

## **Anti-Discrimination vs. Anti-Poverty? A Comparison of Pay Equity and Living Wage Reforms**

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### **Abstract:**

Welfare reform focuses attention on the potential of pay equity and living wage strategies to move women out of the ranks of the working poor. In this study, we use data from a large municipality in the Northeast to simulate implementation of the two policies and compare their relative effectiveness in raising the earnings of female- and minority-dominated jobs, narrowing gender- and race-based earnings differentials, and lifting workers out of poverty. Results show that pay equity raises salaries across-the-board, but especially among low-skilled and minority-dominated jobs, and closes the wage gap. Both pay equity and living wage dramatically reduce the incidence of poverty; living wage, however, leaves virtually untouched the type of discrimination targeted by pay equity and has little impact on the wage gap. The implications of these results for addressing the needs of women transitioning off public assistance and wage justice are discussed. We conclude that both policies should be an integral part of welfare reform efforts, as well as key planks in an overall wage justice strategy.

**Keywords:** Job segregation | wage gap | race discrimination | sex discrimination | low-wage jobs | pay equity | comparable worth | living wages | poverty | welfare reform

### **Article:**

## **INTRODUCTION**

Welfare reform has brought new attention to employment-based strategies to move people, especially women and women of color, out of poverty to economic self-sufficiency. The challenges facing TANF recipients who seek to transition from welfare to work are increasingly well documented. One of the major obstacles to their success is the sex and race-segregated nature of the labor market, which channels women, especially women of color, into low-paying, devalued, and dead-end jobs. There is considerable evidence that the earnings of female-dominated jobs are depressed by the concentration of women in them; evidence is mixed with regard to the effect of minority concentration in jobs, but there, too, the preponderance of evidence points to underpayment linked to the race of workers. To the extent that earnings in predominately female and/or minority jobs *are* depressed, this plays a role in understanding the seemingly greater difficulty of women of color to leave welfare rolls.

In the current political climate, where employment-based solutions are at the heart of welfare reform, these patterns suggest that employment per se (even in the relatively red-hot labor market that characterized the early days of welfare reform) is not enough to move women, particularly women of color, out of poverty. Two major policies—pay equity (formerly comparable worth) and living wage—seek to move beyond the employment status quo by redressing the low and/or discriminatory pay that is a feature of the jobs held by women transitioning off welfare.

Pay equity directly identifies and eliminates any underpayment of jobs that is due to the concentration of female and minority workers in them through a process that evaluates jobs according to their skill, effort, responsibility, and working conditions. Living wage reform focuses on jobs at the bottom of the earnings hierarchy, and raises the pay of jobs to a level that is adequate to raise a family of four above the federal poverty level of \$18,100 per year, equivalent to an hourly wage of about \$8.70 (Roston, Baughn, and Berestein 2002). In practice, living wage laws typically stipulate an annual salary of up to 130 percent of the federal poverty level (Economic Policy Institute 2001). Unlike pay equity, which focuses on rectifying discrimination on the basis of sex or race throughout the earnings hierarchy, living wage reform takes as its starting point the notion of a family-sustaining wage, challenging the notion that people who are working full-time should be forced to live at or below the poverty line (Murray 2001). Thus, the philosophy of living wage is *anti-poverty* while that of pay equity is *anti-discrimination*, with living wage seeking to address the needs of the so-called “working poor,” and pay equity, the needs of workers who have been discriminated against on the basis of sex and/or race. Living wage advocates seek a *just and humane* wage for the most low-paid workers; pay equity advocates a *fair and sex- and race-blind* wage for women and minority workers. In this paper, we simulate pay equity and living wage adjustments and compare their effectiveness in (1) erasing sex- and racebased pay discrimination; (2) narrowing gender- and race-based earnings differentials; and (3) lifting workers out of poverty.

## DATA AND METHODS

Data are taken from a study conducted during the mid-1980s preparatory to the negotiation of a new contract between a large municipality in the Northeast and the union (a local of a large national union) representing the majority of city workers in that municipality. The analysis is restricted to the 639 jobs having 5 or more incumbents<sup>1</sup> employed in agencies directly under mayoral control. The jobs in our analysis employ 154,270 workers, or 95 percent of the workforce covered by the contract, and reflect a heterogeneous mix of occupations. Although certain sectors, e.g., manufacturing, are missing entirely, in other respects the job composition of this dataset reflects trends in the larger national economy in its mix of managerial, administrative/clerical, health, and other service occupations. It differs primarily in that, countering national trends, it is entirely unionized. Moreover, in a prior contract negotiation, the union had taken steps to remedy underpayment of clerical titles that employed large numbers of women. Thus, for the purposes of simulating pay equity and living wage policy implementations, it can be seen to represent the best-case scenario.

