

Lower Wages Worsen Women's Circumstances In a Difficult Economy

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American women who work full-time, year-round are paid only 77 cents for every dollar paid to their male counterparts.² This gap in earnings translates into \$10,849 less per year in female median earnings, leaving women and their families shortchanged. The wage gap is even more substantial when race and gender are considered together, with African-American women making only 62 cents, and Latinas only 53 cents, for every dollar earned by white, non-Hispanic men.³ Although enforcement of the Equal Pay Act as well as other civil rights laws has helped to narrow the wage gap over time, it is critical for women and their families that the significant pay disparities that remain are addressed.

I. Fair Pay for Women Is Particularly Important in Difficult Times.

Women's lower wages are difficult on families that rely on women's earnings, either in part or exclusively, as a source of income. They also have a dramatic impact on women's unemployment insurance or retirement income.

- ▶ Lower earnings resulting from discrimination have a serious impact on the economic security of the 6.34 million families headed by working single mothers.⁴
 - Working single mothers with children struggled to make ends meet in 2009. Nearly a quarter, or more than 1.5 million, of all such families were poor. An additional 1.9 million working single mother families were struggling to make ends meet, falling between 100 and 200 percent of the FPL, meaning that a majority (56.0 percent) of working single mother families lived under 200 percent of the FPL.⁵
- ▶ Most two-parent families depend entirely or in part on women's wages, and so also suffer when women receive unfair pay.
 - More than 1.5 million married couples with children relied exclusively on women's earnings at some point in 2009, representing 6.7 percent of all married couples with children.⁶

The Impact of the Wage Gap on Women and Their Families¹

NOTES

What closing the wage gap would mean to me this year

<i>Year's supply of groceries</i>	<i>\$3,480</i>
<i>Three months' child care</i>	<i>\$1,783</i>
<i>Three months' rent and utilities</i>	<i>\$2,424</i>
<i>Six months' health insurance premiums</i>	<i>\$1,737</i>
<i>Five months' student loan payments</i>	<i>\$1,380</i>
<i>One tank of gas</i>	<i>\$45</i>

Total \$10,849

Source: National Women's Law Center (2011)

- More than 13.9 million married couples with children relied on both parents' earnings in 2009, representing 59.4 percent of all married couples with children.⁷
- ▶ Unfair pay harms women and families that depend on women's unemployment insurance, which provides temporary income support to workers who lose their jobs and serves as a crucial safety net for many families in a difficult economy.
 - Since the economic recovery began, the unemployment rate for men has dropped sharply, falling from 9.8 percent in July 2009 to 8.6 percent in March 2011. In contrast, the unemployment rate for women in March 2011 was 7.7 percent, no better than it was in July 2009 at the recovery's outset. Between July 2009 and March 2011, women lost 212,000 jobs while men gained 757,000, a difference of 969,000 jobs.⁸
 - Circumstances are even more dire for female-headed households with children, which had an unemployment rate of 12.3 percent in March 2011, far exceeding the unemployment rate for women overall.⁹
 - Because unemployment benefits are tied to past wages and women's wages lag behind men's wages, unemployed women receive less in unemployment benefits than men. As these statistics show, women continue to lose ground, even during the economic recovery, and many of them depend on unemployment income to stay afloat. Reduced unemployment income due to the wage gap seriously undermines women's economic security.
- ▶ The persistence of the wage gap results in women's loss of retirement income and lower savings.
 - Closing the gender wage gap is an important tool to enhance women's ability to save and to ensure economic security for women and their families in retirement. For example, the Center for American Progress calculated that a typical woman would lose \$434,000 in a 40-year period due to the wage gap.¹⁰ A typical woman who does not finish high school would lose \$270,000 over a 40-year period,¹¹ a large amount of money for women likely to have low-wage jobs.
 - As a result of lower lifetime earnings, the average Social Security benefit for women 65 and older is about \$12,000 per year, compared to nearly \$16,000 for men of the same age.¹²
 - In 2008, the median annual income from pensions and annuities for women age 65 and older was 60 percent of that received by men (\$8,040 versus \$13,200).¹³ One study found that the median female worker near retirement with a defined contribution plan or individual retirement account had accumulated \$34,000, while her male counterpart held \$70,000—more than twice as much.¹⁴

