



# EDUCATION AS THE GATEWAY TO WOMEN'S ECONOMIC SECURITY

By Patrice Gaines

*As a first-year student at Michigan State University, Erica Tiffany Uzzle received up to two credit card offers each day. But Uzzle didn't take the bait.*

*Why did she steer clear of this financial trap? Before going to college, Uzzle had attended an all-girls investment club and a summer youth club based on learning about money.*

"I learned how to handle my money in a mature fashion," said Uzzle, who attended programs founded by Gail Perry-Mason, an author and first vice president of financial services for Oppenheimer & Co. Inc. "I know where to put my money to receive a return."

Unfortunately, Uzzle is not the average young woman at college. The student loan agency Nellie Mae reports the average college student carries \$3,000 in credit card debt.

"Recent college grads are the fastest growing group declaring bankruptcy. It's getting easier to get in trouble at an

earlier and earlier age, and the trouble lingers longer," says Karen Schofield-Leca, director of association programs for AAUW.

What saved Uzzle was knowledge. She was financially literate well before she headed to college. Armed with economic savvy and a college degree, she will enter the workplace in better financial shape than will many women.

Women today need all of the information they can get on the financial landscape. The good news is that a woman with a four-year college degree will earn, on average, 80 percent more than a woman without one. But overall, all women continue to lag behind their male counterparts. Women earn less than men—75 cents for every dollar men earn.

However, these statistics tell only part of the story. What's the bigger picture? What do these numbers mean for women's economic security over their lifetimes?

This question is at the core of a new programmatic theme introduced by the American Association of University Women and the AAUW Educational Foundation at the 2005 AAUW Convention in June. Education as the Gateway to Women's Economic Security brings three distinct programmatic threads together—equity on campus, workplace equity, and financial literacy. The theme will shape new programming at the national level that will be refined and implemented by states, branches, and other institutional and community partners.

## **College Still Opens the Gate**

A college education still plays a vital role in ensuring career success and long-term economic security for women.

Without a college degree, women earn substantially less pay, receive far fewer employer benefits, and are less likely to be financially independent. As a gateway to economic success and security, college is a defining experience for many young adults, especially women.

All of these facts point to a solid conclusion: Ensuring equity on campus and removing any remaining barriers to women earning their degrees is critical. Unfortunately, completing a college education is not always so simple as recent headlines boasting the sheer numbers of women on campus might imply.

Although women have made significant gains in admissions to higher education and outnumber men on college campuses in the United States, they do not dominate all areas of higher education, nor do they necessarily set the tone and climate of the campus.

Men continue to earn more doctoral and professional degrees, as well as the majority of degrees in fields that tend to have the highest wages, such as engineering and business. For women trying to break into these persistently male-dominated fields, too often they face chilly climates and sexual harassment in the process.

While men and women can both face sexual harassment and unwelcome environments, female students appear to be more deeply affected by these experiences. They are more likely than their male counterparts to be uncomfortable and react by dropping classes or activities, changing their schedules, and avoiding places on campus.

Continuing to look beyond the headlines of women's increasing presence on campus and uncover and address issues such as sexual harassment are necessary to ensuring women receive their college degrees and get on the path to economic security.

### **The Pay Gap Reality**

The fact that women continue to earn less than men earn for the same work isn't necessarily news to many people. A poll conducted by AAUW in 2005 found that the majority of Americans are well aware that a pay gap exists.

What has changed are the top reasons they give for the gap's persistent presence. The number one reason cited is that employers don't promote young women because they believe that young women will leave if they have children. Second, people believe that employers see family—not careers—as women's first priority, making women less committed to their time in the workplace.

"Women's skills or educational attainment levels are no longer perceived to be important reasons for the pay gap," says Elena Silva, director of research for the AAUW Educational Foundation.

But in spite of people's perceptions about education and the wage gap, the reality is that women continue to make less than do college-educated men despite having college degrees.

AAUW research shows a typical college-educated woman working full time earns \$44,200 a year compared to

## **ECONOMIC SECURITY THROUGH HARASSMENT-FREE CAMPUSES**

The benefits of a college degree in achieving financial security are tremendous—women with a four-year degree earn an average of 80 percent more than women without degrees.

