building
Milton Marks Conference Center, Lower Level
455 Golden Gate Avenue, San Francisco, CA 94102
9:30 a.m. – 12:00 p.m.

Background Summary

Introduction:

Not only do women currently comprise half of the workforce in California, 40 percent of mothers are now the sole or primary source of income for the household.¹ This has been consistently increasing since the 1960s. And yet, millions of women in the United States are more likely to live in poverty than men and still face significant barriers to economic security and stability. The lack of affordable, quality child care and affordable housing makes it increasingly difficult for women to provide secure environments for their family. Women’s earnings are still below men, a gender wage gap that is not projected to close until 2058 and women are more likely to face the stresses that accompany poverty as they are disproportionately employed by jobs that pay the minimum wage.²

¹ Wang, Parker, and Taylor, “Mothers are the Sole or Primary Provider in Four-in-Ten Households with Children; Public Conflicted about the Growing Trend,” Pew Research Center.

<http://www.pewsocialtrends.org/2013/05/29/breadwinner-moms/>

² Hayes, “Gender Wage Gap Projected to Close in Year 2058: Most Women Working Today Will Not See Equal Pay during their Working Lives,” Institute for Women’s Policy Research

A strong California economy depends on the economic success of women. However, currently working women in our state face significant hurdles from losing \$33 billion in income because of unequal pay, single mothers having to spend 44 percent of their income on childcare, and the fact that two-thirds of low wage workers are women.³ These statistics illustrate the real struggle that women are facing today and the importance of the Legislature to examine these issues and discuss potential policy improvements to ensure economic security and accessibility to child care, non-traditional job paths, and family friendly policies.

Economic Security:

Minimum Wage –Raising the minimum wage provides an important lifeline for low wage workers, many of whom are women. According to the National Women’s Law Center, even though men make up a larger share of the U.S. labor force, women are nearly two-thirds of minimum wage workers. And women of color comprise 23 percent of minimum wage workers, compared to 16 percent of all workers. The fact that women are overrepresented in low-wage work suggests that the minimum wage can be a tool in reducing the pay gap between men and women.⁴

According to the U.S. Department of Labor, the current minimum wage would need to be more than \$8 per hour to equal its buying power of the early 1980s and more nearly \$11 per hour to equal its buying power of the late 1960s.⁵ California recently took significant steps to give low-wages workers a much-needed boost by enacting a minimum wage increase through AB 10 – which raised the minimum wage to \$9 in 2014 and \$10 in 2016. In California, a minimum wage worker earning \$9 an hour and working full time for 52 weeks would earn \$18,720, which is lower than the 2014 estimated federal poverty line for a family of three (\$19,094) and far lower than \$74,777, the income needed for a moderate standard of living for a family of three, according to the California Budget and Policy Center Project.⁶

The Economic Policy Institute estimates that if the minimum wage were increased nationally to \$12.00 per hour by 2020, more than 35.0 million workers would get a raise—nearly 56 percent of whom are women. A quarter (25.5 percent) of white, non-Hispanic working women would see a raise, compared to 36.8 percent of Black working women and 43.3 percent of Hispanic working women. Nearly half of working single moms of color (44.9 percent) would get a raise.⁷

<http://www.iwpr.org/publications/pubs/gender-wage-gap-projected-to-close-in-year-2058-most-women-working-today-will-not-see-equal-pay-during-their-working-lives>

³ California Legislative Women’s Caucus and Stronger California Advocates Network, “A Stronger California: Securing Economic Opportunity for All Women,” March 24, 2015.

⁴ National Women’s Law Center, “Fair Pay for Women Requires a Fair Minimum Wage.” May 13, 2015.

<http://www.nwlc.org/resource/fair-pay-women-requires-fair-minimum-wage#three>

⁵ United States Department of Labor, “Minimum Wage Mythbusters.” <http://www.dol.gov/minwage/mythbuster.htm>

⁶ California Budget and Policy Center, Making Ends Meet: How Much Does It Cost to Raise a Family in California? (Dec. 2013), http://calbudgetcenter.org/wpcontent/uploads/131212_Making_Ends_Meet.pdf

⁷ EPI, It’s Time to Raise the Minimum Wage (Apr. 2015), www.epi.org/publication/its-time-to-raise-the-minimum-wage.

