

HALF A LOAF: INITIATING A COMPARABLE WORTH WAGE POLICY FOR PUBLIC EMPLOYEES

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Abstract

The Republican Governor of “Freedonia” has appointed a Commission to investigate whether state wage policies incorporate gender, race, or ethnic biases, and to recommend action if such bias is found. Supporters of the Commission, in and out of government, want the state to perform a comparable work job analysis to see if jobs with the same difficulty and responsibility held disproportionately by women or minorities are paid in the same range as jobs held disproportionately by men or whites. The bill that comes before the legislature does not propose a comparable worth analysis, but instead offers to raise the floor on the wages of full-time employees to the federal poverty level. The Democrats who control both houses of the legislature have to decide whether to support the bill. The proposed legislation does not embrace the structural change advocated by supporters, but it does give higher wages to those at the lower end of the public pay scale. To get this gain, Democrats must accept that the Republican governor will take a good deal of the credit. Is this “half a loaf”? And if so, is it enough?

Case Study

In the United States, with its history of weak unions, wage gains result as much from public policy as they do from collective bargaining. In the period between 1975 and 1995, comparable worth, or pay equity as it is also called, was a major policy initiative designed to reduce the wage gap between men and women, and whites and people of color. During that period more than 20 states passed comparable worth legislation and hundreds of municipalities and school boards adopted policies that made pay equity a standard for setting wages in the public sector. Labor advocates and women’s groups continue to give comparable worth wage policies their active support. In 2001, Senator Tom Harkin (D-Iowa) and Delegate Eleanor Holmes Norton (D-DC) introduced national pay equity legislation, the Fair Pay Act, which would cover both the public and private sectors, with an exemption for small businesses. The Fair Pay Act languished in a Congress, and a country, not fundamentally supportive of proactive wage measures, especially in the private sector. Beyond legislation, however, a number of unions, including the American Federation of Teachers, include comparable worth as a regular demand in contract negotiations.

This case, set in the fictional state of “Freedonia” (but representing a real example) presents the kinds of issues politicians confront when legislation attempts to make structural changes in economic, gender, and race relations. A Republican governor responds to a state equitable compensation task force by proposing to raise the wages of all full time state employees who make less than the federal poverty level to that standard. The Governor is supported, somewhat unusually, by the main public employee unions. In contrast, most Democrats in the legislature (they control both houses) want to hold out for a serious analysis of the state’s job classification and compensation schemes and a full-fledged comparable worth wage policy. What should the Democrats do as elections approach?

Defining the Policy

Comparable worth wage policy has technical components that are part of the policy conflict, making a definition important to understanding the issue. A comparable worth wage policy requires establishing equivalent pay ranges for *different* jobs that are judged to be equal based on technical evaluations of skill, effort, responsibility, and working conditions. This policy values female-dominated jobs like secretaries as equivalent to male-dominated jobs like delivery van drivers, and urges that the wages of the secretaries be raised to those of delivery van drivers. Individual secretaries and van drivers would make different wages depending on their performance, tenure, and the like. But if the overall set of job characteristics were rated the same, the jobs would have roughly the same pay characteristics.

At the beginning of the comparable worth movement, supporters took existing job evaluation systems used by employers and compared equally rated female-dominated or minority-dominated jobs to those held predominantly by men or whites. Within most firms, research showed lower wage rates for female-dominated and minority-dominated jobs when compared with equally valued jobs held by men or whites. This analysis was used as the basis for comparable worth pay policies to improve the wages of women and minorities within these firms. As a result, large-scale job evaluation systems, once quite common in private- and public-sector human resource management, are used much less frequently, having been deployed to make equity arguments.

A Conflict Played Out in Dueling Regression Lines

Comparable worth policy was and is played out in an atmosphere of dueling regression lines. Few policy areas, with the possible exception of environmental issues, have as many scholars arrayed to provide policy makers with analysis that proceeds from different assumptions. The conflict arises, in part, over the interpretation of the wage gap between men and women and whites and minorities. In 2000, white women working full time made, on average, 72 percent of the wages of white men working full time. Black men earned 78 percent of white men; black women 64 percent; Hispanic men 63 percent, and Hispanic women, 52 percent. Differences in human capital and work history explain up to two-thirds of the male-female and white-minority wage gap.

Proponents of comparable worth say that the rest of the wage gap is due largely to discrimination, including the discrimination that pays jobs less because they tend to have mostly female or minority incumbents. Proponents of comparable worth argue that the 1963 Equal Pay Act and Title VII of the 1964 Civil Rights Act do not fully address the wage problems of minorities and white women because they did not do the same work as white men. Men and whites predominate in jobs like doctors, lawyers, engineers, professors, plumbers, and electricians. Women and people of color predominate in jobs like nurses, teachers, secretaries, retail clerks, domestic workers, and gardeners. The wage gap caused by occupational segregation gives employers a discriminatory bonus, in the form of a lower total wage bill. Only structural change that removes the discriminatory bonus will create a sufficient impetus for individual employers to change their wage rates.

