

# CRS Report for Congress

## Pay Equity Legislation in the 110<sup>th</sup> Congress

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# Pay Equity Legislation in the 110<sup>th</sup> Congress

## Summary

The term “pay equity” originates from the fact that women as a group are paid less than men. In 2005, for example, women with a strong commitment to the work force earned about 77-81 cents for every dollar earned by men. As women’s earnings as a percentage of men’s earnings have narrowed by less than 20 percentage points over the past 40-plus years, some members of the public policy community have argued that current anti-discrimination laws should be strengthened and that additional measures should be enacted. Others, in contrast, believe that further government intervention is unnecessary because the gender wage gap will narrow on its own as women’s labor market qualifications continue to more closely resemble those of men.

The Equal Pay Act (EPA), which amends the Fair Labor Standards Act (FLSA), prohibits covered employers from paying lower wages to female than male employees for “equal work” on jobs requiring “equal skill, effort, and responsibility” and performed “under similar working conditions” at the same location. The FLSA exempts some jobs (e.g., hotel service workers) from EPA coverage, and the EPA makes exceptions for wage differentials based on merit or seniority systems, systems that measure earnings by “quality or quantity” of production, or “any factor other than sex.” The “equal work” standard embodies a middle ground between demanding that two jobs be either exactly alike or that they be merely comparable. The test applied by the courts focuses on job similarity and whether, given all the circumstances, they require substantially the same skill, effort, and responsibility. The EPA may be enforced by the government, or individual complainants, in civil actions for wages unlawfully withheld and liquidated damages for willful violations. In addition, Title VII of the 1964 Civil Rights Act provides for the award of compensatory and punitive damages to victims of “intentional” wage discrimination, subject to caps on the employer’s monetary liability.

The issue of pay equity has attracted substantial attention in recent Congresses. A number of measures, including bills that would have provided additional remedies, mandated “equal pay for equivalent jobs,” or required studies on pay inequity, have been introduced in each of the last several congressional sessions. The following bills have been introduced in the 110<sup>th</sup> Congress: H.R. 1338, H.R. 2019, S. 766, and S. 1087.

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# Pay Equity Legislation in the 110<sup>th</sup> Congress

The persistence of gender-based wage disparities — commonly referred to as the pay or wage gap — has been the subject of extensive debate and commentary. Congress first addressed the issue nearly four decades ago in the Equal Pay Act of 1963,<sup>1</sup> mandating an “equal pay for equal work” standard, and again the following year in Title VII of the 1964 Civil Rights Act.<sup>2</sup> Collection of compensation data and elimination of male/female pay disparities are also integral to Labor Department enforcement of Executive Order 11246, which mandates nondiscrimination and affirmative action by federal contractors. During the 1980's, some members of the public policy community sought to advance the earnings of women relative to men by pressing a “comparable worth” theory before state legislatures and in federal court litigation. During the last decade of the 20<sup>th</sup> century and the initial years of the 21<sup>st</sup> century, initiatives to strengthen and expand current federal remedies available to victims of unlawful sex-based wage discrimination have been taken up in Congress.

This report begins by showing the trend in the male-female wage gap and by examining the explanations that have been offered for its enduring presence. It next discusses the major laws directed at eliminating sex-based wage discrimination as well as relevant federal court cases. The report closes with a description of pay equity bills that have been introduced in the 110<sup>th</sup> Congress.

## The Gender Wage Gap

### The Male-Female Pay Differential Over Time

The term “pay equity” originates from the fact that women as a group are paid less than men. In 1960, half of all women employed year-round full-time (i.e., 50-52 weeks and at least 35 hours per week) earned more than \$3,257 and half earned less than that amount. In the same year, the median annual earnings of men employed year-round full-time were \$5,368. More than four decades later, according to U.S. Census Bureau data for 2005, the median earnings of women with a strong commitment to the labor force were \$31,963 while those of men were a substantially higher \$41,493.

It often is noted that even when comparisons are made between similar groups, women still are paid less than men. Women with a bachelor's degree employed year-

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<sup>1</sup> 29 U.S.C. § 206(d).

