



# PAYCHECK FEMINISM

WITH WOMEN NOW MAKING UP THE BULK OF THE U.S. PAID WORKFORCE, IT'S TIME TO RETHINK GOVERNMENT POLICIES THAT WERE DESIGNED FOR A VERY DIFFERENT TIME. HERE ARE FIVE WAYS TO BETTER VALUE WOMEN'S WORK.

BY KAREN KORNBLUH AND RACHEL HOMER

**In** a subtle shift with momentous implications, women are on the verge of becoming more than 50 percent of U.S. paid workers. This landmark should come as no surprise; labor statisticians are well aware that women's share of the paid workforce has been swelling for decades, hitting 48 percent at the start of the new millennium. That means that this economy *depends* on women's strong participation. Oddly enough, it was the current economic bad times that helped boost women to the halfway point, as men have comprised nearly three-quarters of recent job layoffs.

Since women have long been a near majority of the workforce, our government must have been developing

women-friendly economic policies—right?

Wrong. Despite the demographics, the crucial U.S. government policies that provide economic security to American workers and their families were designed initially during the New Deal to fit that very different era. "Social insurance" programs—which today include Social Security, employer-provided (and tax-subsidized) health care and pensions, unemployment insurance and Medicare—as well as the 40-hour workweek were first established when only 10 percent of married women were in the paid workforce.

Fortunately, women are crossing that 50-percent-of-paid-workers threshold at the same time that Washington is recognizing that, rather than privatizing or eliminating

## STATS:



### THE SOCIAL SECURITY GENDER GAP

Women over 64 receive \$10,685 on average annually in Social Security; men, \$14,055.

SOURCE: Social Security Administration

these crucial programs—as the Bush administration wanted to do—we should modernize and strengthen them. Certainly today’s workers are as much in need of protection against what FDR called “the hazards and vicissitudes of life” as their New Deal predecessors. Health-care reform is the Obama administration’s No. 1 priority, but also on the table for 21st-century reforms are pensions, Social Security and the income-tax system.

Women should take advantage of this opportunity to make sure that when new rules are written, they account for the way women work today. Call it “paycheck feminism”: As women become the majority of the workforce, we must educate and mobilize ourselves to demand that policymakers meet our legitimate needs for security, flexibility and opportunity.

When policymakers back in the 1930s were designing programs to protect families from economic ruin, they made a deliberate choice to do so by supporting working *men*. Even as families during the Great Depression were increasingly relying on the wages of a wife or daughter, a backlash was brewing against women working and potentially taking “men’s jobs.”

Policymakers wrote the rules so that Social Security, unemployment insurance and other benefit programs went primarily to full-time workers with secure long-term jobs. This was intentional: These programs were designed to support men who worked 40-hour weeks at the same job for their whole career. Women were often kept out of full-time white-collar and blue-collar jobs and concentrated in domestic labor and clerical work.

Meanwhile, those not in the paid workforce could only receive benefits for their unpaid but no-less-consuming work of keeping a home or caring for family members *through* a breadwinner, making them dependent. Those not in the paid workforce could qualify for support under poverty programs, including what came to be known as welfare, but did not “earn” these benefits despite many having worked to raise the next generation of citizens.

The assumption was that breadwinners (presumed to be men) had caretakers (women, of course) holding down the home front. Overtime pay for the breadwinner was mandated, for example, but workers were not given the legal option to work *fewer* than 40 hours a week in order to have time to care for a family. Workers were compensated for disability or layoff, but *not* if they left the workplace for family reasons. And if married women had a job in addition to their husbands’, their “second” incomes were taxed disproportionately higher. Little government support was offered for services that would help working women, such as child care and after-school or summer-school programs.

Most of these policies linger today, although—as the ambitious new Shriver Report outlines (see box, page 31)—women (and many men) no longer follow the perceived work patterns of the 1930s, 40s, 50s or 60s, inasmuch as they ever did. The company man featured on today’s popular TV series *Mad Men*, sustained at home by his wife, is now mainly a relic. One-third to one-half of all marriages end in divorce, and 30 percent of U.S. households are headed by unmarried women.