Gender Wage Gap – There have been numerous studies dedicated to calculating disparities in earnings between men and women in the workplace over the last fifty years. In 1963, women who worked full-time year-round made 59 cents on average for every dollar earned by a man. The American Association of University Women (AAUW) found that number stands at 78 percent today for women nationally and California ranks 5th in the United States with 84 percent. AAUW also notes that the pay gap is worse for women of color, with Hispanic and African American women making 54 percent and 64 percent of white men’s earnings respectively. Although the gap narrowed between the 1970s and 1990s, it has largely remained between 76 and 78 cents since 2001.⁸

This gap has narrowed due to various factors, including women’s progress in education as well as workforce participation. In “The Gender Pay Gap: Have Women Gone as Far as They Can?” authors Francine D. Blau and Lawrence M. Khan discuss that while factors such as educational attainment, experience, demographic characteristics, job type, industry, or union status explain about 49 percent of the wage gap, 41 percent of the gap is not explained by such factors. Meaning if women had the same education, experience, demographic characteristics, industrial and occupational distribution, and union coverage as men there would still be an 8 percent unexplained difference that researchers suggest could be influenced by discrimination. The 2013 Congressional Research Service report “Pay Equity: Legislative and Legal Developments” referenced a study commissioned by the U.S. Department of Labor that used a different data source and a slightly different set of personal and human capital characteristic controls. The study found an unexplained earnings differential between 5 and 7 percent.⁹

Senator Jackson authored the California Fair Pay Act, SB 358, this year to address California’s gender pay gap. While existing law in California prohibits businesses from paying women less for doing the same work as their male colleagues, SB 358 aims to remove some ambiguities and gaps in the law. The bill broadens existing law by saying women must be paid the same for doing substantially similar work and employers would have to prove they were paying a male worker more for specified reasons under law, such as seniority or merit. The bill also created retaliation protections for workers who compare wages.

Accessibility:

Occupational Segregation and Nontraditional Jobs – In the report “Separate Not Equal? Gender Segregation in the Labor Market and the Gender Wage Gap” the Institute for Women’s Policy Research (IWPR) found that after a steady trend towards a more even distribution of men

⁸ American Association of University Women, “The Simple Truth about the Gender Wage Gap,” Fall 2015. <http://www.aauw.org/research/the-simple-truth-about-the-gender-pay-gap/>

⁹ Congressional Research Service, “Pay Equity: Legislative and Legal Developments,” November 22, 2013. <https://www.fas.org/sgp/crs/misc/RL31867.pdf>

and women across occupations during the 1970s and 1980s, there has been no further progress since the late 1990s, amounting to more than a decade of stalled progress.¹⁰

The authors contend that occupational segregation matters because there is considerable research suggesting that occupational choice is often constrained, by socialization, lack of information, or more direct barriers to entry to training or work in occupations where one sex is a small minority of the workforce. They argue that this leads to less optimal outcomes for individual workers as well as reduces overall productivity and economic growth as employers have to select workers from a smaller and less motivated pool of workers.

IWPR also looked at the intersection of the gender wage gap and occupational segregation by analyzing women's and men's median earnings in various occupations. Their analysis showed that women's median earnings are lower than men's in all of the 20 most common occupations for men and women. They also note that nearly twice as many women as men work for poverty wages. Within the 20 most common occupations for women, 6.8 million women work in occupations that have median earnings for full-time work below the federal poverty threshold for a family of four, compared with 3.7 million men who work in such low-wage occupations among the twenty most common occupations for men.¹¹

Given that women and people of color remain underrepresented in these higher paying career paths with greater opportunities for advancement, advocates have recommended creating pathways to living wage jobs and provide additional support for women entering nontraditional employment.

Childcare – Quality, affordable child care allows women to obtain an education, work and gain power in the workplace. In addition to the positive impact on the health and wellbeing of children, child care centers are small businesses, often run by women, who support working families and contribute to job creation and economic development.

Child care costs in California are about \$12,000 per year for an infant and \$7,000 to \$10,000 per year for a toddler. This high cost is particularly challenging to the budgets of low-income families, who typically spend 30 percent of their income on child care, compared to 10 percent spent by higher earners.¹² During the Great Recession, California made substantial cuts to its child care infrastructure including \$1 billion from the child care budget which eliminated slots for 100,000 children. Last year's state budget included funds to begin to rebuild the early

¹⁰ Hegewisch, Liepmann, Hayes, and Hartmann, Institute for Women's Policy Research, "Separate and Not Equal? Gender Segregation in the Labor Market and the Gender Wage Gap," August 2010.