<sup>2</sup> 42 U.S.C. §§ 2000e et seq.

round full-time earned \$49,326 in 2005, while similarly educated men earned an average of \$75,130. Male high school graduates were paid \$40,112 on average, well above the \$28,657 paid to female high school graduates. Women typically earn less than men of the same age, as well. The wage gap is narrowest among young adults, and then it generally widens: according to the same Census Bureau series on average earnings among year-round full-time workers in 2005, female 18-24 year olds were paid 91% as much as male 18-24 year olds; female 25-34 year olds earned 82% as much as males in the same age group while female 35-44 year olds were paid 70% as much as 35-44 year old men; female 45-54 year olds and 55-64 year olds earned 64% and 62%, respectively, of men's wages in these age groups; and women at least 65 years olds were paid 48% as much as older men. Although these disparities between seemingly comparable men and women sometimes are taken as proof of sex-based wage inequities, the data have not been adjusted to reflect gender differences in *all* characteristics that can legitimately affect relative wages (e.g., college major or uninterrupted years of employment).

The size of the male-female wage gap has shrunk at a slow and uneven pace over time. As shown in **Table 1**, the pay differential narrowed steadily during the 1980s so that by the end of the decade women were being paid about 70 cents on the dollar. The trend for the 1990s is less clear: according to both the median earnings series of the Census Bureau (columns 2 and 5) and of the Bureau of Labor Statistics (columns 3 and 6) shown in the table, the ratio of female-to-male wages fluctuated erratically and sometimes in different directions during the decade; the extent of improvement in the gender wage gap that occurred during the 1980s does not appear to have been sustained during the 1990s. The trend, to date, in the current decade seems positive.

Despite women's greatly increased commitment to the labor force over the past 40-plus years,<sup>3</sup> the observed or unadjusted wage gap has narrowed by less than 20 percentage points or less than half a percentage point per year. Consequently, by 2005, women with a strong attachment to the job market had come to earn about 77-81 cents for every dollar earned by men.

## **Explanations of and Remedies for the Gender Pay Differential**

The existence and persistence of the gender wage gap has led to a search for explanations. Basically, two schools of thought have developed. The human capital explanation has a supply-side focus, that is, it looks at the personal characteristics of working women and men. The sex-segregation-in-the-workplace or discrimination explanation has a demand-side focus, that is, it looks at the characteristics of the jobs in which women and men typically work.

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<sup>3</sup> The percentage of all women age 16 and older who were in the labor force rose from 38% in 1960 to 59% in 2005. Women today account for almost one-half of those in the labor force (46%) compared to 33% some four decades earlier. The heightened commitment to paid employment of married women with dependent children (under age 18) is particularly noteworthy.

**Table 1. Ratio of Female-to-Male Earnings**

Year	Year-round full-time workers <sup>a</sup>	Full-time workers <sup>b</sup>	Year	Year-round full-time workers <sup>a</sup>	Full-time workers <sup>b</sup>
2006	n.a.	80.7	1982	61.7	65.4
2005	77.0	81.0	1981	59.2	64.6
2004	76.6	80.4	1980	60.2	64.4
2003	75.5	79.4	1979	59.7	62.5
2002	76.6	77.9	1978	59.4	n.a.
2001	76.3	76.1	1977	58.9	n.a.
2000	73.7	76.0	1976	60.2	n.a.
1999	72.3	76.5	1975	58.8	n.a.
1998	73.2	76.3	1974	58.8	n.a.
1997	74.2	74.4	1973	56.6	n.a.
1996	73.8	75.0	1972	57.9	n.a.
1995	71.4	75.5	1971	59.5	n.a.
1994	72.0	76.4	1970	59.4	n.a.
1993	71.5	77.1	1969	58.9	n.a.
1992	70.8	75.8	1968	58.2	n.a.
1991	69.9	74.2	1967	57.8	n.a.
1990	71.6	71.9	1966	57.6	n.a.
1989	68.7	70.1	1965	59.9	n.a.
1988	66.0	70.2	1964	59.1	n.a.
1987	65.2	70.0	1963	58.9	n.a.
1986	64.3	69.2	1962	59.3	n.a.
1985	64.6	68.2	1961	59.2	n.a.
1984	63.7	67.8	1960	60.7	n.a.
1983	63.6	66.7			

**Source:** U.S. Census Bureau data on year-round/full-time workers, and U.S. Bureau of Labor Statistics data on full-time workers.