The workforce of this municipality is very diverse. Minorities and women make up sizeable segments of the total employee base: 47.7 percent are minority and 39.3 percent are women. Women and, to a lesser extent, minorities are concentrated in a relatively small number of segregated jobs with large numbers of employees and low salaries relative to the jobs in which men and whites predominate.

### ***Variable Measurement***

The city provided written job specifications for each job that were used as the basis for the creation of an evaluation scheme that bears close resemblance to those typically used in pay equity implementations. The information provided by the city was supplemented with measures taken from the *Dictionary of Occupational Titles* (U.S. Department of Labor 1977). Annual starting salary (for full-time, year-round employment) was provided for each job by the city in 1986 dollars, which were adjusted to 2002 dollars for purposes of this analysis. Starting salary has the advantage of being unconfounded with worker characteristics and differences thereof that may be correlated with the sex or race of workers performing the job, such as time-ingrade (see, for example, Baron and Newman 1989). In this study, use of starting salary was also indicated because the available job specifications, on which assignment of ratings on compensable factors was based, clearly pertained to entry-level responsibilities and requirements. The other variables used in the analysis, along with variable means and standard deviations, are given in Appendix 1.

## **RESULTS**

### ***Assessing Discrimination***

Our pay-setting model, results for which are shown in Appendix 2, explains a substantial 76 percent of the variation in starting salaries in this municipality's pay plan, providing a reliable basis on which to make pay equity adjustments. We find significant underpayment by race and, to a lesser extent, by sex. The relatively smaller impact of sex probably reflects the union's aforementioned attention to raising salaries in clerical and other female-dominated titles. In other respects, our findings are similar to other studies that have examined both sex and race effects in more heterogeneous workforces (e.g., Lapidus and Figart 1998a). Annual starting salaries were debited \$20.72 for each percentage-point increase in female representation and \$119.42 for each percentage-point increase in minority representation. In results not presented here but available from the authors, we also found that these effects were distinct and additive, not interactive; that is, the penalty to sex is the same whether or not the job is minority-dominated and vice versa. These estimates were used as the basis of simulating pay equity adjustments as described below.

### ***Method of Pay Equity Adjustment***

Following guidelines developed by the National Committee on Pay Equity (NCPE)<sup>2</sup> and adapted to this municipality's situation, female-dominated titles are defined as those having 55 percent or more women; minority titles as those having 67 percent or more minorities. Minority designation encompassed both African-American and Latino ancestry, but not Asian. Pay equity salary adjustments were applied only to jobs that were sex-, race-, or sex- and race-dominated, in line with prevailing practice (Michael, Hartmann, and O'Farrell 1989). This was done by adding

to such jobs' starting salaries an amount equal to female (or minority) representation in the job multiplied by the amount of discriminatory underpayment (\$20.72 and \$119.42, respectively). Doing so effectively "purges" salaries of discrimination linked to the sex or race-composition of workers in them and brings starting salaries of sex- and race-dominated jobs up to a non-discriminatory standard. Because this is an analysis of jobs, and again in line with prevailing pay equity practice, all incumbents in an underpaid job, regardless of their own gender or race, receive the pay equity increment.

### ***Method of Living Wage Adjustment***

In order to simulate implementation of a living wage policy, we used the Economic Policy Institute's (Economic Policy Institute 2001) definition of a living wage as 130 percent of the federal poverty level of \$18,100 for a family of four, which sets the national living wage standard at \$23,530 (2002 dollars). Following this municipality's policy of setting its poverty level at 125 percent of the federal level because of its high cost of living (Dunlea 2002), we set our living wage salary at 125 percent of the Economic Policy Institute's living wage standard, which comes to an annual salary of \$29,412. All jobs with starting salaries below this amount received a living wage adjustment by which their starting salaries were increased to \$29,412.

