Thank you Chairman Harkin, Ranking Member Alexander, and members of the committee for the invitation to testify today.

My name is Neera Tanden, and I am the President of the Center for American Progress. CAP is an independent, nonpartisan educational institute dedicated to improving the lives of all Americans through progressive ideas and action. At CAP, we believe that a robust and growing middle class is vitally important to growing a stronger, more resilient economy and a more competitive future. To do this, we know that we need workplaces that make full use of our nation’s talent to ensure that every worker—man or woman—has a fair chance to succeed.

Introduction and background

If we want a thriving economy that works for all Americans, strengthens our businesses, and makes our nation more competitive on the global stage, we have to start with a clear understanding of today’s workplace and the changing workforce. The reality is that workplaces—and the people who work in them—are changing. Fifty years after groundbreaking laws like the Equal Pay Act helped usher in a new era of opportunity for women in the workplace, more women are working than ever before.

While it used to be rare for mothers to work outside the home, today, women make up nearly half the workforce. But this demographic shift has enormous implications for how our workplaces operate and for our overall economic growth. More than 6 in 10 women are breadwinners or co-breadwinners for their families, yet women, on average, continue to earn less than their male counterparts. This gap is even larger for women of color, who are more likely to be stuck in minimum-wage jobs.1

Our workplace culture and national policy have been slow to adapt. Even in two-parent households, women are often the primary caregivers in their families, with the main responsibility for providing, coordinating, or securing care. And although there are clearly some employers who have adopted progressive policies, too many women—and men—continue to work in environments without the protections they need to balance work and family responsibilities or ensure that they are paid fairly for their work.
If we want real economic progress, we need policies that respond to the everyday challenges facing the diverse group of women who are part of today’s economy, particularly those women who too often get ignored.

### Why women’s work matters to our economic well-being

Women’s rapid entry into the workplace during the last three decades of the 20th century transformed our country and its labor force. Between 1970 and 2000, the percentage of women who work rose from 43.3 percent to 59.9 percent. Before the Great Recession, more than three-quarters of women worked 35 hours or more per week. And today, the majority of employed women work full time.

Because more women are working, women’s income has become a lynchpin of our nation’s economic success. Today, two-thirds of mothers are breadwinners or co-breadwinners, up from slightly more than a quarter of mothers in 1967. (See Figure 1)

But women’s paychecks don’t just contribute to their families’ bottom lines. They are also vital for America’s economic growth.
Continuing women’s economic progress

Over the past four decades, women have made huge economic gains. But those gains were unequal. While some women have broken into typically male-dominated professions, 43.6 percent of women still work in just 20 types of typically low-paying jobs, such as secretary, nurse, teacher, and salesperson, among others.\(^6\)

Low- and middle-wage, young, and less-educated workers in particular lack access to benefits that help balance work and family life. Employers too often view paid leave or sick days as perks for higher-paid workers: The lowest quarter of wage earners are nearly three times less likely to have access to paid family and medical leave than those in the top quarter.\(^7\)

Women of color are also more likely to lack benefits such as paid leave. Women of color are just as likely to work as white women, but twice as likely to work in a low-wage sector or the service industry in jobs that don’t offer these middle-class benefits.\(^8\) This is especially concerning given the additional demographic change that is inevitable in the coming decades.

Women of color will make up 53 percent of the female population by 2050. Hispanic women will lead this growth, increasing from a share of 16.7 percent of the female population in 2015 to 25.7 percent in 2050.\(^9\)

And unequal policy will continue to produce unequal economic gains. It’s bad for families, for labor, and for the economy. But policy can—and should—change to react to changing demographics.

Federal policies that benefit working women and families

There are a number of public policy solutions that can make an immediate difference in the lives of working women. At the federal level, mandating paid sick days, paid family and medical leave, and a more flexible workplace, and strengthening pay equity legislation could empower women to meet their full potential.

Since nearly two-thirds of minimum-wage workers and 70 percent of tipped minimum-wage workers are women, making the minimum wage a living wage would help close the pay gap and lift millions of Americans out of poverty.\(^10\)

Fostering the policies that allow women to be full participants in today’s workforce will boost businesses’ bottom lines and ensure America’s competitiveness in the global economy.