**Note:** The wage gap based on annual data (columns 2 and 5) is wider than the wage gap based on weekly data (columns 3 and 6) because women generally work fewer weeks and hours per week than men. In addition, the annual data include self-employed workers who have larger earnings differences by gender than the wage and salary workers covered by the weekly series. Regardless of the interval, the gender wage gap would be wider if all workers were compared because relatively more women than men work part-time or part-year schedules.

n.a. = not available

a. Based on median annual earnings of all workers age 15 or older (14 or older before 1980) employed year-round full-time (i.e., 50-52 weeks in a year and at least 35 hours in a week), including the self-employed. Before 1989, earnings covered civilian workers only.

b. Based on median weekly earnings of wage and salary workers age 16 or older employed full-time.

Some researchers have tried to explain the pay gap by examining differences in the average amounts of human capital (e.g., educational attainment) accumulated by women and men. Other researchers have looked to job-related factors for an explanation of the wage gap, with some particularly focusing on the relationship between sex segregation in the workplace and women's comparatively low wages. (In this instance, segregation refers to the clustering of women and men in different occupational groups, in different occupations within these groups, in different jobs within these occupations, and in different industries or firms performing the same jobs.) Still others have attributed the wage gap to a combination of personal characteristics (e.g., number of hours worked per week or year) and job characteristics (e.g., extent of unionization or size of firm). Although adjusting women's and men's wages for human capital and job-related differences considerably narrows the pay gap, it does not entirely eliminate it.<sup>4</sup>

Those who ascribe to the human capital explanation of the gender wage disparity argue that as women increasingly become like men in terms of their participation in the workforce, women's earnings will further approach those of men. They thus believe that no government intervention is warranted to achieve pay equity beyond current anti-discrimination measures. Others believe that sex-based wage discrimination is responsible for the pay gap that remains after accounting for gender differences in labor market qualifications. They support strengthened government enforcement of anti-discrimination laws and regulations, enhanced government dissemination of information about and provision of training in comparatively high-paying nontraditional jobs for women,<sup>5</sup> or employers paying female and male employees in comparable jobs the same wages. In the 1980s, the latter perspective led to largely unsuccessful lawsuits that brought "comparable worth" claims under Title VII of the Civil Rights Act. (These lawsuits are discussed in the next section of this report.)

The idea motivating comparable worth is that the size of a worker's paycheck should be related to job content rather than to the predominant sex of employees in an occupation. Comparable worth proponents argue that some jobs are undervalued — that is, pay relatively low wages — *because* they are largely held by women. Instead of continuing to largely rely on supply-demand conditions in the labor market to set wages and instead of waiting for further lessening of sex segregation in the workplace, comparable worth advocates typically propose that a job evaluation be conducted on all positions within a firm so they can be compared with each other in terms of such attributes as skill, effort, responsibility, and working conditions.

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<sup>4</sup> See CRS Report 98-278, *The Gender Wage Gap and Pay Equity: Is Comparable Worth the Next Step?*, by Linda Levine, for a review of empirical analyses of the male-female wage gap. (Hereafter cited as CRS Report 98-278, *The Gender Wage Gap and Pay Equity*.)

<sup>5</sup> Congress has attempted to reduce occupational segregation. The Women in Apprenticeship and Nontraditional Occupations Act (WANTO, P.L. 102-530) provides technical assistance to employers and unions to promote women's employment in apprenticeable and other nontraditional jobs. Through FY1995, the Nontraditional Employment for Women Act (P.L. 102-235) had authorized the use of the Job Training Partnership Act's discretionary funds to develop demonstration programs to help women enter high-paying jobs where they were underrepresented.