Yet women still do the bulk of caretaking, even as they balance it with paid employment. Since women in the workforce aren’t offered any special dispensation to raise their children or care for sick or elderly family members, they’re forced to work part time, take pay cuts and sidetrack the progress of their work lives. More than twice as many employed women are part-timers compared to men (25 percent to 11 percent). And although the Obama administration is taking action to close the wage gap, women today continue to earn less than men, on average (79 cents on the dollar).

Women’s lower-pay, fewer-hour jobs are doubly problematic because they cause women to subsequently receive less from the earnings-based programs that are supposed to soften the harsh edges of the marketplace. Women who lose their jobs are about 10 percent less like-

## WOMEN PAY MORE FOR HEALTH INSURANCE



Insurers charge women up to 140% more than men for identical health plans.

SOURCE: National Women’s Law Center



ly than men to receive unemployment insurance, and women overall are also 12 percent less likely to have health insurance through their own jobs.

Women also lose out in retirement: The average annual Social Security income of those 65 years and older is considerably less than men's: \$10,685 versus \$14,055. Not surprisingly, then, the poverty rate for women over the age of 65 is almost twice that of men's: 12 percent versus 6.6 percent.

The challenge that lies ahead will be to upend Americans' outdated assumptions about what constitutes "important" work. The system of rewarding only paid work with government benefits may seem gender-neutral, and even good policy, but it's not. It penalizes women who work, and harms families. We must recognize that *unpaid* caretaking is equally important, not just on a moral level but also in terms of investing in our nation's intellectual capital. In addition, we need to stop treating as second-class citizens the women and men who work in lower-paying jobs, who have to change jobs or who must work flexible hours.

Here are five specific suggestions for revamping U.S. work/life policy to take into account women's lives, the variety of ways they work and the value of that work:

## **N<sup>o</sup>.1 STOP MAKING UNEMPLOYMENT, RETIREMENT AND OTHER BENEFITS CONTINGENT ON STEADY, FULL-TIME WORK.**

We need to provide *more* security for those who have lower earnings or who have sacrificed earnings for caregiving, not *less*. A fairer safety net would treat all work—part-time, full-time, sporadic, steady, high-paid, low-paid and even unpaid caregiving work—as grounds for benefits.

What would such a safety net look like? It would provide a caregiving credit for women looking after sick family members, raising children or caring for elderly parents—the same way paid workers get credit toward Social Security for working. It would provide flat benefits as well as earnings-related benefits, so that a woman who worked as

a janitor could stay out of poverty in old age even though she didn't earn as much as the corporate lawyer whose office she cleaned. It would make unemployment insurance available to temporary and low-paid workers as well as those who lose a job for family-related reasons.

Women often find that the "three legs" of the retirement stool—personal savings, Social Security and private pensions—are wobbly. Social Security, instituted in 1935, has been enormously successful in reducing the poverty rate for those over 65: from 35 percent in 1960, the first year data was kept, to less than 10 percent in 2007. However, women who earn less or sacrifice earning to care for family members receive lower retirement benefits.

Although women now make up almost half of the workforce, the average woman spends 12 years out of the paid workforce, often to care for children or elderly relatives. Since workers' benefits are calculated based on their 35 highest-earning years, that means seven more years of zeros to figure into the benefit calculations of a woman whose worklife spans 25 to 65—which substantially lowers her Social Security benefits. Instead, caregiving years should *not* be entered as zeros, and either be taken out of the equation or given a dollar value.

## **N<sup>o</sup>.2 DON'T MAKE FLEXIBLE HOURS A BARRIER TO HEALTH INSURANCE, AND *DO* STOP CHARGING WOMEN MORE FOR HEALTH INSURANCE.**

Women are more likely to be uninsured, to be underinsured, to have difficulty accessing and paying for needed medical care, and to forgo needed medical care due to cost.

