

How Data Collection Can Help Close the Wage Gap

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In 1967, four years after the Equal Pay Act (EPA) was passed prohibiting the then-widespread practice of discriminating against women by paying them less for the same work simply because they were women,³ women workers overall were paid 39 cents for every dollar paid to a man, a gap of 61 cents.4 But the EPA, in conjunction with other policy and cultural shifts over the last 60 years, has shrunk the wage gap by more than 2.5 times, making clear that intentional efforts can lead to tremendous change.⁵ However, without significant private sector and public policy change, researchers estimate that the wage gap will not be eliminated until the year 2062 for women overall, until 2144 for Black women or until 2210 for Latina women, meaning generations of women workers will endure unequal pay and less personal wealth.6

People Care about Fair Pay

Fair pay is important to people, both for themselves and as a societal value. One-fifth of employees in a 2022 survey said, "addressing pay equity is the single most important action a company should take to improve DE&I [diversity, equity and inclusion]."

Recent polling by Lake Research Partners in conjunction with the National Partnership reveals that fair pay is a top issue, with 71 percent of respondents saying women being paid the same amount as men for the same job is very important. On an individual level, 86 percent of people say fair pay is the most important, one of the most important, or a very important factor when deciding to stay with their employer. Black women and Latinas are especially likely to cite fair pay as the most important reason for staying with an employer.²

Today women workers are paid just 77 cents for every dollar paid to men – a shortfall of nearly \$11,800 a year, equivalent to nearly 15 months of child care, 11 months of rent or 10 years of birth control for the typical woman worker. And the wage gap is even wider – and more costly – for Black, Native, Latina and many groups of Asian American, Native Hawaiian and Pacific Islander (AANHPI) women.

Unfair pay is driven by myriad factors, including motherhood, job segregation, work experience and more. Yet even accounting for many relevant factors, 38 percent of the wage gap remains unexplained – a slice that is accounted for, at least in part, by discrimination. Unfair pay is rooted in stereotypes about race, disability, gender and more, both independently and intersectionally. It is also a product of white supremacy. Black women have long been paid less because of their enslavement and the residual, generational impacts of the transatlantic slave trade. Native women's land and wealth was stolen from them through European colonization. Racist immigration policies forced Latinas and AANHPI women into exploitative, dangerous jobs, while ableist policies similarly undervalued and harmed disabled women.

The deep, persistent roots of unfair pay mean eliminating the wage gap requires a multi-pronged approach, including culture shift and business and public policy changes. Closing the wage gap requires enacting family-friendly policies, 13 such as paid leave and other caregiving supports, to ensure that caregiving responsibilities do not keep women who want to work out of the labor force. It requires addressing job segregation, 14 which funnels women, and especially women of color, into low-paying positions and industries. And it necessitates confronting the discrimination women face at work, through robust enforcement of existing laws, by strengthening those laws – including by passing the Paycheck Fairness Act15 – and by ensuring we are able to fully assess the scope and scale of unfair pay through consistent, detailed data collection. While much work remains, the progress we have made through policy and culture change in just two generations provides a roadmap for the future.

The Role of Data Collection in Eliminating Unfair Pay

The wage gap impacts people's livelihoods, the future of work and the economy¹⁸ – and pay data collection is a critical tool for solving it. Data collection is at the forefront of many timely conversations, and is being tracked by global news networks, job sites, and economic and academic

Companies Are Already Reporting Pay Data

New analysis by the National Partnership for Women & Families reveals that many prominent U.S.-based companies or their subsidiaries are already reporting data in compliance with the U.K. law. Specifically, we find that of the Fortune 100 companies in 2022, ¹⁶ roughly two-thirds are already reporting wage gap data to the U.K. These companies employ more than 10 million people, and have nearly \$1 trillion in profits and roughly \$7 trillion in revenues. ¹⁷ These are among the most successful and powerful companies in the world, including Amazon, FedEx, Apple and more. Their ability to collect data to comply with legislation abroad is strong evidence of their ability to do so here in the U.S.