II. Closing the Wage Gap Would Significantly Improve Families' Finances.

Bringing women's earnings in line with men's earnings would greatly improve the economic situation for women and their families. An additional \$10,849 per year is enough to:

- ▶ **... pay the median cost of rent and utilities for a year with over \$1,100 to spare, or the median mortgage payment and utilities for nearly an entire year (11 months and 28 days).**¹⁵
 - One in forty-five households—representing nearly 2.9 million properties nationwide—defaulted on a mortgage in 2010.¹⁶ Lost earnings due to the wage gap could make a substantial difference in helping these families stay in their homes. They could also affect whether a family can afford to pay rent.

► ... feed a household of four for a year with more than \$2,100 to spare.¹⁷

- The difficult economy has stretched family budgets for basic needs, particularly for households headed by women. In 2009, female-headed households made up 54.6 percent of all households with children receiving food stamp benefits, compared to 35.1 percent of all households with children.¹⁸ With the deepening economic crisis, food stamp participation has continued to climb: In January 2011, more than 44 million people received assistance, an increase of over 5.1 million (or 13.1 percent) from the previous year.¹⁹

► ... pay a year's child care costs for a four-year-old with over \$3,700 to spare.²⁰

- Child care expenditures consume a large percentage of families' earnings, especially those earned by low-income and single mother families. Between 2000 and 2009, the cost of child care increased twice as fast as the median income of families with children.²¹ In Nevada, the state at the national median for child care costs, providing care for a four-year-old represented 23.1 percent of a single mother's income and 9.4 percent of a two-parent family's income.²²
- In 2006, the most recent year for which data is available, families living in poverty who paid for child care spent an average of 32.4 percent of their income on care, and families earning between 100 and 200 percent of the federal poverty line devoted an average of 14.6 percent of their income to care. Even higher-income families (above 200 percent of the FPL) paying for child care spent 6.3 percent of their income on care.²³ Women's lost earnings due to the wage gap could alleviate part of this financial pressure.

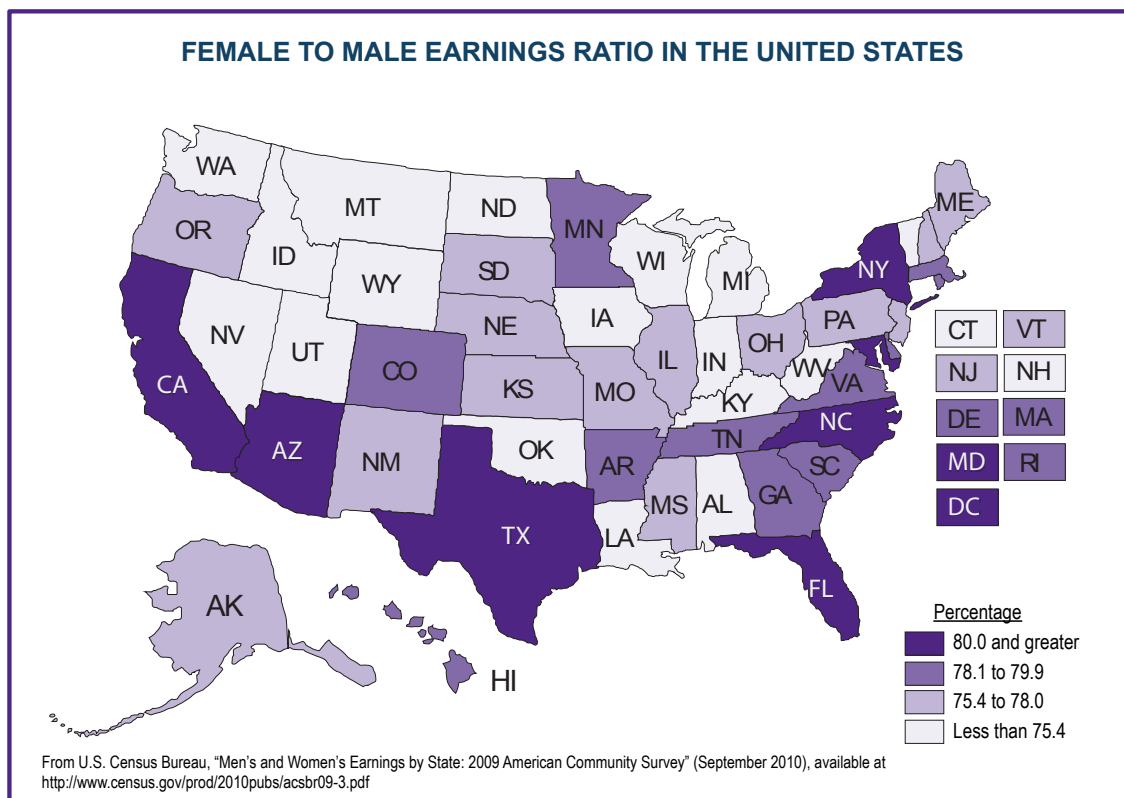
► ... pay for three years of family health insurance premiums in an employer-sponsored health insurance program with over \$400 to spare.²⁴

