

Opening Statement
JEC Hearing on “The Gender Pay Gap: Breaking
Through Stalled Progress”
Wednesday, June 9th, 2021, 2:30 p.m. ET
Remote

Good afternoon and thank you to Chairman Beyer for convening today’s hearing on this topic.

Women make unique and invaluable contributions to our families, communities, and workplaces. And thankfully, the opportunities for women in the workplace have grown tremendously over time.

The female labor force participation rate has doubled over the last 50 years. And American women have not simply joined the workforce but they have excelled and become leaders in it. In fact, the United States has a higher share of female managers than almost every other OECD nation.

I myself am fortunate to benefit from the skills and expertise of my female chief of staff, female legislative director, female chief counsel, and female staff director here on the Joint Economic Committee. So, I am personally grateful for the fruits of women’s economic progress and freedom. Additionally, I am the father of an unbelievably gifted and intellectually curious daughter. For this and many other reasons, fairly valuing women’s important contributions is a particularly important issue to me.

The gender pay gap is the topic that brings us here today, and the pay gap is frequently a focal point in conversations about women’s labor market experiences. Although the pay gap can tell us some things about women’s experiences at work, we know that—like many metrics—the pay gap has substantial limitations. If—as a society—we truly care about supporting and

empowering women, then it is crucial that we understand what those limitations are, and what this measure can and cannot tell us.

For example, although the pay gap indicates that the average man and average woman earn different amounts, the headline number does not tell us why this is the case. We know that industry, occupation, years of experience, educational attainment, geographic location, and family decisions all matter greatly for pay. Some of these characteristics vary for the average man and average woman and contribute in significant ways to the pay gap.

One of the largest drivers of the pay gap seems to be that men and women work in different industries and in different occupations. Caretaking responsibilities also play an outsized role—before the birth of their first child, women make the same on average as men, but afterwards, working mothers' earnings diverge from working fathers' earnings, reflecting fewer hours worked and other changes.

Although some of women's decisions regarding their education, occupation, industry, and engagement with the labor force may be influenced by cultural pressures and expectations, this does not necessarily mean that employers are discriminating on the basis of gender.

Still, women cannot make as many decisions as they should be able to when it comes to their work life. And government policy needs to get out of the way and allow employers to provide the flexibility that working mothers say they want.

A path forward lies in policymakers at the federal, state, and local level removing the government barriers that currently limit choice and opportunity for women. Reforming regulations that get in the way of flexible work can greatly increase opportunity—this type of reform would help all workers, but especially working women, who surveys indicate prioritize flexibility in order to care for their families.

Passing the *Working Families Flexibility Act* would be a step in the right direction to help women and other workers. For decades, federal labor laws have unfairly restricted working parents in the private sector from choosing either traditional overtime pay or paid time off as compensation for overtime hours worked, while granting a special exemption for government employees. The *Working Families Flexibility Act* would correct this disparity to give that same opportunity to all working moms and dads.

In addition to passing the *Working Families Flexibility Act*, policymakers should reform home-based business zoning, which stifles entrepreneurship. While home-based businesses have multiplied in recent decades—currently making up half of all businesses—many remain “underground” since they are illegal under current law. An incredible 17% of Black women and 10% of White women are entrepreneurs, and so regulatory reform to ease these burdensome rules would be especially helpful in clearing the path for their success.

Occupational licensing laws also constitute a major barrier to work, and reform is necessary to eliminate onerous requirements for jobs that can be done with little risk to workers and those that they serve.

Another area in need of reform is childcare—there are many unnecessary regulations that drive up the cost of care. Some laws impose unnecessary education requirements on daycare workers or increase staff-to-child ratios, making it far more difficult for families to afford care and preventing some women from working. Passing the *Child Care Worker Opportunity Act* would help to address this issue for working moms and childcare workers in the Washington, D.C. area.

Finally, I would be remiss if I did not mention the *Pay Check Fairness Act*, which yesterday the Senate voted not to take up. If we care about women’s long-term success, it seems important that we consider the unintentional impacts that this bill would likely have, and how it may result in more rigid compensation structures that translate into less flexibility in the workplace and fewer of the work arrangements that women and many men value.

In addition to reforming regulatory barriers, recent history tells us that growth in opportunities for female workers translates to higher wages, new jobs, and a narrowing of the pay gap. Just in the years before the pandemic, pro-growth policies—like lower taxes and regulatory reforms—helped sustain a strong labor market for American workers. Women, and especially women of color, benefited the most. They experienced some of the fastest job growth and largest wage gains on record.

Rebuilding after the pandemic will be challenging but we know that markets, supported by commonsense policies, are the best way to support female workers and allow them to build on their decades of progress in the workplace.

As we seek to empower women in the workplace, it is essential that we support these pro-growth policies and protect workplace flexibility. I am hopeful that today's hearing will help us better understand how to meet women's and working mother's needs, and how to develop policies that empower them to continue building on their many achievements.

I look forward to hearing the insights of our witnesses on this important topic.

Thank you.