Women tend to pay more for individual health-insurance policies, even if they don't include maternity benefits. Some insurers charge women as much as 50 percent more, while employers pay more per individual in their group health plans if their workforce is predominately women—a system known as "gender rating." Employers can provide health insurance at their discretion, and they're also able to determine how many hours someone works so that they won't have *enough* hours to qualify for the group insurance plan.

## **STATS:**



### **NO PAID MATERNITY LEAVE**

169 countries guarantee paid maternity leave. 98 provide 14 or more weeks. The U.S. guarantees none.

**SOURCE:** The Project on Global Working Families, The Institute for Health and Social Policy, McGill University



## THE SHRIVER REPORT: EVERYTHING HAS CHANGED

Part-timers, then, often don't receive health coverage.

These policies tend to lock in the gender division of work: Instead of both partners in a couple working a flexible schedule, it makes more economic sense for one to work 9-to-5 to keep the health insurance, while the other shoulders the bulk of caregiving. Not surprisingly, it turns out that women are more likely than men (24 percent versus 13 percent) to have dependent coverage through their spouses rather than on their own. The nondependent partner, more often the man, loses the flexibility to spend time caring for kids and ill family members, while the "dependent" partner, often the woman, can lose the economic security and personal independence of a good job with benefits. She also risks losing health coverage in a divorce.

These problems demand a twofold solution. First, as President Obama is proposing, make insurance available and affordable to all even if they don't receive it through an employer. This should be implemented to mean that part-timers should also gain access to group health insurance. As well as giving more women access to health-care insurance directly, affordable insurance could open the door to more gender equity in parenting by allowing both parents flexible work schedules.

Second, reform health insurance, as President Obama is also proposing, to prevent discrimination on the basis of pre-existing conditions or gender. Many of these exclusions apply only or predominately to women, such as being a victim of domestic violence or having a Cesarean section. Hopefully, health reform can remove such unwarranted, punitive insurance rules.

### **No. 3** GUARANTEE WORKERS PAID FAMILY AND MEDICAL LEAVE.

We need to assure all workers at least seven paid sick days a year for their own illnesses or to care for an ill family member. Even today, with the swine flu looming, nearly half of women workers in the private sector do not have a single paid sick day to recover from illness or care for a sick family member. Three of four low-wage

Maria Shriver has teamed with the Center for American Progress to produce a massive report focusing attention on the historic landmark: Women now for the first time in U.S. history comprise half of all U.S. paid workers. "Quite simply," concludes the just-released report, "women as half of all [paid] workers changes everything."

Two-thirds of mothers are breadwinners or co-breadwinners today, compared with just over one-quarter in 1967. Only one in five heterosexual couples today maintains a Cleaver-esque working-husband-and-at-home-wife arrangement, compared to almost half of such couples in 1975. The majority of couples now negotiate household responsibilities, and those who share both paid and domestic work maintain the most stable, high-quality marriages.

Yet, the Shriver Report warns, our societal institutions have largely failed to reflect this new picture. Our media oscillates between overly cheery "women have made it" messages and outmoded sex stereotypes. Women still face lower pay and fewer benefits in the workplace, while both genders struggle to balance work and child care. Hopefully, this report, and Shriver's media blitz trumpeting the soon-to-be-majority-women's workforce, will help bring new, more realistic notions of work-family life to the attention of policymakers.

workers—those least able to afford to take unpaid time off or risk losing their jobs—do not have a single paid sick day.

Also, the U.S. is the only industrialized nation that does not guarantee paid maternity leave. States have begun experimenting on their own: Five now require employers to offer temporary disability programs, which pay benefits to pregnant women, and a few others offer low-income families subsidies for infant care. In 2004, California became the first state to expand its state disability insurance system to provide paid family and medical leave, and New Jersey and Washington have followed suit.