- Women spend a significant amount of their income on out-of-pocket health costs and health insurance premiums, and they are more likely than men to experience serious financial hardship as a result of medical bills. In 2007, the most recent year for which these statistics are available, more than one-third (35 percent) of working-age women spent 10 percent or more of their income on these expenses, and one-third of women, compared to one-quarter of men, were unable to pay for basic necessities because of medical bills.²⁵ Closing the wage gap would provide essential help for women to pay for their medical expenses.

III. Women Earn Less Than Men in All States, but the Size of the Wage Gap Varies.

Although women and their families around the country are struggling, women have not achieved pay equity with men in a single state. Instead, in every state, men earn more than women, a pattern that affects women of all races, classes, and occupations.

However, as indicated in Table 1 (see page 5), the size of the disparity does vary by state: In 2009, Washington, D.C., had the nation's smallest wage gap, at 88.2 percent. The median wage gap of 76.7 percent was shared by the states of Illinois and Maine. Women fared worst relative to men in Wyoming, where women's earnings represented only 65.5 percent of men's earnings.



IV. The Paycheck Fairness Act Would Combat Sex-Based Pay Discrimination.

Women and their families cannot afford unfair pay, especially in this difficult economy. The Paycheck Fairness Act, currently pending in Congress, is essential to combat unfair pay. The Act has twice passed the U.S. House of Representatives and fell only two votes short of receiving a Senate vote on its merits in the last Congress. The Act builds upon the Equal Pay Act of 1963, which made it illegal for employers to pay unequal wages to men and women who perform substantially equal work. Among other things:

- ▶ The Act would allow victims of sex-based wage discrimination to receive full compensatory and punitive damages, as opposed to the more limited liquidated damages and back pay awards currently available under the Equal Pay Act. This change would put the remedies for sex-based wage discrimination on equal footing with those for discrimination based on race or ethnicity.
- ▶ The Act would allow individuals who are victims of sex-based pay discrimination to seek justice as a class by automatically considering members part of a class action unless they choose to opt out, in conformity with the Federal Rules of Civil Procedure.
- ▶ The Act would tighten the affirmative defenses on which employers can rely to dispute the discriminatory nature of wage disparities, ensuring that an employer can excuse a pay differential for men and women only where it can show that the differential is truly caused by something other than sex, is related to job performance, and is consistent with business necessity.
- ▶ The Act would clarify that individuals need not point to a comparable employee's pay in the same office to prove pay discrimination, but may instead look at the employers' pay practices across the same county or similar political subdivision, and in some commonsense circumstances, between broader groups of employees in the employer's offices.

