National Committee on Pay Equity

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OPM COMPARABLE WORTH/PAY EQUITY STUDY OVERSTATES WOMEN'S PROGRESS IN FEDERAL WORKFORCE

A recent report by the Office of Personnel Management (OPM) contains numerous misleading conclusions about women's progress in the federal government and the impact of pay equity (also known as comparable worth) on women's future employment gains in this sector. The data the OPM report presents are not incorrect, but both its analysis of the data and its assessment of comparable worth/pay equity are flawed. OPM overstates the progress of women in a few occupations and grades and ignores the continued predominance of women in low-paid, female-intensive occupations--the exact problem that pay equity is meant to address. This paper uses data from the OPM report, and other unpublished data from the agency, to show why pay equity is still needed in the federal government.

HIGHLIGHTS

- Despite some gains in non-traditional jobs, the vast majority of women in the federal workforce today are concentrated in the lowest-paying salary grades, GS 1-8. [See Graph.]

- Between 1976 and 1986, the female-male wage ratio in the federal workforce increased only three percent from 66 percent to 69 percent.

- The wage gap is smaller for younger women workers today, but it was also smaller in 1976. [See Tables 2 and 3.]

- Women's individual characteristics (education, experience and labor force commitment) do not explain their lower wages. OPM explains less than half the wage gap using these individual characteristics.

- OPM's endorsement of affirmative action is commendable and long overdue, but this remedy does not address the situation of the majority of women in the federal workforce whose current jobs may be undervalued.

- The federal pay system requires further study to determine if sex or race are factors in wagesetting for federal workers. Such a study is called for in legislation currently pending in Congress (S.552 and H.R.387). Pay equity could be an effective remedy if this study finds that female-dominated jobs in the federal government are undervalued.

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Introduction

A recent study released by the Office of Personnel Management (OPM) completely misses the point of pay equity (which is also known as comparable worth). "Comparable Worth for Federal Jobs: A Wrong Turn Off the Road Toward Pay Equity and Women's Career Advancement" (OPM Doc. 149-40-3, September 1987) argues first, that comparable worth is not needed in the federal sector because women are doing so well, and, second, that comparable worth, if implemented would harm some women, slow women's progress overall, and prove so unwieldy that it would reduce efficiency and productivity. The report rehashes a lot of old arguments against the concept that have been proven wrong repeatedly in places where pay equity is actually being implemented.

The report's primary contention is that women are moving up in the federal government and that implementation of comparable worth would "retard" their progress. It uses the "dramatic" increase in the percentage of women entering non-traditional and higher-paying jobs in the federal government and a decreased wage gap between women and men as the centerpiece of its anti-comparable worth argument. However, the report fails to highlight the continuing segregation of the majority of women in the federal workforce in low-paying female-dominated jobs. It also fails to examine the question of whether these occupations are undervalued. These are precisely the labor market problems that comparable worth/pay equity addresses and they are problems in the federal sector as well as in the private sector.

The good news is that, in its flight from comparable worth as a remedy for segregation and wage discrimination, OPM strongly endorses affirmative action. The report states that the "federal personnel system has shown itself clearly supportive of equal employment opportunity" and OPM pledges to "build on this record and make even greater progress." The agency plans to further increase the gains made by women and "others" in the federal workforce by "...reducing arbitrary, non-merit barriers to occupational entry and mobility and creating flexible staffing rules compatible with family responsibilities." Proposed or expanded reforms include: restructuring career paths, upward mobility programs, alternative work schedules, part-time employment, and parental leave. The bad news is that OPM offers no methods for determining and correcting undervaluation which already may exist in female-dominated jobs.

Slow Not Dramatic Progress for Women in Federal Government

It is undeniable that women in the federal workforce have made some gains in the past ten years. Some have been promoted to higher grade jobs. Some have entered non-traditional male-dominated fields and as a result are receiving higher wages. Table 1 shows progress for women in several areas.