Consequently, keeping the path to educational attainment open so that women can maximize their earnings is a key tenet of AAUW's new theme, Education as the Gateway to Women's Economic Security.

As a first step in supporting this new endeavor, AAUW is launching a new initiative: Building a Harassment-Free Campus.

Nearly two-thirds of college students are sexually harassed but only a small percentage report harassment to a campus official, according to new research by the AAUW Educational Foundation to be released in January 2006.

For female students, sexual harassment often stands in the way of achieving a college education—one of the cornerstones of financial security. "Sexual harassment and assault of female students on campus is rampant," said Leslie T. Annexstein, director, AAUW Legal Advocacy Fund, "and too often reports of harassment are handled improperly when brought to the attention of college and university officials."

The Building a Harassment-Free Campus initiative will be instrumental in both promoting and using the new research as the groundwork for important change on campuses across the country.

AAUW will offer grants to 10 college campuses for Campus Action Projects (CAP) aimed at increasing awareness about sexual harassment issues. Students, faculty, and administrators from U.S. colleges and universities have been invited to submit proposals for the projects, particularly ones that take experimental approaches and test new ideas. The grant recipients will be announced in December, and the programs will run from January through spring 2006.

"The overall goal of the CAP program is to improve the climate on campuses by reducing the incidence of sexual harassment," said Karen Schofield-Leca, director of Association programs and the AAUW Leadership and Training Institute. "By developing strong programs and networks of support on campus AAUW will support women as they work to complete the degrees we know influence their lifelong economic security."

Additionally, AAUW's 2006 National Conference for College Women Student Leaders (to be held June 7-9, 2006 in Washington, D.C.) will focus on the issue of sexual harassment and the role young women can play as leaders against sexual harassment on campus.

## AAUW BRANCHES PROMOTE FINANCIAL FITNESS

*Financially Fit for Life* is a new program of the AAUW Leadership and Training Institute inspired by AAUW's new programmatic theme, Education as the Gateway to Women's Economic Security. It aims to empower women and girls to become economically self-sufficient and financially savvy.

On a local level, many AAUW branches are already hard at work implementing programs in their communities on this key issue.

### Helping At-Risk Girls

In 1999, after hearing about the Financial Independence for Girls (FIG) program run by the AAUW DeLand (FL) Branch, Leslie Henderson, a personal financial planner and regional director for the AAUW South Atlantic Region, used a community grant to create FIG kits for other branches in the state.

Today, one of the most successful FIG programs is run by the AAUW Northern Palm Beach (FL) Branch at an alternative school for teenage girls at risk.

"It started as part of the math program and is now part of life skills and includes 10 50-minute classes," said Sally Bailey, a retired library director and AAUW member who oversees the branch's FIG program.

AAUW members began teaching the financial literacy program at the Practical Academic Cultural Education School in fall 2001. Among the lessons are budgeting, understanding the deductions taken out of a paycheck, shopping with ads and coupons, renting an apartment and understanding leases, and filling out job applications. "We talk about *needs* versus *wants*. We're trying to get them to be practical," Bailey commented.

### Reaching College Students

Last year the AAUW Scottsdale (AZ) Branch held two financial literacy workshops, one covering the basics for female students at Arizona State University and a more advanced seminar for its own membership.

"A request came to help the girls in a particular sorority. Their mentors said they were even having problems balancing checkbooks," said Karen Willett, co-president of the branch.

They were able to obtain the assistance of a representative from Bank of America to conduct a seminar on campus.

"It was well attended and the attendees were extremely enthusiastic," said Beverly Weiss, chair of the education and equity committee, which sponsored the forum. "They asked how you establish credit and credit ratings, and they were concerned about identify theft."

Members of the branch were so impressed by the comments about the on-campus program that they requested a program to help themselves brush up on financial literacy.