Among the public policy solutions that would empower women to meet their full potential are:

- Paid sick days, as proposed in the Healthy Families Act, and paid family and medical leave insurance, as proposed in the Family and Medical Insurance Leave Act, or FAMILY Act
- Pay equity, as proposed in the Paycheck Fairness Act
- High-quality, affordable early childhood education and universal pre-K
- A higher minimum wage and tipped minimum wage
Let’s examine each of these policies briefly in more detail.

**Paid sick days, paid maternity leave, and paid family and medical leave**

About 100 million private-sector workers lack paid family leave to care for a new child or an aging parent. Tens of millions more lack access to paid sick leave. The United States is the only industrialized nation without a federal law providing workers access to paid maternity leave, and one of only a few that does not offer broader family and medical leave insurance. The failure to offer paid leave makes the United States an outlier among developed nations. In 2013, only 61 percent of workers had access to paid sick days, and only 12 percent of workers had access to paid leave to recover from an illness or care for a sick family member.

As a leading nation, we need to adopt workplace policies that allow both men and women to balance the demands of parenthood with the demands of their jobs. But this is a make-or-break issue for women.

Because women continue to be more likely than men to provide care to their families—even when they are employed—they are disproportionately affected by the lack of paid leave. Even married mothers take on more family care duties. Compared to employed fathers, employed mothers with a child under age 6 spend about 47 more minutes per day giving care. And mothers are more likely than fathers to stay home with sick children, so women disproportionately bear the worry of losing wages or even a job because they take time off.

In fact, the lack of family-friendly policies often pushes women out of the workforce altogether. When women have to take unpaid time away from work or drop out of the workforce entirely, it affects their wages for the rest of their lives, a factor that exacerbates the gender wage gap. Instituting family-friendly policies that help women balance the dual demands of work and home can help neutralize some of the imbalance.

A whopping 80 percent of low-wage workers lack access to paid sick days, and 40 million Americans struggle with the choice between working while sick and losing a day’s pay. A disproportionate number of those workers are people of color. From higher levels of unemployment to even lower wages, their struggles highlight the need to adopt policies that allow for workplace flexibility.

Guaranteeing workers access to paid leave and sick days will help families care for sick parents and children, a newborn or newly adopted child, or recovery from a serious illness without suffering financially. It will increase labor-force participation, employee retention, and lifetime earnings. Businesses will be able to attract higher-quality workers and reduce absenteeism and tardiness among employees.

The Healthy Families Act, introduced by Sen. Tom Harkin (D-IA), would ensure workers have access to paid sick days and would no longer have to worry about taking a financial hit if they or their children fall ill. This has untold economic benefits. For example, researchers at the University of Virginia found that paid parental leave policies actually equate to lower unemployment rates.
Family and medical leave insurance—also known as paid family leave—would allow employees to take temporary leave to recover from illness or care for a sick loved one. Introduced by Sen. Kirsten Gillibrand (D-NY) and Rep. Rosa DeLauro (D-CT), the Family and Medical Insurance Leave Act of 2013, also known as the FAMILY Act, would relieve the financial burden of taking unpaid time off, providing paid leave for nearly every U.S. worker.23

Pay equity

Today, women make up nearly half of the American workforce.24 Women graduate from college at higher rates than men.25 More women are serving in Congress than ever before.26 Yet for millions of American women, no amount of hard work will bring pay equity with their male peers.

Women, on average, still take home 77 cents for every dollar earned by a man. The average American woman makes $11,084 less than her male counterpart per year.27 If women working full time, year round were paid the same for their work as comparable men, we would cut the poverty rate for working women and their families in half.28

And for women of color, the disparity is even greater. Women of color are twice as likely as white, non-Hispanic women to live in poverty. And the wage gap is more like a gulf. For every dollar a man makes, white women make 77 cents, African American women take home 64 cents, and Hispanic women take home 55 cents on the dollar.29

These differences among women can be attributed to a variety of economic factors, including occupational segregation and higher rates of unemployment among women of color, which lead to longer gaps in work histories. Wage disparities—even compared to men of color—depress lifetime earnings of women of color even more than those of white women.