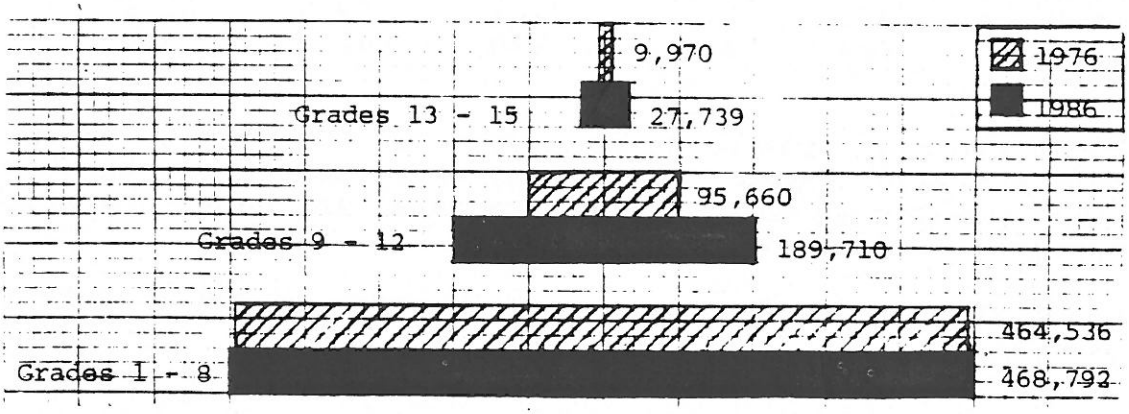
Table 1
Indicators of Women's Progress in the Federal Workforce

	1976	1986
Women as % of Federal Workforce	34%	40%
as % of Grades 13-15	5%	12%
as % of professional jobs	19%	27%
as % of administrative jobs	19%	35%
as % of technical jobs	38%	49%
as % of blue collar jobs	8%	9%
Female-Male Wage Ratio	66%	69%
in professional occupations	69%(a)	74%
in administrative occupations	78%(a)	79%
in technical occupations	79%(a)	77%
in blue collar occupations	79%(a)	83%

Source: OPM (a, unpublished data)

The vast majority of women in the federal government, however, still remain in the lowest-paying salary grades, GS 1-8, as the graph illustrates.

GRAPH
Women in the Federal Workforce by Grade Groupings,
1976 and 1986



Source: Institute for Women's Policy Research, based on unpublished data from OPM.

Furthermore, even with the increased number of women in the federal government in male-dominated jobs, women's wages, on the average, increased from 66 percent of men's wages in 1976 to 69 percent in 1986. This increase of only 3 percent is hardly dramatic. It shows that like women in the workforce in general, the vast majority of women in the federal government are making slow progress.

Younger Women's Gains Not News

The report goes on to emphasize the differences in participation in better-paid occupations between younger women and older women and uses this information as an indication that the wage gap will disappear entirely in the future as more women enter non-traditional occupations. But younger women have always done better than older women. As Table 2 shows, younger women were more likely to be in higher status jobs than older women in 1976 as well as in 1986.

Table 2
Participation of Younger and Older Women in Various Occupations, 1976 and 1986

Percent Female

	1976			1986		
	Under 35	Over 35	Advantage for Younger Women*	Under 35	Over 35	Advantage for Younger Women*
Professional	24.0	17.3	139%	36.1	23.5	154%
Administrative	25.8	16.8	154%	48.9	31.2	157%
Technical	43.7	35.2	124%	59.9	45.8	131%
Blue Collar	5.9	8.5	69%	10.3	8.6	119%

Note: * A ratio of 100% would mean younger and older women workers had equal shares of these occupations. A ratio greater than 100% means that younger women are overrepresented in these occupations, when compared with older women.

Source: Institute for Women's Policy Research, based on data from OPM.

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Table 3 shows that younger women enjoy an advantage in the salary gap when compared to older women and that they did so in 1976 as well as in 1986.

Table 3
Female/Male Wage Ratio by Occupational and Age Grouping, 1976 and 1986

	1976			1986		
	Under 35	Over 35	Advantage for Younger Workers*	Under 35	Over 35	Advantage for Younger Workers*
All Employees	.73	.66	111%	.78	.70	111%
Professional	.81	.68	119%	.90	.73	123%
Administrative	.87	.77	113%	.91	.80	113%
Technical	.90	.78	115%	.91	.76	120%
Blue Collar	.79	.75	105%	.89	.79	113%

Note: * A ratio of 100% would mean that younger and older women workers had equal female-male wage ratios. A ratio greater than 100% means that younger women are doing better relative to younger men (in terms of wages) than older women are doing relative to older men.