researchers and advocates.¹⁹ While overall wage gap measures provide important insight, digging deeply into differences by race, industry, occupation and more is critical. One such model for this detailed data collection is the Equal Employment Opportunity Commission's (EEOC) expanded EEO-1 data collection from 2017-2018.²⁰ This collection, which included new data on race, gender, firm size and other characteristics, was a groundbreaking effort to identify pay discrimination by race, gender and more.²¹ To be clear, the National Academies of Sciences, Engineering, and Medicine (NASEM) identified important improvements needed for subsequent data collection efforts, including changes that would improve response rates and coverage, as well as result in better race/ethnicity and gender data,²² but these data represent a terrific step forward and offer invaluable information, especially for enforcement agencies. The EEO-1 data collection has also provided a model for states. For example, in 2021 California began requiring employers with 100 or more employees to submit data on their employees' pay broken down by sex, race/ethnicity, job category and hours worked.²³ Illinois began requiring large companies to submit similar pay data in 2023.²⁴

Other Organisation for Economic Co-operation and Development, or OECD, countries have also recognized the value of pay data collection. Many already require businesses to report their pay gap data.²⁵ The Council of the European Union recently issued a new directive on gender pay gaps that requires companies to take action if they have pay gaps of more than 5 percent.²⁶ In the United Kingdom, companies with more than 250 employees have been required to report the gender pay gap since 2017, with the potential for court orders and fines for inaccurate or untimely data.²⁷

Goldman Sachs

One Fortune 100 company reporting its wage gap data in the U.K. is finance giant Goldman Sachs, which in 2022 employed nearly 44,000 people and had nearly \$65 billion in revenue. The company recently settled a sex discrimination lawsuit in the U.S. for \$215 million, impacting 2,800 women workers who asserted the company blocked their advancement through a "boys club" culture. In the most recent U.K. data, there was a gap of at least 20 percent between women's and men's pay at Goldman Sachs, more than double the overall gap in the U.K. The company's outsized pay gap and the lawsuit both indicate a corporate culture that fosters gender inequity and makes clear the importance of data collection to identify issues.

Federal Data Collection Must Go Hand in Hand with Enforcement Efforts

Better data collection enables more efficient targeting of enforcement resources, including in the assessment of compliance for federal or state contractors. For example, the National Academy of Science's assessment of the EEO-1 data collection advised that,

with sufficient quality data, the data "could be used as an initial step in prioritizing investigations and the allocation of resources, including for calculating pay gaps within an establishment under investigation, making comparisons across similar establishments, and for systemic investigations." And in California, data collection efforts revealed that Black, Latina and Native women held a disproportionate share of low-paying jobs compared to white men and millions of women of color were affected by these gaps, including in industries like retail and manufacturing. As these data collections progress, we can expect them to inform state civil rights agencies' enforcement efforts.

What Policymakers Can Do

In order to address the need for better pay data collection, the Biden-Harris Administration should reinstate the expanded EEO-1 data collection. The next wave should incorporate the recommendations made by NASEM in their analysis of the previous data, including ones for improving data quality, disaggregating data by race and ethnicity, and including other protected classes such as disabled people, veterans, older workers and LGBTQIA+ individuals.³⁹ The resulting data should be fully analyzed as data quality permits, with special attention paid to inequities by gender, race and disability, and their intersections, and these data should be used to target enforcement efforts, as NASEM recommends.⁴⁰ State policymakers should also pursue data collection, using the California and Illinois legislation as models, in addition to learning from the EEO-1 data collection efforts.

What Businesses Can Do

Data Collection Coupled with Pay Transparency

Much of the research on the impacts of pay data collection has examined laws that require the publication of company-level data, in addition to collection. For example, an analysis of pay data collection and transparency legislation in Denmark demonstrated a 13 percent reduction the wage gap, 34 while a U.K. study found the wage gap shrunk by nearly one-fifth as a result of the new reporting requirements.³⁵ There is also evidence the U.K. law resulted in women being hired into higher-paying roles.³⁶ Studies also show that publication of company-level wage gaps can support recruitment efforts, finding that women, in particular young women, say they would be more likely to work for companies with smaller wage gaps.³⁷ Additionally, an examination of the Danish pay reporting and transparency law found no impacts on company profitability.³⁸ Understanding the role of company-level pay transparency in advancing gender equity and exploring what such reporting might look like in the U.S. is an area for further research.