Employers would then raise the wages of workers in all jobs or in female-dominated jobs deemed to be underpaid on the basis of the evaluation (i.e., jobs with wages below other jobs having the same total scores on the attributes included in the evaluation would be awarded raises).<sup>6</sup>

## Legal and Legislative Background

### Laws that Combat Sex-Based Wage Discrimination

The Equal Pay Act (EPA) is a 1963 amendment to the Fair Labor Standards Act that makes it illegal to pay different wages to employees of the opposite sex for equal work on jobs the performance of which requires “equal skill, effort, and responsibility,” and which are “performed under similar working conditions.”<sup>7</sup> The act also prohibits labor organizations and their agents from causing or attempting to cause sex-based wage discrimination by employers. Specifically permitted by the EPA, however, are wage differentials based on seniority systems, merit systems, systems that measure earnings by quality or quantity of production, or “any factor other than sex.”<sup>8</sup> The “equal work” standard embodies a middle ground between demanding that two jobs be either exactly alike or that they merely be comparable. The test applied by the courts focuses on job similarity and whether, in light of all the circumstances, they require substantially the same skill, effort, and responsibility.<sup>9</sup> An employer may not attempt to equalize wages to comply with the EPA by lowering the rate of pay for any employee.<sup>10</sup>

A year after passage of the EPA, Congress enacted the comprehensive code of anti-discrimination rules based on race, color, national origin, religion, and sex found in Title VII of the Civil Rights Act. The EPA and Title VII provide overlapping coverage for claims of sex-based wage discrimination, but differ in important substantive, procedural, and remedial aspects. A crucial difference is that the “equal work” standard of the EPA — requiring “substantial” identity between compared male and female jobs — does not limit an employer’s liability for intentional wage discrimination under Title VII. For example, in *Miranda v. B & B Cash Grocery Store, Inc.*,<sup>11</sup> the plaintiff’s inability to demonstrate that she performed the same work as higher paid males did not preclude a Title VII claim based on evidence male employees who performed fewer duties were paid more than she, or that the

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<sup>6</sup> See CRS Report 98-278, *The Gender Wage Gap and Pay Equity*, for information on the potential labor market effects of relying upon job evaluation as a wage-setting mechanism to implement comparable worth.

<sup>7</sup> 29 U.S.C. § 206(d)(1).

<sup>8</sup> *Id.*

<sup>9</sup> E.g. *EEOC v. Madison Community United School District*, 818 F.2d 577 (7<sup>th</sup> Cir. 1987) (“equal work” requires a substantial identity rather than an absolute identity).

<sup>10</sup> 29 U.S.C. § 206(d)(1).

<sup>11</sup> 975 F.2d 1518 (11<sup>th</sup> Cir. 1992).

employer would have paid her more had she been a male. Thus, a violation of the EPA will generally violate Title VII, but the converse is not true.<sup>12</sup>

Additionally, the remedies for violation of the two laws differ. Under the EPA, a prevailing plaintiff may obtain backpay for any wages unlawfully withheld as the result of pay inequality and twice that amount in liquidated damages for a willful violation. By contrast, the Civil Rights Act of 1991 added to the back pay remedy authorized by Title VII a provision for jury trials and compensatory and punitive damages for victims of “intentional” sex discrimination in wage cases and otherwise.<sup>13</sup> Such damages may only be recovered, however, in cases of intentional discrimination, not in so-called “disparate impact” cases alleging the adverse effect of a facially neutral employment practice on a protected group member. In addition, the Title VII damages remedy is limited by dollar “caps,” which vary depending on the size of the employer.<sup>14</sup>

### **“Comparable Worth” Litigation and Other Judicial Developments**

During the 1980s, some litigants tried to substitute job equivalency for the “equal work standard” in the EPA through so-called comparable worth Title VII cases. As previously mentioned, whole classes of jobs are undervalued according to comparable worth theory because they traditionally have been predominately held by women. Because of alleged labor market bias against female-dominated jobs, Title VII plaintiffs contended that pay discrimination claims should not be limited by the EPA standard, requiring that jobs be substantially “equal” or similar for different pay rates to be considered discriminatory. Instead, Title VII wage-based discrimination actions against employers could be predicated on job evaluation studies, they argued, which compared the value of women’s jobs to those of men who perform work that is dissimilar, but of equivalent or comparable worth to the employer.