Table 1: Median Earnings for Full-Time, Year-Round Workers by Sex and State²⁶

	FEMALE	MALE	FEMALE/MALE EARNINGS RATIO
District of Columbia	\$54,698	\$61,993	88.20%
California	\$40,019	\$48,389	82.70%
Arizona	\$34,651	\$41,916	82.70%
New York	\$40,584	\$49,174	82.50%
Nevada	\$35,691	\$43,425	82.20%
Florida	\$32,109	\$39,122	82.10%
Maryland	\$44,937	\$55,116	81.50%
North Carolina	\$32,576	\$40,359	80.70%
Texas	\$32,578	\$40,621	80.20%
Rhode Island	\$39,248	\$49,439	79.40%
Colorado	\$38,058	\$47,983	79.30%
Massachusetts	\$45,062	\$56,902	79.20%
Tennessee	\$31,222	\$39,509	79.00%
Georgia	\$33,665	\$42,667	78.90%
Arkansas	\$28,640	\$36,465	78.50%
Minnesota	\$38,025	\$48,492	78.40%
Delaware	\$37,645	\$48,038	78.40%
Hawaii	\$35,977	\$45,911	78.40%
Virginia	\$39,354	\$50,236	78.30%
South Carolina	\$31,010	\$39,648	78.20%
Vermont	\$35,276	\$45,234	78.00%
Nebraska	\$30,562	\$39,516	77.30%
New Mexico	\$30,578	\$39,562	77.30%
South Dakota	\$28,515	\$36,977	77.10%
Missouri	\$31,993	\$41,660	76.80%
Illinois	\$37,841	\$49,336	76.70%
Maine	\$32,314	\$42,156	76.70%
Oregon	\$34,121	\$44,572	76.60%
New Jersey	\$44,166	\$57,738	76.50%
Alaska	\$39,017	\$51,019	76.50%
Kansas	\$32,341	\$42,494	76.10%
Mississippi	\$28,506	\$37,528	76.00%
Pennsylvania	\$35,301	\$46,747	75.50%
Ohio	\$33,616	\$44,563	75.40%
Oklahoma	\$29,413	\$39,174	75.10%
Washington	\$38,521	\$51,305	75.10%
Wisconsin	\$33,611	\$44,812	75.00%
Kentucky	\$30,481	\$40,748	74.80%
Alabama	\$30,658	\$41,331	74.20%
Connecticut	\$43,900	\$59,387	73.90%
New Hampshire	\$37,527	\$50,837	73.80%
Iowa	\$31,431	\$42,634	73.70%
North Dakota	\$29,742	\$40,693	73.10%
Indiana	\$31,762	\$43,631	72.80%
Idaho	\$29,122	\$40,440	72.00%
Michigan	\$34,542	\$48,066	71.90%
Montana	\$28,461	\$39,830	71.50%
West Virginia	\$27,855	\$40,231	69.20%
Utah	\$31,186	\$45,800	68.10%
Louisiana	\$29,350	\$44,174	66.40%
Wyoming	\$31,308	\$47,828	65.50%

- ▶ The Act would facilitate detection of pay discrimination by prohibiting punishment of employees who voluntarily share salary information with coworkers; by requiring a subset of private employers to submit pay data by race, sex, and national origin to the Equal Employment Opportunity Commission; and by reinstating the collection of gender-based data in the Current Employment Statistics survey.

