



INSTITUTE FOR WOMEN'S POLICY RESEARCH

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THE PREGNANCY DISCRIMINATION ACT OF 1978: A Ten Year Progress Report

An Institute for Women's Policy Research (IWPR) study examining the economic impact of the Pregnancy Discrimination Act of 1978 ten years after its passage indicates that opponents' objections to the legislation were ill-founded. The dire events that opponents predicted, if the legislation were passed, have not occurred.

The basic purpose of the Pregnancy Discrimination Act is to ensure that women affected by pregnancy and related medical conditions are treated the same as other employees affected by temporary disabilities. The PDA mandates nondiscrimination by those employers covered by Title VII of the 1964 Civil Rights Act.

At the time of its passage, opponents of the PDA claimed it would result in massive costs to business, especially those that provided some form of disability benefits. Prior to the PDA, employers could offer their workers temporary disability benefits, but exclude pregnancy and childbirth from coverage; after passage, they would not be able to exclude this condition. As a consequence of the increased costs of covering maternity, opponents argued that employers would discriminate against women of child bearing age in hiring and promotion.

The in-depth case study by the Institute for Women's Policy Research (IWPR) shows that the PDA did NOT have a negative effect on the employment of women of child bearing age nor did it measurably increase costs to employers. The PDA did, however, have a positive impact on the earnings of those women who received coverage for temporary disabilities.

PDA IMPACT ON EMPLOYMENT RATE OF WOMEN

Employers did not appear to be wary of hiring women of child bearing age as opponents had argued.

* Employers did not substitute other groups of women or men as an alternative work-force.

* In fact, over the last 20 years, the employment rate of women of childbearing age has increased while the employment rates of men of all ages have decreased.

IMPACT OF PDA ON UNEMPLOYMENT

* Prior to the passage of the PDA, unemployment rates for women of child bearing age were decreasing, but from 1979 through 1982 they increased. However, this finding does not indicate a massive firing of women of childbearing age, since the unemployment rates of women of non-childbearing age also first decreased (before 1979) and then increased during this period (1979-1982).

* The unemployment rates of men in all age categories behaved similarly to those of women. In fact, the unemployment rates for men increased more sharply after 1979 than those of women.

* A six-month recession began in the first quarter of 1980 and a 16-month recession occurred in 1981 and 1982, accounting for the increase in unemployment for both men and women.

IMPACT OF PDA ON PART-TIME WORK

Even though employers did not hire alternative age groups of women or men, did they perhaps develop a strategy of hiring women of childbearing age at part-time jobs, jobs that are less likely to have health and disability benefits attached to them?

* Though the trends indicate growth in involuntary part-time employment, they do not indicate that women workers of childbearing age were singled out as victims of a post-PDA strategy to reduce benefit levels by hiring them as part-time rather than full-time workers.

COVERAGE OF WOMEN WORKERS BY SHORT-TERM DISABILITY INSURANCE

The treatment of pregnant workers on an equal footing with other disabled workers, required by the PDA, is the most likely source of paid maternity leave in the U.S.

* Millions of women workers whose employers provide wage continuation for sickness and short-term disabilities receive paid maternity leave as a result of the PDA.

* Unfortunately, women are less likely to be covered by short-term disability insurance than are men, as a result of their participation in different industries and occupations, which historically have had low coverage. Less than half of all women workers of childbearing age are currently covered by some short-term disability insurance.

* Because the PDA required only non-discrimination and did not mandate coverage for women where none existed for men, the proportion of workers with coverage did not increase.

* In five states (CA, HI, NJ, NY, RI) that require employers to provide wage replacement for temporary disabilities, the PDA resulted in equal coverage to women for pregnancy and child bearing.

FACTORS OF DETERMINING COVERAGE

Which women are most likely to be covered for short-term disability? The following are positively related to coverage:

- * Working in a large firm.
- * Increasing age.
- * Union membership.
- * Higher wages.
- * Working full-time.

The following were found to be negatively related to coverage:

- * Working in a small firm.
- * Working in an industry with a high percentage of women workers.

COSTS TO BUSINESS OF THE PDA

Costs to employers of providing temporary disability benefits to pregnant workers was a major issue in the debate surrounding the PDA. Due to the lack of actual cost data, IWPR used the U.S. Department of Labor's methodology to develop current cost estimates.

* The study estimates that in 1988 employers were paying about \$1.2 billion in insurance premiums and sick leave to cover pregnancy. This amounts to \$1.48 per week per covered female employee.

* Approximately 54 percent of these costs, or \$659 million -- or 80 cents per week, were mandated by the PDA.

BENEFITS TO BUSINESS

Providing disability insurance may help employers through better retention of workers and reduced hiring and retraining costs. These policies are also believed by employers themselves to encourage longevity and reduce turnover, allowing businesses to benefit from the skills, experience and institutional knowledge that workers with long job tenure have gained.

BENEFITS TO WOMEN WORKERS OF THE PDA

* Women workers who are covered by paid sick leave and temporary disability insurance earn \$3,000 more per year than women workers who do not have coverage but are otherwise similar.

* The availability of pregnancy disability benefits to a worker who gave birth to a child has a positive effect on her earnings (those who have coverage earn more than similar women who do not have coverage).

* The benefit to working women who give birth is larger than the cost to employers of providing pregnancy benefits under short-term disability insurance.

The report on the ten year impact of the Pregnancy Discrimination Act of 1978, by the Institute for Women's Policy Research, indicates that the PDA had no negative employment effects on women of child bearing age, relatively small costs to employers, and positive benefits to women with temporary disability coverage.

The Institute for Women's Policy Research is an independent, nonprofit, research institute dedicated to conducting and disseminating research that informs public policy debates affecting women. This Research-In-Brief is based on the report, Improving Employment Opportunities for Women Workers: An Assessment of the Ten Year Economic and Legal Impact of the Pregnancy Discrimination Act of 1978, by Roberta M. Spalter-Roth, Claudia Withers, and Sheila Gibbs, which is available from IWPR for \$15.00. This project was funded by the Ford Foundation.