### ***Characteristics of Jobs Before and After Policy Implementation***

Table 1 presents results in which jobs are the unit of analysis. Because our focus in this table is on describing the characteristics of the jobs themselves, the results are not weighted by the number of employees in the job. Jobs employ 241 workers on average, but there is especially great variability across titles, with the median number of employees in a job title being only 31. About 20 percent of jobs are female-dominated by our criterion, and a roughly equal proportion (21 percent) is minority-dominated, with jobs overall averaging 27 percent female employees and 37 percent minority employees. Median starting salary is \$43,749, reflecting the effects of unionization and the high cost-of-living in this municipality, as well as the large number of managerial titles in the city's pay plan. A pay equity policy would increase median starting salaries by \$1,999 to \$45,748, or 4.6 percent; under a living wage policy, median salaries would remain unchanged because only salaries at the very bottom of the salary schedule are affected. Looking at mean outcomes instead, we find that living wage adjustments result in a \$424 improvement overall.

**TABLE 1. A Comparison of Selected Characteristics of All Jobs and Those Eligible for Salary Adjustments**

Job Characteristic	All Jobs Before Adjustment (N = 639)		Jobs at Poverty Level (N = 78)		Jobs Receiving Pay Equity Adjustment (N = 200)		Jobs Receiving Living Wage Adjustment (N = 84)	
	MEAN	MEDIAN	MEAN	MEDIAN	MEAN	MEDIAN	MEAN	MEDIAN
	11.91	12.00	7.97	6.00	11.63	12.00	7.95	6.00
EDUCATION	2.67	2.00	0.27	0.00	1.28	1.00	0.35	0.00
EXPERIENCE	3.17	3.00	1.60	1.00	2.57	2.00	1.61	1.00
SUPERVISION	241.42	31.00	424.42	42.50	398.26	49.50	401.30	45.50
NUMBER IN TITLE	\$45,983	\$43,749	\$25,968	\$26,246	\$35,403	\$33,097	\$26,189	\$26,718
ENTRY SALARY	\$48,423	\$45,748	\$35,507	\$35,478	\$43,197	\$42,117	\$33,545	\$35,478
SALARY AFTER PAY EQUITY ONLY	\$46,407	\$43,749	\$29,412	\$29,412	\$36,480	\$33,097	\$29,412	\$29,412
SALARY AFTER LIVING WAGE ONLY	27.22	16.67	47.97	40.83	59.23	62.50	45.11	39.06
PERCENTAGE FEMALE	37.12	28.57	73.55	78.94	70.40	77.18	73.12	77.99
PERCENTAGE MINORITY	19.72%		43.59%		63.00%		40.50%	
FEMALE-DOMINATED	21.13%		66.67%		67.50%		65.50%	
MINORITY-DOMINATED								

Note: Results are not weighted by number of employees; the job is the unit of analysis. Sixty-four jobs received both Pay Equity and Living Wage adjustments; 136 jobs received Pay Equity, but no Living Wage adjustment; 20 jobs received Living Wage, but no Pay Equity adjustment; 419 jobs received neither Pay Equity nor Living Wage adjustments.

Even in a unionized setting, 78 jobs pay below the poverty level. Following Lapidus and Figart (1998b), we measure poverty using the more generous Basic Needs Budget formulation (Renwick and Bergmann 1993), adjusting the national level by 125 percent for the cost-of-living in this municipality, rather than the federal poverty level because we are working with the relatively higher pay scale of a unionized municipal employer. Poverty-level jobs are much more likely to be low-skill and female- (44 percent) and minority- (67 percent) dominated. Median starting salary is \$26,246, which is raised to \$35,478 under pay equity and \$29,412 under living wage adjustments, increases of 35 percent and 12 percent, respectively.

Jobs receiving pay equity adjustments, of which there are 200 in this pay plan, are, as would be expected, even more female-dominated (63 percent). In common with poverty-level jobs, about two-thirds of these jobs are also minority-dominated. Relative to all jobs, pay-equity jobs have about the same educational requirements, but require less experience and entail less supervisory responsibility. They also employ large numbers of workers. Their median salary is a relatively

low \$33,097, which is raised to \$42,117 under pay equity and virtually unchanged under living wage.

Finally, jobs receiving living wage adjustments, of which there are 84 in this pay plan, are low-skill and, like the jobs at the poverty level and those receiving pay equity adjustments, disproportionately female (41 percent) and minority (66 percent). Median salary is \$26,718, which is raised to \$35,478 under pay equity and \$29,412 under living wage.