Endnotes

- 1 Sources: **Groceries**—Average expenditure on “food at home” by single parents with one or more kids under age 18. U.S. Census Bureau, Consumer Expenditure Survey (2009), Table 4: Size of Consumer Unit: Average Annual Expenditure and Characteristics, *available at* <http://www.bls.gov/cex/2009/Standard/cusize.pdf> (last visited Mar. 16, 2011); **Child Care**—Average costs for child care in a center in Nevada for a four-year-old. Nevada’s cost for this type of child care is the median of all state averages. NATIONAL ASSOCIATION OF CHILD CARE RESOURCE AND REFERRAL AGENCIES, PARENTS AND THE HIGH COST OF CHILD CARE: 2010 UPDATE, Appendix 1, *available at* http://www.naccrra.org/docs/Cost_Report_073010-final.pdf; **Rent and Utilities**—Median monthly housing costs for renters. U.S. Census Bureau, American Housing Survey: 2009, Table 2-13, *available at* <http://www.census.gov/hhes/www/housing/ahs/ahs09/ahs09.html> (last visited Mar. 16, 2011); **Health Insurance Premiums**—Average monthly employee contribution for employer-based family coverage. Kaiser Family Foundation, Average Family Premium Per Enrolled Employee for Employer-Based Health Insurance, 2009, *available at* <http://www.statehealthfacts.org/comparable.jsp?typ=4&ind=271&cat=5&sub=67> (last visited Mar. 16, 2011); **Loan Payments**—Average monthly payment for a class of 2009 graduate with the average student debt of \$24,000. Calculation assumes 10-year repayment plan and all debt in the form of Stafford Loans (6.8% interest); THE PROJECT ON STUDENT DEBT, STUDENT DEPT AND THE CLASS OF 2009 (2010), *available at* <http://projectonstudentdebt.org/files/pub/classof2009.pdf>
- 2 NWLC calculations from U.S. Census Bureau, Current Population Survey, 2010 Annual Social and Economic Supplement, Table PINC-05: Work Experience in 2009 – People 15 Years Old and Over by Total Money Earnings in 2009, Age, Race, Hispanic Origin, and Sex, *available at* <http://www.census.gov/hhes/www/cpstables/032010/perinc/toc.htm> (last visited Mar. 10, 2011).
- 3 *Id.*
- 4 NWLC calculations from U.S. Census Bureau, Current Population Survey, 2010 Annual Social and Economic Supplement (using CPS Table Creator II, *available at* http://www.census.gov/hhes/www/cpstc/apm/cpstc_altpov.html).

From U.S. Census Bureau, “Men’s and Women’s Earnings by State: 2009 American Community Survey” (September 2010), *available at* <http://www.census.gov/prod/2010pubs/acsbr09-3.pdf>