When women are shortchanged over the course of a lifetime, the dollars and cents add up. Over the course of a 35-year career, a woman with a college degree will make an average of $1.2 million less than a man with the same level of education.30

Since the Equal Pay Act was signed 50 years ago, we have made significant progress. Back then, women were paid just 59 cents for every dollar earned by men. Legislation has narrowed the pay gap, but didn’t close it.31 The Lilly Ledbetter Fair Pay Act, the first bill that Barack Obama signed as president, was another important step toward making women full, equal participants in the workforce.

But if a woman doesn’t know she is underpaid, she can’t take action to close the gap. The Paycheck Fairness Act, sponsored by Sen. Barbara Mikulski (D-MD), would enable the Department of Labor to gather better information about wage differences. The Paycheck Fairness Act would protect employees from retaliation for discussing their salaries. And it would empower women to negotiate for equal pay and create strong incentives for employers to obey the laws already in place.

Making sure women receive equal pay for equal work increases their lifetime earnings and strengthens our economy in the process. The Institute for Women’s Policy Research found that if women had received pay equal to their male counterparts in 2012, the U.S. economy would have produced $447.6 billion in additional income32—similar to the economic output of the entire state of Virginia.33
Early childhood education and universal pre-K

Our safety net is working overtime to catch those who have been left behind by the recovery, but once again, policy hasn’t kept up with changing demographics. Although the share of working mothers with children under age 5 has doubled since 1970, child care subsidies and preschool programs remain underfunded. And more mothers are also breadwinning alone: At least half of all children in the United States today will spend at least part of their childhood in a single-parent family.34

Additionally, today’s infants and toddlers are the first age cohort that is majority children of color, making this a critical issue for communities of color.35 Communities of color are expected to comprise the majority of the U.S. population sometime in the early 2040s. Addressing racial and ethnic disparities is not just the right thing to do; it is imperative for economic growth and competitiveness.

In an economy where three-quarters of families have either a single parent or two working parents, child care isn’t a luxury. It’s a necessity. More than 60 percent of all preschool-aged children spend time in the care of someone other than their parents.36

Unfortunately, most families don’t have access to high-quality child care and preschool. Programs such as Head Start and the Child Care and Development Fund serve only a fraction of eligible families. And quality of care is often low. And many more kids don’t attend preschool or receive high-quality care because their families simply can’t afford it. Child care is the largest household expense for most families and can cost more than a year of college.

In light of these challenges, one of the most important ways we can improve the lives of millions of American families across the economic spectrum is to commit to educate children during the first five years of their lives. Research shows that the early years of a child’s cognitive and emotional development, more than any others, establish their direction in life. High-quality early intervention makes at-risk children 25 percent less likely to drop out of school, 40 percent less likely to become a teen parent, and 70 percent less likely to be arrested for a violent crime. But because of the shortage of quality, affordable child care, low-income children are entering kindergarten without the skills necessary to succeed.37

Universal preschool for all 3- and 4-year-old children, and affordable child care for low-income families with children under age 3 will help bridge the gap, as will an expansion of Early Head Start and home visiting.

The Strong Start for America’s Children Act, which was introduced by Sen. Harkin and passed by this committee this month, would create a partnership between the federal government and states to expand access to high-quality preschool for all low-income 4-year-olds and provide programs for some younger children as well. Passing and funding this bill would narrow the school-readiness gap and help parents access employment by building the supply of high-quality programs and reducing costs.