Source: Institute for Women's Policy Research, based on unpublished data from OPM.

The real question is will these younger women continue to do better relative to men as they age? Their mothers did not; will this generation be any different?

Unfortunately, even in this younger group, the majority of women are in low-paying occupations. For example, 86.9% of clerical workers under 35 are women, a figure that is somewhat higher than clerical workers over 35 (84.8% female). Moreover, the female-male wage ratios for younger women in clerical and miscellaneous white collar occupations are not much better than those for older women in those categories. While the smaller gap for some young women workers in less traditional jobs may be encouraging for the future, where does that leave the majority of women working in the federal government today?

Women's Characteristics Do Not Explain Their Lower Wages

Opponents of pay equity have traditionally claimed that the wage gap could be explained by such factors as education, experience and labor force commitment. If women's lower wages could be explained by their different personal characteristics, then discrimination could be considered a negligible factor. OPM presents an earnings model that purports to show that nearly all the gap can be explained by

individual characteristics (such as schooling or work experience) or by other "control" factors (such as geographic location) which are known to affect wages. In fact, however, their model explains less than half the gap overall (the gap falls from 22 percent to 11 percent for younger workers when individual and control factors are taken into account, and from 35 to 20 percent for older workers). OPM defends its inability to explain more of the gap by saying that its measure of experience is inaccurate because it does not include other employment experience besides government work and does not take into account work interruptions. The report also claims that "intangibles" such as values or commitment that differ between women and men could also explain the gap.

Evidence presented in a recent Census Bureau Report, "Male-Female Differences in Work Experience, Occupation, and Earnings: 1984," (Current Population Reports, Household Economic Series, Series P-70, No.10) challenges OPM's interpretation, however. Analyzing the entire workforce (not exclusively federal workers), the Census Bureau found that more complete experience information, including information on interruptions, could explain only 29 to 48 percent of the gap between women's and men's earnings.

In addition, a 1986 report from the National Academy of Sciences, Women's Work, Men's Work: Sex Segregation on the Job, concluded that women and men do not differ significantly in intangible factors such as motivation, values, or commitment. In fact, recent empirical work shows women often work harder on the job than men.

Because OPM cannot explain more than half the wage gap for federal workers, they rely on women's choices as an explanation. Focusing on young college graduates, they find they can explain two-thirds of the gap (one-third of the gap remains) by including college major as a control factor. For older college graduates, however, college major (and other characteristics) explains less than half the gap. Nevertheless, OPM manages to conclude that "personal choices flowing from traditional gender roles" are responsible for the gap.

Both the OPM and Census reports show that women are concentrated in female-dominated occupations that pay low wages. The Census Bureau report finds that 17 to 31 percent of the gap is due to this concentration in low wage, female-dominated jobs, while the OPM report finds that occupational category accounts for 5 to 7 percent of the gap. Interestingly, OPM did not include a measure of female concentration of an occupation in their model as is now done in most pay equity studies (by use of the variable "percent female"). Had they done so, it is likely that OPM would have found occupational structure a more important variable (as the Census Bureau did). **The evidence in both reports suggests that implementation of comparable worth is a critical strategy for raising the wages of women.**

Thus, OPM's contention that women in the federal government do not need comparable worth is wrong. In the federal government, as elsewhere, women remain in sex-segregated, low-wage jobs and women's

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lower earnings cannot be fully explained by their lesser qualifications.

OPM's Definition of Pay Equity/Comparable Worth Faulty

The OPM report creates and then attacks its own definition of "comparable worth." They describe it as a "...policy to raise wages in female-dominated jobs and thus reinforce sexual stereotypes and encourage women 'to stay put'." It thus argues that comparable worth is a step away from pay equity. But that is not what comparable worth is. Advocates of the comparable worth strategy (which is often called pay equity by advocates) agree that affirmative action in hiring, promotions, and training opportunities are essential components in any plan to attain economic parity for women and people of color (Black, Hispanic, Asian and Native American men and women). But comparable worth/pay equity also directly addresses the question of occupational segregation and undervaluation of jobs dominated by women and people of color by pressing for implementation of "equal pay for work of comparable value." If women's jobs pay less than their value because of discrimination, then pay equity advocates argue, their pay rates should be increased. Whether women's jobs are undervalued in any particular workplace is a matter for serious study and analysis.