#### NO PAID SICK LEAVE

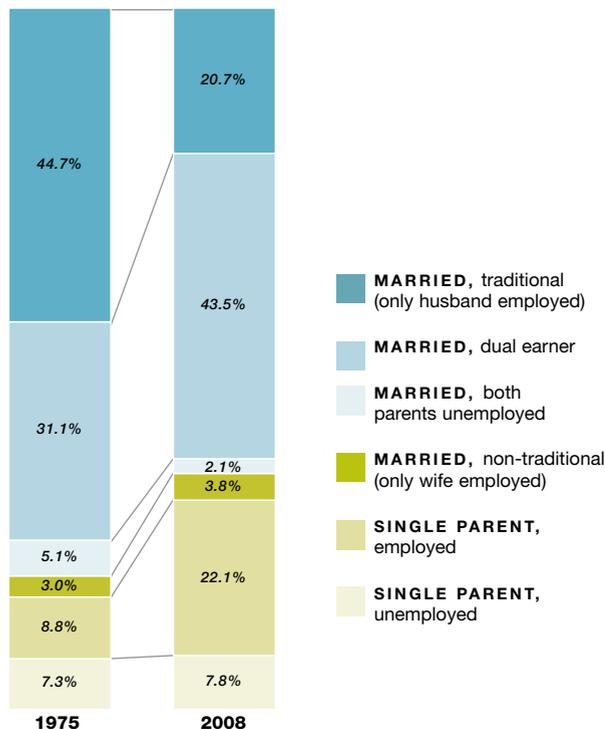


47 percent of paid private-sector women workers lack a single paid sick day.

SOURCE: Institute for Women's Policy Research

## > THE NEW NORMAL

Changes in family structure and work, families with children under age 18, 1975 and 2008



SOURCE: The Shriver Report: A Woman's Nation Changes Everything

True reform of our safety net would mean that American families are assured that their income will be replaced not only as a result of retirement, disability or unemployment but also when they have to care for a new child or an ill relative. Paid family and medical leave—call it “family insurance”—could be implemented on the state level (like unemployment insurance and, in some states, disability insurance) or at the federal level (like Social Security).

### N<sup>o</sup>.4 PROVIDE HIGH-QUALITY CHILD CARE.

The U.S. is practically alone among developed

countries in leaving day care almost entirely to the private market. And this is no small issue: In two-thirds of American families, the single parent or both parents work. Child care in the U.S. is a mishmash of arrangements, from partners working different shifts to grandparents caring for children to unlicensed neighborhood care to organized child-care facilities (only a quarter of U.S. children with a mother in the workforce are placed in the latter). About 14 million children in the country are “latchkey kids,” who return home after school with no parent to supervise them.

The Obama administration has increased funding for early education dramatically, especially for the most needy families, in the Recovery Act. But there is still more to do. We need to expand the measly dependent-care tax credit and make it applicable as a refund to those who don't have to pay taxes, for one thing. Pens, paper and gasoline are considered business expenses—but not a babysitter who enables a second parent to go to work. After-school and summer-school programs should be universally available, and child-care facilities must be held to higher standards.

### N<sup>o</sup>.5 STOP TAXING WOMEN'S INCOME UNFAIRLY/ DISPROPORTIONATELY.

It's enough to make women throw their own Boston Tea Party: Our current tax system, while seemingly neutral, overtaxes women.

Payroll taxes for Social Security and Medicare are flat taxes: They kick in on the first dollar earned, and they stop at \$106,800. This means that low-income workers—a bracket in which women predominate—pay a higher percentage of their income toward Social Security taxes than do high-income workers.

A married person (or a divorced person who was married at least 10 years) can receive a spousal benefit—half of what the earner would have received—even though that married person was never employed a day. And that spousal benefit may be larger than the benefit received as