While federal-level data collection is essential, pay data collection is important for individual businesses, too. Data collection helps businesses ensure they are in

compliance with the law and avoid legal and reputational risks.⁴¹ It also demonstrates their commitment to pay parity and enables them to appeal to social justice-motivated consumers.⁴² Thus, businesses should collect pay data by race, gender, disability and job type to construct a "pay equity audit" to assess and eliminate wage disparities.⁴³ In the best cases, this data collection is complemented by additional efforts to reduce gender inequities including an examination of hiring practices, not asking applicants about salary history, offering caregiving benefits and more.⁴⁴ Eliminating internal pay inequities will require persistence, as was the case with Salesforce, which has engaged in multiple rounds of data collection and internal policy changes,⁴⁵ and innovation, as L'Oréal practiced when it worked with EDGE to develop an international pay measurement tool founded in existing best practices and methodologies.⁴⁶

Beyond Data Collection: Additional Steps to Close the Wage Gap

The progress we have made in closing the pay gap over the two generations since the Equal Pay Act became law is due to changes in policy, business practices and culture to improve women's experiences on the job, the types of jobs they are hired to do and their ability to enter the workforce at all. Making progress in the years to come similarly will require a diverse set of efforts to address discrimination, job segregation and a lack of family-friendly policies. To this end, the data collection efforts outlined above must move in concert with a range of other efforts. For example, data-informed enforcement efforts must be coupled with sufficient funding for enforcement agencies to support increased enforcement of civil rights and employment discrimination laws. Congress must pass laws, including the Paycheck Fairness Act, the FAMILY Act, the Raise the Wage Act and others to address the multiple causes of the wage gap, while federal and state officials must reduce job segregation by paving the way for women to enter higher paying, non-traditional fields. And businesses will need to implement and adhere to policies and practices that reduce discrimination and disparities across a woman's career. Only by addressing these systemic factors can we eliminate wage gaps that are harming women and families individually and the economy as a whole.

Methodological note: This analysis uses data on the top 100 companies of the list of Fortune 500 companies from 2022,⁴⁷ which are ranked by revenue data for the fiscal year ending on or before January 31, 2022,⁴⁸ and compares it to U.K.-government data on the wage gap for 2021-2022.⁴⁹ The U.K. dataset includes 10,462 observations submitted to the UK government on or before August 15, 2022 for companies with 250 or more employees. These two lists were then compared to determine whether a company listed in the Fortune 100 had reported or had a subsidiary report wage information to the UK. Companies subsequently researched via SEC filings and public company documents to determine whether they had U.K. subsidiaries and any of those subsidiaries had reported data. Matches were judged conservatively with efforts to eliminate any false matches and assessed by multiple analysts to assess intercoder reliability.

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¹ Fealy, L., & Feinsod, R. (2022, April). *How workforce rebalancing is building pressure in the talent pipeline*. Retrieved 30 May 2023, from EY website: https://www.ey.com/en_gl/workforce/work-reimagined-survey

² Lake, C., & Gormley, C. (2023, May). *Re: Insights from Moms about Family-friendly Workplace Policies and Equal Pay.* Lake Research Partners Publication. Retrieved 5 June 2023, from https://nationalpartnership.org/wp-content/uploads/moms-family-friendly-workplace-policies-equal-pay.pdf.

³ U.S. Equal Employment Opportunity Commission, (n.d.). *The Equal Pay Act of 1963*. Retrieved 30 May 2023, from https://www.eeoc.gov/statutes/equal-pay-act-1963

⁴ U.S. Census Bureau. (2022). *Current Population Survey, Annual Social and Economic (ASEC) Historical Income Tables: People (Table P-41: Work Experience – Workers by Median Earnings and Sex)*. Retrieved 30 May 2023, from https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-income-people.html (Unpublished calculation based on the median annual earnings for all women and men with earnings in 1967)