These results indicate the existence of considerable sex- and race segregation in this municipality's pay plan and considerable pay discrimination in starting salaries based on the sex and race of the job incumbents. At the job level, 200, or 31 percent of all jobs, are eligible to receive a pay equity adjustment; 84, or 13 percent, are eligible to receive a living wage adjustment. Pay equity adjustments are implemented for jobs throughout the pay scale, including jobs with salaries below poverty or below a living wage. The magnitude of discrimination in this pay plan means that pay equity adjustments are typically large, averaging 35 percent across all jobs, versus only 12 percent for living wage.

### ***Salary Adjustments Under Pay Equity and Living Wage***

Table 2 presents starting salaries for different sex and race groups, comparing outcomes simulated under each policy to actual, that is, unadjusted, salaries. Results for this and all subsequent tables are weighted to reflect the number of employees in each job and hence are analogous to the distribution of starting salaries across employees. In making these adjustments to starting salaries, we effectively impose a constant, across-the-board adjustment to the salaries of all employees in a given job. As noted earlier, this simulation probably represents a best-case scenario for each policy, but unionization arguably has a greater effect on raising salaries above poverty than it does on eradicating longstanding discriminatory pay practices. As a result, our simulation may overstate differences between the two policies, underestimating the effect of living wage were it to be implemented nationally or in less highly unionized localities. With this caveat, we turn to an evaluation of the policies' ability to meet their stated objectives—anti-discrimination for pay equity versus anti-poverty for living wage.

**TABLE 2. Starting Salaries Under Pay Equity and Living Wage Adjustments**

Race/Sex Composition	Before Adjustment		Pay Equity		Living Wage	
	MEAN	MEAN	MEAN CHANGE	MEAN	MEAN CHANGE	
<b>ALL JOBS</b>	\$39,396	\$43,792	14.81%	\$40,099	2.96%	
<b>FEMALE-DOMINATED</b>	31,860	40,108	28.18	33,157	5.64	
<b>MALE-DOMINATED</b>	44,812	46,431	5.09	45,053	0.91	
<b>SEX-INTEGRATED</b>	41,442	44,828	11.72	42,162	2.90	
<b>MINORITY-DOMINATED</b>	30,594	41,198	35.94	31,915	5.09	
Female	29,489	40,668	38.55	30,757	4.88	
Male	34,137	43,291	28.78	35,325	4.47	
Sex-Integrated	30,026	39,894	34.16	32,112	8.40	
<b>WHITE-DOMINATED</b>	48,460	48,467	0.01	48,463	0.01	
Female	49,114	50,619	3.25	49,247	0.54	
Male	47,936	47,936	0.00	47,937	0.003	
Sex-Integrated	54,640	54,640	0.00	54,653	0.05	
<b>RACE-INTEGRATED</b>	38,481	39,510	3.06	39,378	4.70	
Female	36,954	38,686	5.15	38,335	7.43	
Male	49,640	40,640	0.00	40,967	1.21	
Sex-Integrated	40,820	40,820	0.00	40,822	0.01	

Note: Results are weighted by the number of employees in each job. Minorities include African-American and Latino/a employees, but not Asians.

We find that under both policies, workers in minority-dominated and, to a lesser extent, female-dominated jobs are big winners, with the magnitude of pay equity gains for all affected groups being four- to five-fold those of living wage. Female-dominated jobs received an average increase of 28.18 percent under pay equity compared to a 5.64 percent increase under living wage. Given the prevailing pattern of discrimination in this pay plan, however, the big winners are minority-dominated jobs, which receive an average increase of 35.94 percent under pay equity versus an average increase of only 5.09 percent under living wage policy.

#### ***Narrowing Discriminatory Gender- and Race-Based Earnings Differentials***

In Table 3, we present the earnings ratios that result under each policy. For this municipal employer, given the large number of minority women employees, the ratio of women to men's earnings stands at 69.4 percent, as does the ratio of minority to white earnings. Looking within particular race-typed jobs, we find that white females have achieved parity with white males, a reflection of earlier union efforts to eradicate gender-based discrimination and the fact that we

are analyzing starting salaries.<sup>3</sup> For minority-dominated jobs, however, whether female or male in their sex composition, we find that workers earn only about two-thirds the salaries of those working in jobs held predominately by white men. Under pay equity, these ratios are raised almost to parity, the gender ratio narrowing to 93.9 percent and the race-based ratio to 93.8 percent. In contrast, living wage adjustments make no dent in either gender- or race-based earnings ratios, leaving them virtually unchanged.