"They read about what we were doing for college women and said, 'Some of us are caught where we have to manage insurance funds and retirement funds and don't know what we should do with the money,'" said Weiss. One of their own branch members, a retired stockbroker, came to the rescue and led a workshop addressing their concerns.

Requests for the presentations continue to come in, and the branch plans to hold additional seminars for both college students and working and retired women.

### Moving Forward With Financial Literacy

Tell us about what you are doing as AAUW regional, state, and branch leaders in financial literacy programs and help us shape the direction of programs to come. Please send comments on the new theme and examples of local AAUW program activities that relate to the three threads of the theme—equity on campus (sexual harassment, workplace equity, and financial literacy) to [aauwtheme@aauw.org](mailto:aauwtheme@aauw.org)

\$61,800 for college-educated male workers—a difference of \$17,600 annually.

"College-educated women who work full time earn just 72 percent of what their male peers earn," said Silva. "Over a lifetime that's a half million dollars difference between men and women."

Women today are also more likely to work and be the primary provider for their family than ever before, magnifying the effects of the pay gap. Women continue to be the primary manager of family affairs and the primary caregiver for children and elderly parents. They are taking on far greater financial responsibility, but with earnings that remain lower than those of their male peers.

"Women struggle disproportionately to keep their families out of poverty," says Silva. The workplace has not

caught up with this reality and continues to pay women less than men, providing few benefits for health and retirement, and offering little flexibility and accommodation for women to care for their families"

The ripple effect of the pay gap plays a devastating role in families' economic well-being and retirement income.

"What many people don't always see is that if women were paid the same as men, family poverty rates would decline. Unequal pay jeopardizes the economic security of women and their families," notes Silva.

### Seeking Solutions Under the Law

The outlook for women's economic security doesn't get much better in the eyes of the law.

"Laws that are supposed to address equal pay lack any

substantial punishment that discourages companies from discriminating,” said Leslie T. Annexstein, director of the AAUW Legal Advocacy Fund.

The Equal Pay Act (EPA) of 1963 prohibits discrimination on the basis of sex in the payment of wages to employees. More than half of U.S. states have enacted laws that resemble or are analogous to the EPA.

“Unfortunately, the remedies available to women under the EPA are limited,” said Annexstein. The EPA provides only for back pay awards and liquidated damages (an additional recovery equal to the back pay award). But these amounts can be insubstantial. “Modifying the law to allow prevailing plaintiffs to recover compensatory and punitive damages would give the EPA more teeth,” Annexstein contends. “It could potentially provide remedies that more fully compensate women who file complaints in court.”

Remedies available under other employment discrimination laws such as Title VII of the Civil Rights Act of 1964 already include compensatory and punitive damages. Additional legislation is in the works that could also offer much-needed improvements for women seeking redress to pay discrimination.

Under the Paycheck Fairness Act, introduced by Sen. Hillary Rodham Clinton (D-NY) and Rep. Rosa L. DeLauro (D-CT), financial remedies would be increased, it would be easier to bring class action suits against discriminatory employers, and employers would be banned from retaliating against people who reveal their salaries to one another.

But while the bill could be a great boon to women, it has not had bipartisan support in Congress.

“The sad reality is that it will probably be some time before any action occurs on the Paycheck Fairness Act,” according to Lisa Maatz, director of public policy and government relations for AAUW.

Part of the reason that legislation stagnates is because many skeptics insist there is no real pay gap, or, worse, women are to blame for financial disparities. To them, the legislation addresses a problem that doesn’t even exist.

“There are many who argue that the pay gap isn’t about discrimination, but the ‘choices’ women make,” said Maatz. “But that’s just absurd. There’s a pay gap that economists agree can’t be explained away by women’s life choices—no matter how convenient it would be for the critics if they could do so.”

The assumptions behind that argument—that women willingly created the pay gap and therefore should tolerate it—simply have no merit, Maatz maintains. “Here’s the bottom line. These days, when two incomes are needed to make ends meet for most families, and where female-headed households are so much more likely to be poor, we can give women more credit than to choose a path that would cost



The first female treasurer of the State of Illinois, Judy Baar Topinka (center), at her Smart Women, Smart Money financial literacy program.

them—and their families—hundreds of thousands of dollars over the course of their lives.”