- 5 NWLC calculations based on U.S. Census Bureau, Current Population Survey, 2010 Annual Social and Economic Supplement (using CPS Table Creator II, *available at* http://www.census.gov/hhes/www/cpstc/apm/cpstc_alt pov.html). A small number of single mothers who were employed in the Armed Forces in 2009 were excluded from these calculations.
- 6 NWLC calculations from U.S. Census Bureau, 2009 American Community Survey, Table B23007: Presence of Own Children Under 18 Years by Family Type by Employment Status, *available at* http://factfinder.census.gov/servlet/DatasetMainPageServlet?_program=ACS&_submenuId=&_lang=en&_ds_name=ACS_2009_1YR_G00_&ts (last visited Mar. 11, 2011).
- 7 *Id.*
- 8 NWLC calculations from U.S. Department of Labor, Bureau of Labor Statistics, Labor Force Statistics from the Current Employment Statistics Survey, Table B-5: Employment of Women on Nonfarm Payrolls by Industry Sector, Seasonally Adjusted, *available at* <http://bls.gov/ces/cesbtabs.htm> (last visited Apr. 7, 2011).
- 9 U.S. Department of Labor, Bureau of Labor Statistics, *The Employment Situation: March 2011*, Table A10 (Apr. 1, 2010), *available at* <http://www.bls.gov/news.release/empsit.t10.htm> (last visited Apr. 7, 2011).
- 10 JESSICA ARONS, LIFETIME LOSSES: THE CAREER WAGE GAP 4 (2008), *available at* http://www.americanprogressaction.org/issues/2008/pdf/equal_pay.pdf. These calculations were not adjusted for inflation.
- 11 *Id.*
- 12 The average monthly benefit for all female beneficiaries 65 and older was \$999.20, or \$11,990.40 per year as of December 2009, compared to \$1,320.80 per month, or \$15,849.60 per year for all male beneficiaries 65 and older. Benefits are slightly higher for both women and men receiving benefits as retired workers. U.S. Social Security Administration, Annual Statistical Supplement to the Social Security Bulletin, 2010, Table 5.A16, *available at* <http://www.ssa.gov/policy/docs/statcomps/supplement/2010/5a.html#table5.a16> (last visited Mar. 30, 2011).
- 13 Ken McDonnell, *Retirement Annuity and Employment-Based Pension Income, Among Individuals Age 50 and Over: 2008*, EMPLOYEE BENEFIT RESEARCH INSTITUTE NOTES, May 2010, at 13 (fig. 1), 14 (fig. 2), *available at* http://www.ebri.org/pdf/notespdf/EBRI_Notes_05-May10.IAs.pdf.
- 14 LESLIE E. PAPKE, LINA WALKER, & MICHAEL DWORSKY, RETIREMENT SECURITY FOR WOMEN: PROGRESS TO DATE AND POLICIES FOR TOMORROW 4 (2008), *available at* http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/Retirement_security/RSP-PB_Women_FINAL_4.2.2008.pdf.
- 15 NWLC calculations from U.S. Census Bureau, American Housing Survey: 2009, Table 2-13, *available at* <http://www.census.gov/hhes/www/housing/ahs/ahs09/ahs09.html> (last visited Mar. 16, 2011).
- 16 Press Release, RealtyTrac®, Record 2.9 Million U.S. Properties Receive Foreclosure Filings in 2010 Despite 30-Month Low in December (Jan. 12, 2011), *available at* <http://www.realtytrac.com/content/press-releases/record-29-million-us-properties-receive-foreclosure-filings-in-2010-despite-30-month-low-in-december-6309>.
- 17 U.S. Census Bureau, Consumer Expenditure Survey (2009), Table 4: Size of Consumer Unit: Average Annual Expenditure and Characteristics, *available at* <http://www.bls.gov/cex/2009/Standard/cusize.pdf> (last visited Mar. 16, 2011). These calculations represent the average annual expenditure on food (at home and away from home) for a four-person consumer unit.
- 18 NWLC calculations from U.S. Census Bureau, Current Population Survey, 2010 Annual Social and Economic Supplement, Table POV-26: Program Participation Status of Household - Poverty Status of People: 2009, *available at* <http://www.census.gov/hhes/www/cpstables/032010/pov/toc.htm> (last visited Mar. 16, 2011).
- 19 NWLC calculations from U.S. Department of Agriculture, Food and Nutrition Service, Supplemental Nutrition Assistance Program Data (Mar. 2, 2011), *available at* <http://www.fns.usda.gov/pd/34SNAPmonthly.htm> (last visited Mar. 16, 2011).
- 20 NWLC calculations from PARENTS AND THE HIGH COST OF CHILD CARE: 2010 UPDATE, Appendix 1, *supra* n.1. Figure is the median, representing Nevada, of all state 2009 annual average costs of full-time care in a child care center for a four-year-old.
- 21 PARENTS AND THE HIGH COST OF CHILD CARE: 2010 UPDATE, at 1, *supra* n.1.
- 22 NWLC calculations from PARENTS AND THE HIGH COST OF CHILD CARE: 2010 UPDATE, *supra* n.1, at Appendix 3.
- 23 U.S. Census Bureau, Who's Minding the Kids? Child Care Arrangements: Summer 2006, Detailed Tables, Table 6 (2009), *available at* <http://www.census.gov/population/socdemo/child/table-2006/tab06.xls> (last visited Mar. 16, 2011).
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