Although not a comparable worth case, *County of Washington v. Gunther* held that the EPA’s equal work standard was not a restriction on Title VII relief for intentional sex-based discrimination in pay between dissimilar male and female jobs.<sup>15</sup> But the Supreme Court did not speak specifically to the Title VII standard of proof for wage discrimination, since in *Gunther* the county’s intention was clearly

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<sup>12</sup> 29 C.F.R. § 1620.27(a).

<sup>13</sup> 42 U.S.C. § 1981A. Compensatory damages include “future pecuniary losses, emotional pain, suffering, inconvenience, mental anguish, loss of enjoyment of life and other nonpecuniary losses.” Punitive damages may be recovered where the employer acted “with malice or with reckless indifference” to the complaining employee’s federally protected rights.

<sup>14</sup> The sum total of compensatory and punitive damages awarded may not exceed \$50,000 in the case of an employer with more than 14 and fewer than 101 employees; \$100,000 in the case of an employer with more than 100 and fewer than 201 employees; \$200,000 in the case of an employer with more than 200 and fewer than 500 employees; and \$300,000 in the case of an employer with more than 500 employees.

<sup>15</sup> 452 U.S. 161 (1981).

demonstrated by its failure to redress underpayment of wages to female employees revealed by its own pay evaluation study. Outside of such “refusal to pay” cases, however, where no market surveys or pay evaluations were done, the courts have been reluctant to second-guess the wage rate dictated by the local labor market for dissimilar jobs. In a pair of decisions, the Ninth Circuit firmly rejected Title VII liability for a public employer’s failure to pay equal wages to male and female employees allegedly performing comparable duties. That case, *AFSCME v. State of Washington*,<sup>16</sup> held that the state lawfully paid employees in predominantly male job classifications more than it paid employees in predominantly female classifications, even though a state-commissioned study concluded that the male and female classifications were “comparable.” Reliance on market forces of supply and demand to set compensation for dissimilar male and female jobs was not *per se* illegal since “[n]either law nor logic deems the free market system a suspect enterprise.” The state “may” have discretion to enact a comparable worth plan, the court held, but “Title VII does not obligate it to eliminate an economic inequality which it did not create.”<sup>17</sup> Earlier, in *Spaulding v. University of Washington*,<sup>18</sup> the same court denied a comparable worth claim by members of the female nursing faculty of the University of Washington who alleged that they were underpaid by comparison to other faculty departments.<sup>19</sup>

Some more recent judicial developments in equal pay and promotional opportunities for women should also be noted. On June 21, 2004, a federal district judge in San Francisco permitted to proceed a class action on behalf of more than 1.5 million current and former female employees of Wal-Mart retail stores nationwide. In *Dukes et al. v. Wal-Mart Stores, Inc.*,<sup>20</sup> the plaintiffs claim that women over the past five years have been paid less than male workers in comparable positions and that the company systematically passed over female employees when awarding promotions to management. According to two studies conducted by a sociologist and a statistician for the plaintiffs, 65 percent of Wal-Mart’s hourly employees were women, but women make up only 33 percent of all management positions. The gender gap was even more striking when employment categories are further broken down; while the vast majority of Wal-Mart’s cashiers are women, only a small fraction are store managers, the top in-store management position. The studies also found that women employed on a full-time hourly basis earned less per year on average than their male counterparts, and the short fall was substantial for female store managers.

At this initial stage, the district court considered only whether the evidence raised issues of law and fact common to all members of the proposed class sufficient for a class action to proceed under federal law. The court did not decide the merits

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<sup>16</sup> 770 F. 2d 1401 (9<sup>th</sup> Cir. 1985).