### Smart Women, Smart Money

Earnings—and the earnings gap—represent only half the equation when it comes to women’s economic security. The other half is managing money—an area that women traditionally have not been prepared to handle.

“Based on surveys of our own members and from the broader public, it is clear that women need to know and want to know more about how to manage their finances,” said Schofield-Leca.

Some women are working to address the issue. Judy Baar Topinka, the first female treasurer of the state of Illinois, is one of them. She is using her office to focus on financial literacy and opportunities for women to teach them how achieve their economic potential.

“If women think the government will take care of them, it’s not going to happen,” warns Topinka.

She formed an advisory board of 60 women who develop financial tools and workshops and recommend policies. They have already developed a free financial resource guide with categories for women of various ages. The guide has been distributed widely and can be downloaded from the state treasurer’s website at [www.state.il.us/treas](http://www.state.il.us/treas). Topinka also holds Smart Women, Smart Money seminars around the state, tailoring them for various education and economic levels as well as ethnic groups.

“Women are interested in finances. Sometimes they are embarrassed about asking or don’t know where to go for advice,” said Topinka, whose next step is to push the National Association of State Treasurers to assist in addressing the issue of women’s economic parity.

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## Smart Girls, Smart Money

While adult women are trying to connect with some catch-up lessons in financial literacy, working with the girls on the issue is one of the best ways to guarantee that as adults, they will be financially literate.

Girls, Inc., an AAUW coalition partner serving more than a million girls through 87 affiliates, is working on the issue with its financial literacy curriculum for girls ages six to 18. The organization provides educational programs, particularly those in high-risk, underserved areas. Most of the organization's girls come from households headed by single mothers with incomes under \$25,000 a year.

"A lot of our girls live in payday-loan-store communities or come from families that rent to own TVs and electronics," said Jan Stanton, director of national programs.

Girls in the program go on field trips to banks because some come from newly immigrated families that don't trust banks, Stanton notes. The girls also learn about global economics through activities. For example, they examine where the materials for a tennis shoe come from, who puts it together, and how much those workers are paid to understand the "big picture" of economic interdependency. They learn to steer clear of predatory lenders like aggressive credit card companies and high-interest, high-risk loan providers.

"We're hoping the benefit is everything from respect for money to respect for their worth, to see that their worth is not tied to money and that people don't have to be monetarily wealthy to be financially smart," said Stanton. "We want girls to know enough about economics and finance so that they can make a successful transition to the labor force and be less dependent on public assistance."

## AAUW and Achieving a Financially Secure Future

AAUW research shows that today women over 65 are nearly twice as likely as men to spend their retirement years in poverty. Fifty percent of all nonmarried women over 65 receive most of their income from Social Security, compared to 35 percent of men. In fact, the term "retirement" has become a misnomer as more and more women are forced to work well beyond the legal age for



Girls participating in the Girls Inc. Economic Literacy program.

retirement just to make ends meet. In 2003 an AARP survey revealed that among women, "need money" was by far the most frequent answer—even outweighing the need for health benefits—for reasons to continue working past retirement age.

"At some point in their lives, 90 percent of women are solely responsible for their own finances. Yet there's no good system by which women are taught how to do things from balancing a checkbook to managing fixed retirement income," says Schofield-Leca. "Each woman currently has to struggle on her own to figure it out."

AAUW wants to see an end to the trend. "AAUW has made enormous strides in assisting in increasing women's educational attainment," said Schofield-Leca. "Helping women make their education translate into lifelong economic security must be our next great accomplishment."

Through the new focus on the link between education and lifelong economic security, the organization is creating a comprehensive program that addresses the issue at all points along the life span, from youth to retirement and from beginner through advanced levels of financial understanding. In the end, it all adds up to one goal: Education is the gateway to empowering women and girls to secure their own financial futures.

For more information on AAUW's new programmatic theme, including a video that crystallizes the issue, visit [www.aauw.org/newvision](http://www.aauw.org/newvision).

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