



March 18, 2013

Consumer Financial Protection Bureau  
1700 G Street NW  
Washington, DC 20552  
Submitted via [www.regulations.gov](http://www.regulations.gov)

Re: AAUW comments on the Consumer Financial Protection Bureau's request for information regarding financial products marketed to students enrolled in institutions of higher education; Docket No. CFPB-2013-0003

Dear Director Cordray:

On behalf of the more than 150,000 members and supporters of the American Association of University Women (AAUW), I am pleased to share AAUW's comments on the Consumer Financial Protection Bureau's call for information about "how current and future partnerships or other arrangements between institutions of higher education and financial institutions can be structured to promote positive financial decision-making and building of money management skills among young consumers."<sup>1</sup> AAUW strongly supports "increased support for and access to higher education for women and disadvantaged populations."<sup>2</sup>

AAUW believes that a key part of students' financial decision-making involves education about the gender wage gap and its impact on their economic responsibilities, including student loan repayment, and how women can avoid being paid less than what they're worth.

A recent AAUW report, *Graduating to a Pay Gap*, found that in 2009, women one year out of college who were working full time earned, on average, just 82 percent of what their male peers earned.<sup>3</sup> After an analysis controlling for hours, occupation, college major, employment sector, and other factors associated with pay, the pay gap shrank but did not disappear. About one-third of the gap - 7 percent - cannot be explained by any of the factors commonly understood to affect earnings, indicating that other factors contribute to the pay gap.

For many young women, the challenge of paying back student loans is their first encounter with the pay gap. "Student loan debt burden" is defined as the percentage of earnings devoted to student loan payments. A high student loan debt burden is an indicator that repayment may create hardship. Individuals with high student loan debt burden are less likely to own a home, have a car loan, or even make rent payments.

High student loan debt burden is a challenge for a growing number of college graduates, men and women alike, but is particularly widespread among women, in large part because of the pay gap. Women and men pay the same amount for their college degrees, but they often do not reap the same rewards. Among 2007-08 college graduates, women and men typically borrowed similar amounts to finance their educations, about \$20,000.

Because women earn less than men do after college, student loan repayments make up a larger part of women's earnings. In 2009, among full-time workers repaying their loans one year after college graduation, nearly half of women (47 percent) were paying more than 8 percent of their earnings toward student loan debt compared with 39 percent of men.

These numbers have risen in recent years. In 2001, 38 percent of women and 31 percent of men in the same situation were paying more than 8 percent of their earnings toward student loan debt. Among those with very high student loan debt burden, we again see a gender difference. In 2009, 20 percent of women and 15 percent of men working full time and repaying their loans one year after graduation were paying more than 15 percent of their earnings toward student loan debt. Women are more likely than men to have high student loan debt burden in large part because of the pay gap.<sup>4</sup>

What can be done about the pay gap? To begin with, AAUW urges the Bureau to publicly recognize it as a problem that students will face. Too often, both women and men dismiss the pay gap as simply a matter of different choices. But even women who make the same educational and occupational choices that men make do not typically end up with the same earnings.

Although women cannot avoid the pay gap completely, they can make choices that enhance their earning potential. Some steps include:

- Paying attention to the salaries associated with college majors and occupations and understanding the long-term financial implications of those decisions.
- Seeking out union jobs with set salary rankings.
- Negotiating salary offers.

A problem as long-standing and widespread as the pay gap, however, cannot be solved by the actions of individual women alone. Universities, employers and the government have important roles to play. AAUW is a strong supporter of the Paycheck Fairness Act, which would fight pay secrecy, as well as the Smarter Borrowing Act, which would strengthen financial aid counseling requirements.<sup>5</sup> The pay gap has been part of the workplace for so long that it has become simply normal. Yet the pay gap has serious ramifications for women, their families, and their opportunities throughout their lifetimes. It is time we all come together to close it.

Thank you for the opportunity to submit comments on this important issue. I look forward to working with you to improve address the gender pay gap. If you have any questions, please feel free to contact me at 202-785-7720, or Beth Scott, regulatory affairs manager, at 202-728-7617.

Sincerely,



Lisa M. Maatz  
Director, Public Policy and Government Relations

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<sup>1</sup> *The Federal Register*. (February 5, 2013). *Request for Information Regarding Financial Products Marketed to Students Enrolled in Institutions of Higher Education*. Retrieved March 18, 2013, from [www.gpo.gov/fdsys/pkg/FR-2013-02-05/pdf/2013-02428.pdf](http://www.gpo.gov/fdsys/pkg/FR-2013-02-05/pdf/2013-02428.pdf)

<sup>2</sup> AAUW. (2011). *Principles and Priorities*. Retrieved March 18, 2013, from [www.aauw.org/resource/principles-and-priorities/](http://www.aauw.org/resource/principles-and-priorities/)

<sup>3</sup> AAUW. (October 2012). *Graduating to a Pay Gap: The Earnings of Women and Men One Year after College Graduation*. Retrieved March 18, 2013, from [www.aauw.org/research/graduating-to-a-pay-gap/](http://www.aauw.org/research/graduating-to-a-pay-gap/)

<sup>4</sup> Ibid.

<sup>5</sup> Office of U.S. Senator Barbara Mikulski. (March 13, 2013). *Mikulski, Harkin Introduce Bill to Improve Loan Counseling for Students*. Retrieved March 18, 2013, from [www.mikulski.senate.gov/media/pressrelease/3-13-2013-1.cfm](http://www.mikulski.senate.gov/media/pressrelease/3-13-2013-1.cfm)