**TABLE 3. Earnings Ratios of Median Starting Salaries**

Ratio	Before Adjustment	Pay Equity	Living Wage
<b>ALL JOBS</b>			
Female: Male	.694	.939	.694
Sex-Integrated: Male	.963	.963	.963
Minority: White	.694	.939	.694
Race-Integrated: White	.946	.946	.946
<b>MINORITY-DOMINATED</b>			
Female: White Male	.694	.939	.694
Male: White Male	.687	.904	.690
Sex-Integrated: White Male	.658	.882	.690
<b>WHITE-DOMINATED</b>			
Female: White Male	1.118	1.166	1.118
Sex-Integrated: White Male	.904	.939	.904
<b>RACE-INTEGRATED</b>			
Female: White Male	1.272	1.272	1.272
Male: White Male	.863	.863	.863

Note: Following standard practice in the computation of earnings ratios, ratios are based on median earnings; results are weighted by the number of employees in each job.

To assess whether or not a living wage policy would impact discrimination, we regressed starting salaries *after* living wage adjustments had been made on the same set of job characteristics that we used to estimate the actual starting salary model for pay equity (see Appendix 2). Results (not presented, but available from the authors) were nearly identical to those for actual salaries, with the model having similar overall explanatory power (R-squared of .74) and a similar pattern of predictors. Notably, the coefficients for percentage female and percentage minority were equivalent in magnitude, indicating that under a living wage scenario, race and, to a lesser extent, sex discrimination in starting salaries is left unremedied. Living wage salaries were penalized \$120.56 (cf. \$119.42 for actual salaries) for each percentage-point increase in minority representation and \$21.43 (cf. \$20.72 for actual salaries) for a one-point increase in female representation.

### *Lifting Workers Out of Poverty*

Elimination of poverty-level wages is the stated goal of the living wage movement. It is also consistent with the goals of pay equity advocates insofar as discrimination results in poverty-level salaries for female- and minority-dominated jobs. We assessed poverty in two ways. The first pegged poverty at 125 percent of the federal poverty level of \$18,100 for a family of four. Adjusted for this municipality's higher cost-of-living, this came out to a poverty income in 2002 dollars of \$22,625 per year. Following Lapidus and Figart (1998b), we adopt a second poverty index, the basic needs budget (BNB), which is based on a methodology developed by Renwick and Bergmann (1993) that addresses many of the shortcomings of the federal measure. The BNB assumes a family of three, a mother and two children, and thus more closely approximates the female-headed household structure typical of women transitioning off welfare. Using 125 percent of their U.S. estimate to take account of this municipality's higher cost-of-living, the BNB poverty level equates to an annual income of \$28,814 in 2002 dollars. Results are presented in Table 4, for different sex-race groups.

Employees of this municipality receive relatively generous remuneration, and thus few (1.28 percent) are working in jobs that pay below the federal poverty level. Using the more liberal, and many would argue, more realistic BNB index, however, a different picture emerges. By this yardstick, one-fifth of all city workers (21.46 percent) are in jobs whose wages are inadequate to support a family of three, and almost all of these jobs are minority-dominated. Thus, just under half of workers employed in minority-dominated jobs are working for poverty-level salaries: 44.79 percent of those in minority female-dominated jobs and 49.19 percent of those in minority male-dominated jobs. Considering only female-dominated jobs, regardless of race of jobholders, one-third are so-called "working poor." As we have seen before, workers in white female-dominated jobs fare well, with only 2.52 percent working for poverty-level salaries.

Realizing the policy's intent, living wage adjustments reduce poverty across-the-board, raising the salaries of all affected workers to \$29,412, which is just above the BNB level of \$28,814. Pay equity also reduces poverty among all groups except white women, indicating that the salaries of these jobs, while low, are non-discriminatory and in line with prevailing practices in this municipality's pay plan. The clearest advantage of living wage over pay equity is for workers in race-integrated jobs, whose low starting salaries are untouched by pay equity but lifted out of poverty by a living wage policy.

## DISCUSSION

The results from these simulations show that both pay equity and living wage adjustments achieve their policy goals: Pay equity raises the salaries of jobs held by women and minorities and closes the earnings gap; living wage results in a decrease in the number of workers below the poverty line. While implementation of a living wage policy has virtually no impact on discrimination or the wage gap, a pay equity policy results in a dramatic decline in poverty, albeit not the complete eradication seen under living wage.