⁵ Ibid. (The wage gap in 1967 was 61 cents, more than 2.5 times larger than the wage gap in 2021 (23 cents, based on the median annual earnings for all women and men with earnings in 2021)). For discussions of how public policy and cultural factors have impacted the wage gap see Glynn, S.J. (2018, April). *Gender Wage Inequality*. Retrieved 30 May 2023, from Washington Center for Equitable Growth website: https://equitablegrowth.org/research-paper/gender-wage-inequality/ and National Equal Pay Task Force. (2013, June). *Fifty Years After the Equal Pay Act*. Retrieved 30 May 2023, from

https://obamawhitehouse.archives.gov/sites/default/files/equalpay/equal_pay_task_force_progress_report_june_2013_new.pdf
⁶ Institute for Women's Policy Research. (2022, December). The Gender Pay Gap, 1985-2021—with Forecast for Achieving Pay Equity by Race and Ethnicity. Retrieved 30 May 2023, from https://iwpr.org/wp-content/uploads/2022/12/Quick-Figure-105-Final.pdf This estimate is for all women and all men with earnings. Estimates for Black and Latina women are compared to white, non-Hispanic men.

⁷ National Partnership for Women & Families. (2023, March). *America's Women and the Wage Gap*. Retrieved 30 May 2023, from https://nationalpartnership.org/wp-content/uploads/2023/02/americas-women-and-the-wage-gap.pdf

⁹ Blau, F. D., & Kahn, L. M. (2017). The Gender Wage Gap: Extent, Trends, and Explanations. *Journal of Economic Literature*, *55*(3), 789-865. doi: 10.1257/jel.20160995. Work experience is driven by a range of factors including caregiving responsibilities, access to birth control and more.

¹⁰ Ibid. Discrimination also impacts other factors in the model such as job segregation, motherhood penalties and more.

¹¹ Mason, J., & Gallagher Robbins, K. (2023, March). *Women's Work Is Undervalued, and It's Costing Us Billions*. Retrieved 30 May 2023, from National Partnership for Women & Families website: https://nationalpartnership.org/wp-content/uploads/2023/04/womens-work-is-undervalued.pdf

¹³ National Partnership for Women & Families. (2021, March). *Paid Leave Will Help Close the Gender Wage Gap*. Retrieved 30 May, 2023 from https://nationalpartnership.org/wp-content/uploads/2023/02/paid-leave-will-help-close-gender-wage-gap.pdf
¹⁴ See note 11.

¹⁵ National Partnership for Women & Families. (2023, February). *The Paycheck Fairness Act*. Retrieved 30 May 2023, from https://nationalpartnership.org/wp-content/uploads/2023/02/the-paycheck-fairness-act.pdf

¹⁶ Fortune, (n.d.). Fortune 500. Retrieved 30 May 2023, from https://fortune.com/ranking/fortune500/2022/

¹⁷ Companies are included if they have a U.K. subsidiary that reports data. See Methodology section for additional details.

¹⁸ National Partnership for Women & Families. (2022, October). *America's Women and the Wage Gap.* Retrieved 25 May 2023, from https://nationalpartnership.org/wp-content/uploads/2023/02/americas-women-and-the-wage-gap.pdf

Women employed in the United States lose a combined total of nearly \$1.6 trillion every year due to the wage gap.

¹⁹ Ira, K., & Radeva, A. (2022, March). *Just 23% of the Largest U.S. Companies Analyze Their Gender Pay Gaps, Marking Stalled Progress Toward Wage Equity*. Retrieved 30 May 2023, from Just Capital website: https://justcapital.com/news/equal-pay-day-2022-companies-analyzing-gender-wage-gaps/; EDGE. (n.d.). *What is EDGE Certification?* Retrieved 30 May 2023, from https://www.edge-cert.org/edge-global-standards/

²⁰ Under the EEO-1 data collection, certain private businesses and federal contractors were required to provide pay information to the Equal Employment Opportunity Commission. For additional details see National Academies of Sciences, Engineering, and Medicine. (2023). *Evaluation of Compensation Data Collected Through the EEO-1 Form.* Retrieved 30 May 2023, from https://nap.nationalacademies.org/catalog/26581/evaluation-of-compensation-data-collected-through-the-eeo-1-form