Pay Equity Attacks Sex- and Race-Based Wage Discrimination

Advocates of pay equity propose that employers pay their workers based on job-related factors like skill, effort, responsibility and working conditions required for the jobs they perform and not the race or sex of the workers who hold these jobs. All employers already set the wages of their employees by some system. Pay equity advocates only want those systems to be made free of race or sex biases. Thus, pay equity means paying all of an individual employer's workers according to the same standards--based on skill, effort, responsibility and working conditions--ascertained through a method free of invidious discrimination. Pay equity advocates argue that many of the methods used in the past (and often still used) incorporate discrimination in wage setting.

Federal Pay System Requires Further Study

The federal system is already based on comparable worth as a matter of law [Title 5 of the U.S. Code]. However, the system has never been studied to determine if non-job-related factors such as sex, race and ethnicity also affect federal employees' wages. Such a study is called for in legislation now pending in Congress [Senate Bill #552 and House Resolution #387] which OPM's report is clearly meant to argue against. The General Accounting Office (GAO) concluded two years ago, however, that a study of the federal system is feasible and would determine whether discrimination has been incorporated into federal pay scales. (See Options for Conducting a Pay Equity Study of Federal Pay and Classification Systems, GAO/GGD-85-37, March 1, 1985.)

Newly published research on the history of the federal wage-setting system contains evidence that the system favors characteristics found in male-dominated jobs and thus is biased against female-dominated jobs. Sex and Pay in the Federal Government: Using Job Evaluation Systems to Implement Comparable Worth (Greenwood Press, 1987) by Doris Werwie presents a factor-by-factor analysis that demonstrates the biases against female-dominated jobs. She recommends a pay equity study of the federal workforce to correct those biases. Unfortunately, another of her recommendations is that OPM conduct the study. Given the current politicized nature of the OPM today, of which the current OPM report is the latest example, this recommendation clearly cannot be followed. In its report, GAO recommended that an independent commission, of which OPM would be a member, would oversee the federal pay equity study. This is currently a provision in H.R. 387 and S. 552.

Pay Equity/Comparable Worth No Harm to Women

Economists often claim that if the pay of women is raised "artificially" by a pay equity strategy, women will suffer unemployment--at the higher wage, fewer women will be wanted. But in Australia, Minnesota, and other places where pay equity has been implemented, there has been little or no job loss. The OPM report also argues that raising women's wages in female-dominated jobs will retard their progress into other occupations. There is no evidence that this happens. In fact, in Minnesota, the first state in the U.S. to completely implement its pay equity plan, the experience is quite to the contrary. Since the state began implementation of its pay equity plan in 1984, the number of women in state government has increased by 6 percent. In that same period, the number of women in non-traditional jobs has increased by 19 percent.

OPM also says that pay equity will hurt women with lower educational and training levels. On the contrary, current research finds that women in some of the lowest-paid service jobs (who generally have less formal education) will benefit the most from pay equity. Other workers expected to benefit greatly are women of color (because they are now the most underpaid relative to the value of the work they perform). (See Mark Aldrich & Robert Buchele, The Economics of Comparable Worth, Cambridge, MA, Harper and Row, Ballinger, 1986.)

Pay Equity/Comparable Worth Still Needed in the Federal Sector

Of course, seniority, merit and other legitimate factors can be explanations for differences in wages for individual workers. Pay equity, however, concerns salary setting for occupations, not individual workers. The wage for the occupation needs to be fairly set first, or inequities will persist for individual workers. A large part of why women secretaries have low wages is due not to their education, seniority, or performance but to their presence in a female-dominated occupational classification that is most likely

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undervalued. Revaluing such occupations will not cause havoc. If OPM is working for the best interests of women as it claims, it would support remedies to ensure that occupations are not undervalued and that all workers are being paid fairly.

OPM's endorsement of affirmative action to allow women to move into new occupations will no doubt be useful to many women over their lifetimes, but this remedy does not address the sex-based wage discrimination these women experience in their current jobs. It is not necessary to pick and choose which types of discrimination to remedy as OPM seems to suggest in this report. Rather it is important to eliminate all forms of discrimination to enable the federal workforce to operate efficiently and productively, without barriers based on gender or race bias.

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