TABLE 4. Percentage of Workers in Jobs Paying Poverty-Level Starting Salaries

	Before Adjustment	Pay Equity	Living Wage
<b>ALL JOBS</b>			
Federal <sup>1</sup>	1.28	1.26	0.00
BNB <sup>2</sup>	21.46	2.69	0.00
<b>WOMEN'S JOBS</b>			
Federal	3.27	3.22	0.00
BNB	35.84	4.42	0.00
<i>WHITE-DOMINATED</i>			
Federal	0.00	0.00	0.00
BNB	2.52	2.52	0.00
<i>MINORITY-DOMINATED</i>			
Federal	0.07	0.00	0.00
BNB	44.79	0.00	0.00
<i>RACE-INTEGRATED</i>			
Federal	10.54	10.54	0.00
BNB	16.14	14.43	0.00
<b>MEN'S JOBS</b>			
Federal	0.00	0.00	0.00
BNB	10.56	1.85	0.00
<i>WHITE-DOMINATED</i>			
Federal	0.00	0.00	0.00
BNB	0.02	0.02	0.00
<i>MINORITY-DOMINATED</i>			
Federal	0.00	0.00	0.00
BNB	49.19	0.00	0.00
<i>RACE-INTEGRATED</i>			
Federal	0.00	0.00	0.00
BNB	19.62	19.62	0.00

Note: Results are weighted by the number of employees in each job.

<sup>1</sup> \$22,625 per year for a family of 4; Adjusted for this municipality's cost of living at 125 percent of federal poverty level of \$18,100 for a family of 4.

<sup>2</sup> \$28,814 per year for a family of 3; Basic Needs Budget adjusted for this municipality's cost of living at 125 percent of national level of \$23,051.

Our results suggest that, for this workforce, in which minorities are concentrated in low-paying jobs whose starting salaries are depressed by sex and race discrimination, poverty is primarily the result of discrimination, especially on the basis of race, and to the extent that one remedies discrimination, one remedies poverty. Pay equity is thus a more comprehensive policy in that it achieves both anti-discrimination and anti-poverty goals—fairness and “justness” while living wage meets only the “justness” criterion. The choice between them, however, is based on more than potential outcomes.

Pay equity is more far-reaching in its scope and hence far more costly to implement. In implementation, it is also potentially more divisive than living wage because it threatens established wage hierarchies. Because sex and race segregation of occupations and jobs is

pervasive, pay equity also has the potential to pit workers in one occupation against others, a tension that can manifest itself along racial and gender lines, e.g., white male workers against female and minority workers. Living wage brings up the bottom, but essentially maintains existing hierarchies. Its advocates have often managed to build successful coalitions among low-income workers that cross gender and race lines by focusing on economic disadvantage and sidestepping questions of workers' gender and/or race-ethnicity, questions that are harder to ignore with pay equity. Living wage reform addresses the needs of the "deserving poor"—working poor who are trying to achieve economic self-sufficiency—while respecting the basic wage-setting processes of tradition and the market, processes that are challenged as discriminatory by pay equity. Pay equity is predicated on a relatively subtle form of discrimination (equal pay for *comparable* rather than *equal* work) that remains contested in the courts and by employers. Moreover, despite mounting evidence to the contrary (and evidence presented in our analyses), pay equity is often associated with white, middle-class feminism and other groups, especially black women, remain wary of it (Holleran and Schwartz 1988). Because it is implemented only on jobs that are extremely segregated, it also fails to address the salaries of low-paying jobs that are sex- and race-integrated, while living wage, which is essentially sex- and color blind in the mechanics of its implementation, brings up the salaries of jobs at the very bottom irrespective of the composition of their workforce.

Against the broader context of welfare reform during a period of conservative ascendancy, for the reasons cited above, the minimalist, triage-like approach of living wage policy would appear to be more politically viable than the more comprehensive approach of pay equity. Living wage's potential to move women, particularly women of color, out of poverty is demonstrated clearly by our analysis. Our results make clear, however, that a *living wage* should not be confused with a *fair, nondiscriminatory wage*. For the most disadvantaged workers it is clearly a *better wage* and hence a worthy and sufficient first step, and one that, even with its more limited aim and reach, will be difficult to realize in the current economic and political climate. In this climate, for reasons having more to do with politics than policy design *per se*, in the spirit of putting poor women and children first, and creating the circumstances in which they can gain economic independence, living wage would seem to hold greater immediate promise than pay equity. In order to move women transitioning off welfare beyond mere self-sufficiency, however, and to achieve larger equity goals, our results indicate that a multi-pronged approach is required. Pay equity should be part of any such approach. By eradicating pay discrimination in the types of jobs women coming off welfare are likely to enter, pay equity can help these women and their families move beyond minimal and precarious self-sufficiency to sustained self-reliance. In their efforts to achieve economic independence, women of color face the dual obstacles of gender and race discrimination; pay equity appears to be an important mechanism by which such obstacles can be removed or reduced. We conclude that both pay equity and living wage should be an integral part of welfare reform efforts, as well as key planks in an overall wage justice strategy.