<sup>17</sup> *Id.* at 1407.

<sup>18</sup> 740 F. 2d 686 (9<sup>th</sup> Cir. 1984).

<sup>19</sup> See also *American Nurses Ass’n v. State of Illinois*, 606 F. Supp. 1313 (N.D.Ill. 1985)(Congress never intended to incorporate a comparable worth standard in Title VII and such a concept is neither sound nor workable).

<sup>20</sup> 222 F.R.D. 137 (N.D.Cal. 2004).

of plaintiffs' discrimination claims or any issue of Wal-Mart liability. In its opinion, however, the court noted:

Plaintiffs present largely uncontested descriptive statistics which show that women working at Wal-Mart stores are paid less than men in every region, that pay disparities exist in most job categories, that the salary gap widens over time, that women take longer to enter management positions, and that the higher one looks in the organization the lower the percentage of women.<sup>21</sup>

Wal-Mart argued that any disparities were the result of decentralized decision-making at the regional and local level, not the result of any systematic employer bias, and that a massive class-action would be too large to administer. The court rejected that argument, however, noting that Title VII "contains no special exception for large employers." Moreover, "[i]nsulating our nation's largest employers from allegations that they have engaged in a pattern or practice of gender or racial discrimination — simply because they are large — would seriously undermine these imperatives."<sup>22</sup> Thus, any "inference" of discrimination in company compensation and promotion policies was found to "affect all plaintiffs in a common manner," and warranted the requested class certification.<sup>23</sup>

Wal-Mart appealed the district court's class action certification, but the appellate court upheld the class action certification.<sup>24</sup> If, as expected, the case now goes to trial, the female plaintiffs carry the burden of proving that the company engaged in an intentional pattern and practice of discriminating in pay and promotions. The record to date suggests that this may be no easy task, in part due to subjectivity in the company's personnel procedures and the fact that, prior to January 2003, the company apparently failed to post or document most available promotion opportunities.<sup>25</sup> There may be limited data on how many employees, male or female, applied for most of these positions. But if they prevail, whether at trial or by settlement, substantial monetary damages may be available to members of plaintiff class under Title VII.

Since the ruling in the Wal-Mart case, the investment firm Morgan Stanley has reportedly agreed to pay \$54 million to settle government claims that it systematically underpaid and failed to promote its women executives. Allegations of sexual harassment were also involved in the case. Beyond \$12 million set aside to pay the lead plaintiff, a consent decree provides \$40 million for any of about 340 other potential discrimination victims who are able prove their claims, and another \$2 million to establish internal anti-discrimination programs. For a period of three years, the decree requires appointment of a firm ombudsman for sex discrimination issues and of an external monitor to review Morgan Stanley's adherence to the

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<sup>21</sup> *Id.* at 155.

<sup>22</sup> *Id.* at 142.

<sup>23</sup> *Id.* at 166.

<sup>24</sup> *United States v. Jacobo-Gil*, 474 F.2d 1213 (9<sup>th</sup> Cir. 1973).

<sup>25</sup> *Dukes*, 222 F.R.D. at 149.

settlement and its progress at preventing discrimination.<sup>26</sup> Shortly after settlement in the Morgan Stanley case, Boeing agreed to settle a similar pay equity lawsuit, and Costco was sued for similar reasons.<sup>27</sup> A federal district court recently granted class-action status to the plaintiffs in the Costco lawsuit,<sup>28</sup> although the company is planning to appeal the decision.<sup>29</sup>