The minimum wage becomes a living wage
We should raise the federal minimum wage to $10.10 per hour. Currently, a full-time worker making the minimum wage earns just $15,080 per year.\(^38\) For a family of three, that is $4,000 below the federal poverty line.\(^39\) Raising the minimum wage to $10.10 would increase yearly earnings to $19,777.\(^40\) It would directly raise the wages of 16.5 million American workers and would lift almost 1 million Americans out of poverty.\(^41\)

Nearly two-thirds of minimum-wage workers are women, so raising the minimum wage, as proposed by Sen. Harkin, would give 15.4 million women a raise\(^42\) and help close the pay gap.\(^43\) These workers are not just teenagers. Nearly 90 percent of minimum-wage workers are 20 years old or older, and the average minimum-wage worker is 35 years old.\(^44\)

Seventy percent of tipped restaurant workers are women, so raising the tipped minimum wage would also strengthen women’s prospects.\(^45\) While the federal minimum wage is $7.25 per hour, the minimum for workers who receive tips is just $2.13. Tips are supposed to make up the difference. Yet servers are twice as likely to use food stamps as of the rest of the U.S. workforce, and three times as likely to live in poverty.\(^46\)

The number of female minimum-wage workers has also increased markedly since the beginning of the Great Recession. In 2007, there were almost 1.2 million female minimum-wage workers—nearly double the number of male minimum-wage workers. But the number of women making minimum wage had doubled by 2012.

And while the number of workers earning minimum wage increased for all racial and ethnic groups of women from 2007 to 2012, the share of Latina women at minimum wage tripled, and the share of African American and Asian women more than doubled.\(^47\)

We’re already seeing businesses, such as the Gap, Costco, and Whole Foods, adopt the attitude that a fair wage is good for corporate profits and reputations. Raising the wages of frontline workers helps minimize employee turnover, encourage hard work, and increase employee productivity, commitment, and loyalty.\(^48\) Cities, counties, and states have also adopted measures to raise the incomes of their lowest-paid workers because they know that if workers can earn a living wage, it will help grow their local economies. More than half of the states that raised the minimum wage during periods of high unemployment saw their unemployment decrease over the next 12 months.\(^49\)

And increasing the minimum wage has positive implications for the federal budget as well. CAP recently published research showing that a $10.10 minimum wage would reduce spending on the Supplemental Nutrition Assistance Program by $46 billion over the next decade.\(^50\)

**The business case**

Successful businesses already see a competitive advantage when they ensure workers with families are happy and successful. Policies that support working women and families lead to more productive employees. They also help business attract and retain top-notch talent, paying dividends in the long term. But there are immediate savings for businesses with family-friendly benefits as well.\(^51\)
Studies showed companies that are flexible—that allow adjustable work schedules or telework, for example—improved employee retention and recruitment, as well as revenue generation and client satisfaction.\textsuperscript{52} Employees said their ability to prioritize both career and family influenced their choice to remain with the company. This translates into real and immediate savings for businesses. While replacing a worker can cost up to 20 percent of that worker’s salary, policies such as earned sick days or flexible options can be implemented at little to no net cost.\textsuperscript{53}

But the companies that will excel in tomorrow’s economy won’t just be focused on retaining female employees; they’ll be interested in cultivating the next generation of female leaders and executives. That will mean more than adopting flexible schedules and worker-friendly policies. It will mean changing the culture from the factory floor to the board room to allow talented, dedicated women to advance and succeed. It will mean combating workplace discrimination of every kind. It will mean encouraging mentor relationships that pair successful women with future leaders in their organizations. And it will mean including women in the decision-making process, so their voices are heard and their concerns are considered. After all, when women have a place at the table, they can advocate for the very worker-friendly policies that boost morale along with the bottom line.

**Conclusion**

Public policies that help women also strengthen our families, our workplaces, our economy, and our nation. So it’s time to put women at the center of the policy agenda. Every member of Congress must work together to demonstrate, with a proactive policy agenda, that government is committed to our families.

Families are changing. Our workforce is changing. The way we live is changing. And our economic success hinges on recognizing those changes and committing to public policy that improves the lives and livelihood of working families.

I thank the Chairman, Ranking Member, and the Committee for the opportunity to testify today.

**Endnotes**


\textsuperscript{3} Ibid., Table 20.


\textsuperscript{5} Glynn, “The New Breadwinners.”


9 Ibid.
15 Ibid.
18 Ibid.
20 Ibid.
31 Ibid.
40 Cooper, “Raising the Federal Minimum Wage to $10.10 Would Lift Wages for Millions and Provide a Modest Economic Boost.”
42 Ibid.
45 The Restaurant Opportunities Centers United and others, “Tipped Over the Edge.”
46 Ibid.