## STATS:



### AVERAGE COST OF CHILD CARE

Median U.S. household income: \$50,303

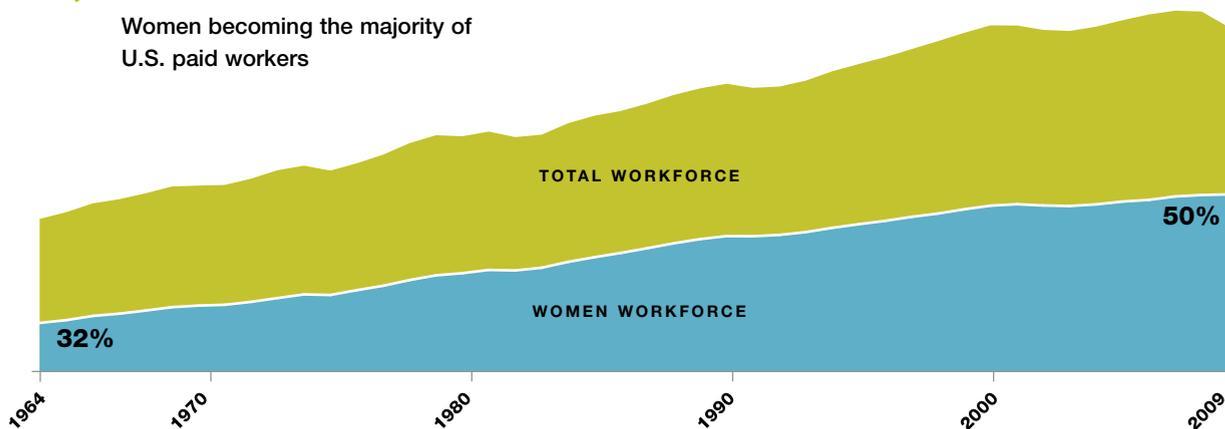
#### Average annual cost of high-quality child care:

Infant	\$15,895
4-year-old	\$11,680
School-age	\$10,720

SOURCE: U.S. Census Bureau; National Association of Child Care Resource and Referral Agencies

## > THE NEW WORKFORCE

Women becoming the majority of U.S. paid workers



SOURCE: Bureau of Labor Statistics, Current Employment Statistics

a paid employee. That can lead to the paradoxical outcome that a married couple, both of whom are paid workers, can actually receive less Social Security benefits than a couple in which only one is in the paid workforce. According to Eugene Steuerle of the Urban Institute, a leading Social Security expert, the total lifetime benefits for a dual-working couple in which each earns \$15,000 a year will be \$177,000. But if one partner did not work and the other earned \$30,000, they would receive lifetime benefits of approximately \$273,000—an astonishing 54 percent more despite the same total income.

Additionally, our system of taxing married couples' combined incomes—rather than each partner's individually—pushes the lower earner (often a woman, thanks to the wage gap and caregiving responsibilities) into an artificially high tax bracket. That's because her wages—her "first" dollars earned—are added to those of her spouse rather than treated separately. This "secondary earner penalty," plus the fact that all workers pay payroll taxes on the first dollar earned regardless of whether they draw benefits or how much they make, means that a low- and even middle-income woman—after paying child care and transportation—may not break even. Many are forced to rely on

substandard child care or take a second job while others forgo marriage to prevent the secondary earner penalty. These are take-it-or-leave-it choices women shouldn't be forced to make.

**As** we reform the social safety net for the 21st-century economy, we must make sure that women are not left behind. We are at a time of opportunity—the country as a whole is realizing the need to reform many of our New Deal programs that are so important to our economy and to American families. We cannot let this opportunity to increase the economic security of all women—now 50 percent of paid workers—pass us by once again. ■

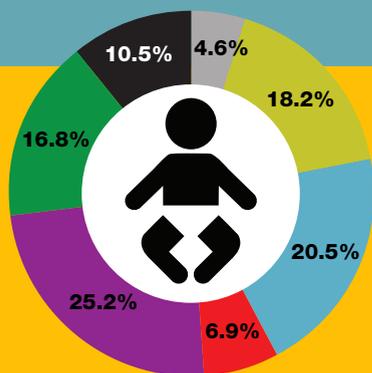
*Special thanks to the Institute for Women's Policy Research.*

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### PIECING TOGETHER CHILD CARE ARRANGEMENTS

#### Women in paid workforce with children under 5



- Herself (sometimes during work or school)
- Non-relative
- Other parent
- Grandparent
- Sibling or other relative
- Organized care
- No regular arrangement

SOURCE: U.S. Census Survey of Income and Program Participation (SIPP)