Meanwhile, the Supreme Court recently issued a decision that may make it more difficult for employees to sue for pay discrimination under Title VII. In *Ledbetter v. Goodyear Tire & Rubber Co., Inc.*,<sup>30</sup> the female plaintiff alleged that past sex discrimination had resulted in lower pay increases and that these past pay decisions continued to affect the amount of her pay throughout her employment, resulting in a significant pay disparity between her and her male colleagues by the end of her nearly twenty year career. Under Title VII, plaintiffs are required to file suit within 180 days “after the alleged unlawful employment practice occurred.”<sup>31</sup> Although the plaintiff argued that each paycheck she received constituted a new violation of the statute and therefore reset the clock with regard to filing a claim, the Court rejected this argument, reasoning that “a new violation does not occur, and a new charging period does not commence, upon the occurrence of subsequent nondiscriminatory acts that entail adverse effects resulting from the past discrimination.”<sup>32</sup> As a result, the Court held that the plaintiff had not filed suit in a timely manner. Although the decision may limit some pay discrimination claims based on Title VII, individuals may still sue for sex discrimination that results in pay bias under the EPA, which does not contain the 180-day filing requirement.

## Legislation in the 110<sup>th</sup> Congress

The issue of pay equity has garnered considerable congressional attention in recent years. A number of measures have been introduced in each of the last several congressional sessions, and similar bills were recently introduced in the 110<sup>th</sup> Congress. In April 2007, both the House Committee on Education and Labor and the Senate Committee on Health, Education, Labor, and Pensions held hearings on

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<sup>26</sup> Brooke A. Masters, “Wall Street Sex-Bias Case Settled; Morgan Stanley Agrees to Pay \$54 Million,” *Washington Post*, July 13, 2004, at E01.

<sup>27</sup> Brooke A. Masters and Amy Joyce, “Costco is the Latest Class-Action Target; Lawyers’ Interest Increases in Potentially Lucrative Discrimination Suits,” *Washington Post*, August 18, 2004, at A01.

<sup>28</sup> *Ellis v. Costco Wholesale Corp.*, 240 F.R.D. 627 (D. Cal. 2007).

<sup>29</sup> Abigail Goldman, “Costco Job-Bias Lawsuit Advances,” *Los Angeles Times*, January 12, 2007, at C2.

<sup>30</sup> 2007 U.S. LEXIS 6295 (U.S. 2007).

<sup>31</sup> 42 U.S.C. § 2000e-2(a)(1).

<sup>32</sup> *Ledbetter v. Goodyear Tire & Rubber Co.*, 2007 U.S. LEXIS 6295, \*19 (U.S. 2007).

gender-based wage discrimination and proposed pay equity legislation.<sup>33</sup> This proposed legislation is described below.

Introduced in each of the last several congressional sessions, the Paycheck Fairness Act (H.R. 1338 and S. 766) would increase penalties for employers who pay different wages to men and women for “equal work,” and would add programs for training, research, technical assistance, and pay equity employer recognition awards. The bill would also make it more difficult for employers to avoid EPA liability by invoking the act’s affirmative defense for differential wage payments “based on a bona fide factor other than sex.” In short, while this bill adheres to current equal work standards of the EPA, it would reform the procedures and remedies for enforcing the law.

Under the EPA, as noted, prevailing plaintiffs may recover backpay in an amount equal to the total difference between wages actually received and those to which they are lawfully entitled and an additional amount equal to the backpay award as liquidated damages.<sup>34</sup> Compensatory damages are not authorized, and consequently, awards do not include sums for physical or mental distress, medical expenses, or other costs.<sup>35</sup> Provisions proposed in the Paycheck Fairness Act, however, would authorize EPA class actions and “such compensatory and punitive damages as may be appropriate.” In addition, the bill would establish more restrictive standards for proof by employers of an affirmative defense to EPA liability based on any “bona fide factor other than sex.” Thus, for a pay factor to be “bona fide,” the employer would have to prove that it was “job related” or furthered a “legitimate business purpose,” that it was “actually applied and used reasonably in light of the asserted justification,” and that the employer’s purpose could not be accomplished by less discriminatory alternative means. Proposed safeguards would also protect employees from retaliation for making inquiries or disclosures concerning employee wages and for filing a charge or participating in any manner in EPA proceedings.