Opponents of comparable worth believe that wages should be established not by the value of a job to the firm or jurisdiction, but rather by what the market pays for each type of job. Lower wages in female- or minority-dominated jobs come from crowding, that is, from too

many people chasing too few jobs, not from discrimination or stereotyping. On an individual level, opponents say that pay equity policies discourage women and people of color from searching for higher paid jobs. On a structural level, opponents further argue that wages accurately reflect the marginal productivity of each worker. Any move away from market wages places employers in the private sector at jeopardy of no longer being economically competitive in the production of their goods and services. Wage increases either will be taken from profits, making the firm less desirable for investment, or will be reflected in higher prices, which will make the firm less competitive in the marketplace. Instituting a comparable worth wage policy in the public sector wastes scarce tax dollars.

The Politics of Comparable Worth in Freedonia

Freedonia, a state with a population of six million, has a mixture of aging industrial firms, newer service industries, and an economically stable agricultural sector. A number of Democratic legislators in the Freedonia House and Senate began to work for a comparable worth wage policy for state employees. Supported by labor activists and, indirectly, by women's rights activists, the legislators requested a study on the topic by the state's permanent Women's Equity Commission. In January, the Republican Governor, Alan Aiken, appointed a Task Force on Equitable Compensation in State Employment to investigate whether state employment wage practices incorporated gender, race, or ethnic biases, and to recommend policies against any biases that were found. The Governor appointed the Task Force in good faith, being a supporter of equitable compensation. He also had his eyes focused on his reelection campaign coming in November. At that time, the Governor and the entire House of Representatives would stand for reelection. No Senators would stand for reelection at that time. Both houses of the legislature were controlled by the Democrats.

The Task Force was created by law and was required to file an Interim Report to the legislature within six months of being established. The Task Force's longevity depended on the response of the legislature. Specifically, the act establishing it said, "the Task Force shall cease to function if appropriate legislative action has not been taken within five months of the submission of the Interim Report. The Task Force shall resume operations once appropriate legislative action has been taken; provided, however, that if appropriate legislative action has not been taken within 12 months after the expiration of the five-month period referred to above, the Task Force shall terminate." The Task Force was quite large, with seven people representing the Administration, two members from the House of Representatives, two members from the Senate, two members from the large public employees unions, and eight public members. No official representatives from women's rights organizations or civil rights organizations were appointed.

During the months it met, the Task Force struggled with many issues including how to determine if racial and ethnic minorities were disproportionately represented in certain job classifications, and how job evaluation could be done on the state classification system. In the midst of these technical and political discussions, Beth Baker, the Civil Service Department's member on the Equitable Compensation Task Force, presented the most detailed proposal for positive action. She reported that over five percent of state workers employed full-time made less than the federal government's poverty line for a family of four. Approximately 90 percent of these workers were white women or minorities. At Governor Aiken's request, Baker proposed that the Task Force suggest legislation requiring that state job classifications where full-time

workers made less than the federal poverty line have their pay increased to the federal poverty standard.

On June 1st the Task Force presented its Interim Report to the legislature. The report included the "Baker bill" creating a floor on state wage rates at the federal poverty level. In addition, the Task Force reported that it had issued a request for proposals from firms interested in conducting a job evaluation study for Freedonia. The Task Force was also discussing compensation plans with the Civil Service Commission and the Department of the Treasury.

June is the end of the legislative session in Freedonia. Before the legislature broke for summer recess (which lasted until after the election), the House passed the Baker bill and sent it to the Senate. In the Senate, the bill faced political opposition. Democratic state senator Cynthia Clark, an important black Senator and a member of the Equitable Compensation Task Force, opposed the bill. Clark felt that the bill did not really represent a comparable worth wage policy, that the same policy (no wages less than the poverty line) could have been achieved by collective bargaining, and that by separating low wages from the issue of comparable worth, the state would not ever adequately address the question of the value of state job classifications.

Democratic party officials, all of whom supported comparable worth, agreed with Clark, adding that the passage of this legislation would allow a Republican governor to take credit for what had originally been a Democratic policy initiative just weeks before the gubernatorial election. The campaign director for the Democratic gubernatorial candidate feared that the Governor would send a letter taking credit for the increases to the 5,000 employees who would receive Baker-bill pay raises. The letter would have accompanied the workers' paychecks.

The largest public employee unions, CWA (the Communication Workers of America) and AFSCME (the American Federation of State, County, and Municipal Employees) both supported the bill. They felt it made great gains for their workers, and moreover, Don Davis, the political director of CWA, was concerned that if the Senate did not vote on this bill, the legislative requirement to take "appropriate action" might not be met, and the Task Force might go out of business. But the most powerful argument made by the unions was that any delay in making the raises available to the poorest of state employees worked a severe economic hardship on these employees. Waiting for a fully blown comparable worth policy was not fair, the unions argued, to the hospital aides and child care attendants whose full-time labor did not bring them above the poverty line.

Both CWA and AFSCME are traditionally supporters of democratic candidates in Freedonia. In this election, however, AFSCME endorsed incumbent Republican Governor Aiken, and CWA officially stayed neutral. It was widely believed in Freedonia that Governor Aiken would win reelection handily, perhaps bringing a Republic majority to the House of Representatives.

After the political forces did battle in the Senate, it was clear that the Senate would pass the Task Force's bill raising state wages in Freedonia to the federal poverty limit. The only question remaining was that of timing: should the bill be brought to a vote before the June recess or after the November elections, in the session held before new officials were sworn in? Opponents of the June vote agreed that if the vote were taken in November, the bill would be

amended to make the raises retroactive to July 1st, the date the raises would have begun if the bill had passed in June.