

EMPLOYMENT

FACT SHEET

FAQ About the Wage Gap

September 2013

The typical American woman who works full time, year round was still paid only 77 cents for every dollar paid to her male counterpart in 2012.¹ For women of color, the gaps are even larger. This document provides details about the wage gap measure that the Census Bureau and the National Women's Law Center use, factors contributing to the wage gap, and how to close the gap.

What's behind NWLC's wage gap figure?

The wage gap figure that NWLC reports at the national level is the same as that reported by the Census Bureau – the median earnings of women full time, year round workers as a percentage of the median earnings of men full time, year round workers.² Median earnings describe the earnings of a worker at the 50th percentile – right in the middle. Earnings include wages, salary, net self-employment income but not property income, government cash transfers or other cash income – basically the money people see in their paychecks.³ Working full time is defined as working at least 35 hours a week and working year round means working at least 50 weeks during the last twelve months.⁴

The national wage gap data come from the Current Population Survey and include workers 15 and older.⁵ The wage gap is not broken down by occupation or industry, though data on earnings by industry and occupation for women and men are available from the Bureau of Labor Statistics.⁶

Why does NWLC use this wage gap figure?

The 77-cent figure reflects the many barriers to fair pay – including discrimination against women in the same job; the segregation of women into lower-paying jobs and exclusion of women from higher-paying, nontraditional jobs; discrimination against women with caregiving responsibilities; and lack of workplace policies to allow workers to care for families without

paying a stiff economic penalty. The 77-cent figure demonstrates just how strongly these many factors impact the economic security of women workers.

Comparable figures for the 77-cent figure are also available in earlier Census Bureau data sets, allowing for a longer historical comparison and permitting the data to be tracked over time. We can look back at the wage gap to 1960, prior to the Equal Pay Act of 1963, and are able to discern trends, like the fact that the wage gap has barely budged over the last decade.⁷

How do factors like education and occupation affect the wage gap?

The wage gap occurs at all education levels, after work experience is taken into account, and it gets worse as women's careers progress.⁸ A Bloomberg Businessweek story examined wage gaps within occupations and found that out of 265 major occupations, women's median salary exceeded men's in only one occupation – personal care and service workers.⁹ Skeptics of the wage gap may also insist that the wage gap exists because of the occupational choices that women make. However, this argument ignores the fact that "women's" jobs often pay less precisely because women do them, because women's work is devalued,¹⁰ and that women are paid less even when they work in the same occupations as men. The reported cases of company-wide pay discrimination are further evidence that discrimination contributes to the wage gap.



Women are underrepresented in higher-paying jobs that are often dominated by men, and overrepresented in low-paying jobs that are often dominated by women.¹¹ Isolation, active discouragement, harassment, outright exclusion, and lack of information about alternative job options are all barriers to women's entry into higher-wage jobs that are nontraditional for their gender. In contrast, women are clustered in low-paying jobs like home health aide, child care provider, and nursing home worker.¹²

A study by labor economists Francine Blau and Lawrence Kahn also demonstrates the effects of a variety of factors that influence the wage gap, like occupation, industry, work experience, and more. However, Blau and Kahn found that when you look at all of these factors combined – 41 percent of the wage gap still remained unexplained.¹³ Any wage gap remains unacceptable – a few cents less on the dollar adds up to hundreds of thousands of dollars over a woman's career.¹⁴

How does caregiving affect the wage gap?

Another factor that plays into the wage gap is the role of women as caregivers and the persistent discrimination against women workers with caregiving responsibilities. A study by Shelley Correll, Stephan Benard, and In Paik found that, when comparing equally qualified women candidates, women who were mothers were recommended for significantly lower starting salaries, perceived as less competent, and less likely to be recommended for hire than non-mothers.¹⁵ The effects for fathers in the study were just the opposite – fathers were actually recommended for significantly higher pay and were perceived as more committed to their jobs than non-fathers.¹⁶

How does the wage gap impact women of color?

In 2012, African-American women working full time, year round were paid only 64 cents, and Hispanic women only 54 cents, for every dollar paid to white, non-Hispanic men – wage gaps that are both wider than for women overall.¹⁷ In 2012, Asian women working full time, year round were paid only 87 cents for every dollar paid to white, non-Hispanic men.¹⁸ We compare to white, non-Hispanic men because women of color carry a double burden of both sexism and racism – so it's important to take those both into account when we look at their economic security.

What can be done to close the wage gap?