The Fair Pay Act (H.R. 2019 and S. 1087), which has predecessors dating back to the 103<sup>rd</sup> Congress, would go further by proposing a fundamental expansion to the scope of the EPA, which is presently confined to sex-based wage differentials, by adding racial and ethnic minorities as protected classes under that law. Intentional wage discrimination against these groups is already prohibited by Title VII. But Title VII and the EPA have different standards of proof, and because proof of intent to discriminate is not required by the “equal pay for equal work” standard of the EPA,<sup>36</sup> it may provide greater protection to minority groups than Title VII in many cases.

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<sup>33</sup> See “Strengthening the Middle Class: Ensuring Equal Pay for Women,” before the House Comm. on Education and Labor, 110<sup>th</sup> Cong. 1<sup>st</sup> Session (April 24, 2007); “Closing the Gap: Equal Pay for Women Workers,” before the Senate Comm. on Health, Education, Labor, and Pensions, 110<sup>th</sup> Cong. 1<sup>st</sup> Session (April 12, 2007).

<sup>34</sup> 29 U.S.C. §§ 216-17.

<sup>35</sup> E.g. *Hybki v. Alexander & Alexander, Inc.*, 536 F. Supp. 483 (W.D.Mo. 1982) (emphasizing damages for pain and suffering are not available under the EPA).

<sup>36</sup> See *Fallon v. State of Illinois*, 882 F.2d 1206 (7<sup>th</sup> Cir. 1989).

The EPA's catchall exception, affording employers broad immunity for pay differentials attributable to "factors other than sex," would be significantly narrowed by the Fair Pay Act. A compensatory and punitive damages remedy, without statutory limit, would replace the present EPA backpay and liquidated damages scheme, based on the Fair Labor Standards Act.

Significantly, the Fair Pay Act would also redefine the basic statutory standard of the EPA by requiring employers to pay equal wages regardless of sex, race, or national origin to workers in "equivalent jobs." Unlike the current law, Equal Pay Act claims based on wage disparities between dissimilar jobs — e.g., a janitor and a clerk — would be permitted if they are determined to be "equivalent" in some largely undefined manner. By substituting job equivalency for the "equal work standard" in the EPA, the Fair Pay Act arguably could revive legal issues similar to those confronted by the federal courts during the 1980's in so-called "comparable worth" Title VII cases.

Another aspect of EPA enforcement addressed by the proposed pay equity bills concerns employer recordkeeping and the conduct of technical assistance, research, and educational programs by federal agencies. For example, the Fair Pay Act would require all covered employers to maintain comprehensive records of "the method, system, calculations, and other bases used" to set employee wages and to file annual reports with the Equal Employment Opportunity Commission (EEOC) detailing the racial, ethnic, and gender composition of the employer's workforce broken down by job classification and wage or salary level. Such reports would be available for "reasonable" inspection and examination upon request of any person, pursuant to EEOC regulations, and could be used by the Commission for such "statistical and research purposes . . . as it may deem appropriate." The EEOC would also be required to "carry on a continuing program of research, education, and technical assistance" to implement the proposed ban on racial, ethnic, or gender discrimination between employees working "in equivalent jobs."

Likewise, the Paycheck Fairness Act would also mandate record-keeping and data collection for better enforcement of the law. The measure would direct the EEOC to survey data currently available to the government and, in consultation with sister agencies, to identify additional sources of pay information that may be marshaled to support federal anti-discrimination efforts. The EEOC would be required to issue regulations for the collection of pay data from employers based on sex, race, and ethnicity, taking into consideration the burden placed on employers and the need to protect the confidentiality of required reports. In addition, the Secretary of Labor would be directed to develop job evaluation guidelines based on objective factors of education, skill, independence, and decision-making responsibility for *voluntary* use by employers in eliminating unfair pay disparities between traditionally male- and female-dominated occupations. Technical assistance and a recognition program would be rewarded to employers who voluntarily adjust their wage scales pursuant to such a job evaluation. Finally, a "National Award for Pay Equity in the Workplace" would be established by these bills to recognize employers who demonstrate "substantial effort to eliminate pay disparities between men and women."