¹¹ Hegewisch and Keller Hudiburg, Institute for Women's Policy Research, "The Gender Wage Gap by Occupation 2013," April 2014. <http://www.iwpr.org/publications/pubs/the-gender-wage-gap-by-occupation-2>

¹² Child Care Aware of America, Parents and the High Cost of Child Care: 2014 Report (2014), available at <http://cca.worksmartsuite.com/UserContentStart.aspx?category=25>.

childhood education system, but even with those new investments, the total number of child care slots is more than 20 percent below those available in 2007.¹³

Family Friendly Policies:

Paid Family Leave – In 2002 California became the first state in the nation to provide Family Temporary Disability Insurance, more commonly known as Paid Family Leave (PFL). PFL is funded by an employee-paid payroll tax and provides benefits to individuals who take time off of work to care for a seriously ill child, spouse, parent, or registered domestic partner, parent-in-law, grandparent, grandchild, sibling or to bond with a new minor child due to birth, adoption, or foster care placement. Under the PFL program, workers can claim a cash benefit set at 55% of "base period" wages for up to 6 weeks.¹⁴ Approximately 13.1 million Californians are covered by PFL. In calendar year 2013, 215,830 PFL claims were filed, and approximately 90% of claims filed were to take time off to bond with a newborn child.¹⁵ The PFL program does not provide job protection but it covers nearly all employees, aside from some self-employed and public sector persons, regardless of the size of the employer. However, a claimant could have such job protection benefits if they also qualify under the requirements of the Family Medical Leave Act or California Family Rights Act.

Studies have shown paid family leave policies have positive impacts on infant and maternal health, have been associated with greater labor-force attachment (women retaining jobs into their pregnancy and returning to work after giving birth), and have resulted in increased wages for some women. However, stakeholders have argued that the underutilization of the PFL program calls for increased job protection while on leave, a higher wage replacement rate, and more outreach for workers who may not know about the program.

Predictable Scheduling –A recent report by the Center for Law and Social Policy and others addresses the growing trend for "just-in-time scheduling," which allows for immediate changes to workers hours based on customer traffic. This is becoming increasingly accepted as the norm in hourly-wage, service sector industries which disproportionately affect low-income workers. Nearly two-thirds of food service workers and half of retail workers receive their work schedules a week or less in advance. These workers may also experience last-minute changes to their schedules or be subject to "on-call" shifts where they are notified less than 24 hours before a shift begins whether or not they are required to report to work. One study found that restaurant workers could be scheduled with a start time but no end time. Workers were instead scheduled as

¹³ California Budget and Policy Center, How Did Child Care and Preschool Really Fare in the State Budget? (July 15, 2014), available at <http://calbudgetcenter.org/blog/how-did-child-care-and-preschool-really-fare-in-the-statebudget/>

¹⁴ "Paid Family Leave: Ten Years of Assisting Californians in Need," The Employment Development Department, July 1, 2014. http://www.edd.ca.gov/disability/pdf/Paid_Family_Leave_10_Year_Anniversary_Report.pdf

¹⁵ Ibid.

“12 BD.” This means that a worker would arrive at work at noon and then leave when “business declined” or BD. That could be anytime and at the discretion of the management.¹⁶

Such scheduling practices can have a negative impact on workers from adverse health effects, difficulty finding and keeping childcare arrangements, transportation obstacles, trouble going back to school to advance their education, and overall stress and strain on family life. Additionally, such schedule fluctuations make it difficult for workers to predict the size of their paychecks, creating economic strain.

In 2014, The San Francisco Board of Supervisors passed the “San Francisco Predictable Scheduling and Fair Treatment for Formula Retail Employees Ordinance,” which was introduced by now Assembly member David Chiu. Among other things, the ordinance included provisions such as advance notice of work schedules as well as compensation for schedule changes and on-call shifts.¹⁷

In Conclusion:

The topics outlined above represent a portion of the barriers and challenges working women in California face. From trying to support a family or afford childcare on the minimum wage, scheduling child care arrangements with unpredictable schedules, societal and institutional barriers to higher paying nontraditional jobs, to the currently stagnant gender wage gap – these are issues that deserve further exploration. Today the Senate Committee on Labor and Industrial Relations will bring together various stakeholders to discuss these as well as other barriers and challenges for working women in California and possible policy measures to eliminate them.

¹⁶ Center for Law and Social Policy, Retail Action Project, and Women Employed, “Tackling Unstable and Unpredictable Work Schedules.” March 7, 2014. <http://www.clasp.org/resources-and-publications/publication-1/Tackling-Unstable-and-Unpredictable-Work-Schedules-3-7-2014-FINAL-1.pdf>

¹⁷ California Work & Family Coalition and Next Generation, “Summary: The San Francisco Predictable Scheduling and Fair Treatment for Formula Retail Employees Ordinance.” November 2014. http://thenextgeneration.org/files/SF_Predictable_Scheduling_One_Pager_1.pdf