Here is a commonsense set of solutions to help finally close the wage gap:

- Strengthen our equal pay laws so that women have the tools they need to fight back against pay discrimination.¹⁹
- Build ladders to higher-wage jobs for women by removing barriers to entry into male-dominated fields.²⁰
- Lift up the wages of women in low-wage jobs by raising the minimum wage and the tipped minimum wage.²¹
- Increase the availability of high-quality, affordable child care.²²
- Help prevent and remedy caregiver and pregnancy discrimination against women workers.²³

1 National Women's Law Center, *The Wage Gap is Stagnant in the Last Decade* (Sept. 2013), available at <http://www.nwlc.org/resource/wage-gap-stagnant-last-decade>.

2 DeNavas-Walt et al., U.S. Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2012* (2013), available at <http://www.census.gov/prod/2013pubs/p60-245.pdf>.

3 U.S. Census Bureau, *Current Population Survey (CPS) – Definitions*, available at <http://www.census.gov/cps/about/cpsdef.html>. See definition for "earnings."

4 *Id.* See definition for "work experience." This includes sick leave and paid vacation. School personnel are also included if they are returning to work in the fall.

5 U.S. Census Bureau, *Current Population Survey, Annual Social and Economic Supplement*, available at <http://www.census.gov/cps/>.

6 See further data available from the Bureau of Labor Statistics, available at <http://www.bls.gov/cps/> or <http://www.bls.gov/bls/cpswomendata.htm>.

7 *Supra* note 1.

8 NWLC, *50 Years & Counting: The Unfinished Business of Achieving Fair Pay* 9 (June 2013), available at http://www.nwlc.org/sites/default/files/pdfs/final_nwlc_equal_pay_report.pdf.

9 Frank Bass, *Bloomberg Businessweek*, *Shining Shoes Best Way Wall Street Women Outearn Men* (Mar. 16, 2012), available at <http://www.businessweek.com/news/2012-03-16/the-gender-pay-disparity#p1>.

10 Philip N. Cohen, *The Huffington Post*, *Devaluing and Revaluing Women's Work* (Feb. 1, 2010) http://www.huffingtonpost.com/philip-n-cohen/devaluing-and-revaluing-w_b_444215.html.

11 *Supra* note 8.

12 *Supra* note 8.

- 13 *Supra* note 8. Original study referenced is by Francine Blau and Lawrence Kahn titled “The Gender Pay Gap: Have Women Gone as Far as They Can?” in the Academy of Management Perspectives, February 2007, pp. 7-23.
- 14 *Supra* note 1.
- 15 Shelley J. Correll, Stephan Benard, and In Paik, Getting a Job: Is There a Motherhood Penalty?, American Journal of Sociology, Vol. 11 No. 5 (Mar. 2007), pp. 1297-1339, available at http://gender.stanford.edu/sites/default/files/motherhoodpenalty_0.pdf.
- 16 *Id.*
- 17 *Supra* note 1.
- 18 NWLC calculations from U.S. Census Bureau, Current Population Survey, 2013 Annual Social and Economic Supplement, Table PINC-05: Work Experience in 2012 – People 15 Years Old and Over by Total Money Earnings in 2010, Age, Race, Hispanic Origin, and Sex, available at <http://www.census.gov/hhes/www/cpstables/032011/perinc/toc.htm> (last visited Sept. 17, 2013).
- 19 NWLC, How the Paycheck Fairness Act Will Strengthen the Equal Pay Act (May 2012), available at <http://www.nwlc.org/resource/how-paycheck-fairness-act-will-strengthen-equal-pay-act>.
- 20 NWLC, Women in Construction: 6.9 Percent Is Not Enough (May 2012), available at <http://www.nwlc.org/sites/default/files/pdfs/womeninconstructionfactsheet.pdf>.
- 21 NWLC, Fair Pay for Women Requires Increasing the Minimum Wage and Tipped Minimum Wage (August 2013), available at <http://www.nwlc.org/resource/fair-pay-women-requires-increasing-minimum-wage-and-tipped-minimum-wage>.
- 22 NWLC, State Child Care Assistance Policies 2011: Reduced Support for Families in Challenging Times (October 2011), available at <http://www.nwlc.org/resource/state-child-care-assistance-policies-2011-reduced-support-families-challenging-times>.
- 23 Emily Martin, Testimony on Discrimination on the Basis of Pregnancy and Caregiving to the U.S. Equal Employment Opportunity Commission, February 15, 2012, available at http://www.nwlc.org/sites/default/files/pdfs/2012_02_08_testimony_to_eec_final.pdf.