²² Ibid

²³ State of California, Department of Fair Employment and Housing. (2022). *California announces opening of 2021 pay data reporting* [Press release]. Retrieved 30 May 2023, from https://calcivilrights.ca.gov/wp-content/uploads/sites/32/2022/02/Pay-Data-Reporting-Press-Release-2022-02-01.pdf

- ²⁴ Illinois Department of Labor. (2022). *Equal Pay Act Reporting Requirements Begins March 24th for Large Illinois Businesses* [Press release]. Retrieved 30 May 2023, from https://labor.illinois.gov/news/press-release.24434.html
- ²⁵ OECD. (2021). Pay Transparency Tools to Close the Gender Wage Gap (Annex 3.A. Policy tables: Employer pay gap reporting requirements). Retrieved 30 May 2023, from https://www.oecd-ilibrary.org/sites/9b807540-en/component/9b807540-en/component-d1e6404
- ²⁶ Council of the European Union. (2023, April). *Gender pay gap: Council adopts new rules on pay transparency* [Press release]. Retrieved 30 May 2023, from https://www.consilium.europa.eu/en/press/press-releases/2023/04/24/gender-pay-gap-council-adopts-new-rules-on-pay-transparency/
- ²⁷ U.K. Government Equalities Office. (2023, March). Statutory Guidance: Overview. Retrieved 30 May 2023, from https://www.gov.uk/government/publications/gender-pay-gap-reporting-guidance-for-employers/overview; U.K. Government Equalities Office. (2018, October). Gender Pay Gap Information Regulations: summary of 2017/18 data. Retrieved 30 May 2023, from https://www.gov.uk/government/publications/gender-pay-gap-information-regulations-summary-of-201718-data
- ²⁸ BBC. (2023, May). Goldman Sachs to pay \$215m in sex discrimination case. Retrieved 30 May 2023, from https://www.bbc.com/news/business-65538014
- ²⁹ Ibid.
- ³⁰ Duncan, P., Aguilar Garcia, C., & Jolly, J. (2023, April 5). Women still paid less than men at four out of five employers in Great Britain. *The Guardian*. Retrieved 30 May 2023, from https://www.theguardian.com/world/2023/apr/05/women-paid-less-than-men-four-out-of-five-employers-uk-gender-pay-gap. Other research finds a similar difference in the wage gaps at Goldman Sachs and for the U.K. overall. See UK Office for National Statistics, (2022, October). *Gender Pay Gap in the UK: 2022*. Retrieved 30 May 2023, from https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2022
- 31 See note 21
- ³² California Department of Civil Rights, (n.d.). *Pay and Demographics of California Workers:*Results from Pay Data Reports from Large Employers (see "Data findings" for results disaggregated by gender and race/ethnicity in combination and aggregated by industry). Retrieved 31 May 2023, from https://calcivilrights.ca.gov/paydatareporting/results/
 ³³ See note 23.
- ³⁴ Bennedsen, M., Simintzi, E., Tsoutsoura, M., & Wolfenzon, D. (2019, January). *Do Firms Respond to Gender Pay Gap Transparency?* Retrieved 30 May 2023 from National Bureau of Economic Research website: https://www.nber.org/system/files/working_papers/w25435/w25435.pdf
- ³⁵ Blundell, J. (2021, March). *Wage responses to gender pay gap reporting requirements*. Retrieved 30 May 2023 from Center for Economic Performance website: https://cep.lse.ac.uk/pubs/download/dp1750.pdf
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- ³⁷ See note 35.
- ³⁸ See note 34.
- ³⁹ See note 21.
- ⁴⁰ Ibid.
- ⁴¹ Anderson, D., M. V., Bjarnadóttir, C., Dezso, M., & Gaddis Rose, D. (2019, January). *Why Companies' Attempts to Close the Gender Pay Gap Often Fail*. Retrieved 30 May 2023, from Harvard Business Review website: https://hbr.org/2019/01/why-companies-attempts-to-close-the-gender-pay-gap-often-fail
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 ⁴⁷ See note 16.
- ⁴⁸ Fortune, (n.d.). *Methodology for Fortune 500*. Retrieved 30 May 2023, from https://fortune.com/franchise-list-page/fortune-500-methodology-2022/
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