## NOTES

1. This restriction follows now-standard practice in comparable worth studies, in an effort to avoid the rather arbitrary definition of jobs as female- or minority-dominated, which would result if low-incumbency jobs were included in the analysis. For further discussion, see Steinberg (1987) and Baron and Newman (1989).

2. NCPE (1993) recommends that 1.4 times each group's participation in the U.S. labor force be used to establish cut-off points for jobs in which women or minority workers are overrepresented. Because our data pertain exclusively to a particular municipality's workforce, we used each group's participation in this workforce as the basis for our definition of female- and minority-dominated titles.
3. This is also a reflection of the relative "cleanness" of our analysis: many of the differences in employment, e.g., sector or industry, that are correlated with sex but often uncontrolled result in an exaggeration of the earnings differences between men and women. In addition, our analysis pertains only to starting salaries, and there is considerable evidence to suggest that it is at later points in individual career trajectories that sex differences are greatest.

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## APPENDIX 1. Pay Equity Model: Variable Definitions and Descriptive Statistics (N = 634)

Variable	Definition	Mean	SD
ENTRY SALARY	Annual entry-level salary in 2002 dollars	\$45,983.17	\$15,275.01
PERCENTAGE FEMALE	Percentage of workers who are women	27.22	30.81
PERCENTAGE MINORITY	Percentage of workers who are African-American or Latino/a	37.12	29.86
EDUCATION	Years of schooling required for job entry	11.91	4.34
EDUCATION SQD	Education squared	160.62	100.60
EXPERIENCE	Years of experience required for job entry	2.67	2.33
EXPERIENCE SQD	Experience squared	12.55	17.32
EXTREMES	1 if job entails extreme temperatures; 0 otherwise*	.14	.34
HAZARDS	1 if job entails special hazards; 0 otherwise*	.03	.17
LICENSE	1 if job requires special license; 0 otherwise	.18	.38
SUPERVISION	Level of supervisory responsibility 1 to 8	3.17	1.77
LABOR MARKET INDEX	1 if salary indexed to local labor market; 0 otherwise	.05	.22
INFLUENCE	1 if job requires influencing or persuading people; 0 otherwise*	.13	.33
MANAGER	1 if job is managerial; 0 otherwise	.07	.26
PROTECTIVE SERVICE	1 if job is uniformed protective service; 0 otherwise	.07	.25

\*Measures adapted from *Dictionary of Occupational Titles* (U.S. Department of Labor, 1977)

**APPENDIX 2. OLS Regression Coefficients for Starting Salary Model Used as Basis of Pay Equity Adjustments (Standard Errors in Parentheses)**

Independent Variable	Coefficient
PERCENTAGE FEMALE	-20.72# (12.13)
PERCENTAGE MINORITY	-119.42**** (35.29)
EDUCATION	-3680.61**** (503.20)
EDUCATION SQD	188.42**** (22.49)
EXPERIENCE	3325.83**** (373.33)
EXPERIENCE SQD	-191.57**** (44.62)
EXTREMES	1113.62 (909.95)
HAZARDS	2961.30 (1873.15)
LICENSE	3715.68**** (787.88)
SUPERVISION	1636.01**** (220.38)
LABOR MARKET INDEX	9582.36**** (1476.46)
INFLUENCE	2372.24* (1006.70)
MANAGER	14644.00**** (1240.07)
PROTECTIVE SERVICE	6857.58**** (1227.22)
INTERCEPT	49472.00**** (2581.31)
R SQD (ADJUSTED)	.76
N	634

Statistically significant at:

# p < .05 (1-tailed test) \* p < .05 \*\* p < .01 \*\*\* p < .001 \*\*\*\* p < .0001 (two-tailed test)