

# EMPLOYMENT

## FACT SHEET

# FAQ About the Wage Gap

October 2014

*The typical woman in the U.S. who worked full time, year round was still paid only 78 cents for every dollar paid to her male counterpart in 2013.<sup>1</sup> 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.<sup>2</sup> 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—so basically the money people see in their paychecks.<sup>3</sup> 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.<sup>4</sup>

The national wage gap data come from the Current Population Survey and include workers 15 and older.<sup>5</sup> 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.<sup>6</sup>

### Why does NWLC use this wage gap figure?

The 78-cent figure reflects the many discriminatory barriers to equal pay—including lower pay for women in the same job; the segregation of women into lower-paying jobs and exclusion of women from higher-paying, nontraditional jobs; bias against women with caregiving responsibilities; and lack of workplace policies to allow

workers to care for families without paying a stiff economic penalty. The 78-cent figure demonstrates just how strongly these many factors impact the economic security of women workers.

Comparable figures for the 78-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 not budged in nearly a decade.<sup>7</sup>

### 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.<sup>8</sup> An NWLC analysis found that in only three occupations out of 111 are the median weekly earnings of women working full time not lower than those of men: computer occupations; wholesale and retail buyers; and bakers.<sup>9</sup> 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,<sup>10</sup> and that women are paid less even when they work in the same occupations as men. 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—women are two-thirds of workers in occupations that typically pay \$10.10 per hour, as well as two-thirds of minimum wage workers.<sup>11</sup> 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.<sup>12</sup>

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.<sup>13</sup>

### **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.<sup>14</sup> 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.<sup>15</sup>

### **How does the wage gap impact women of color?**

In 2013, African American women working full time, year round were paid only 64 cents, and Hispanic women only 56 cents, for every dollar paid to white, non-Hispanic men—wage gaps that are both wider than for women overall.<sup>16</sup> In 2013, Asian women working full time, year round were paid only 79 cents for every dollar paid to white, non-Hispanic men.<sup>17</sup> 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 shrink 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.<sup>18</sup>
- Build ladders to higher-wage jobs for women by removing barriers to entry into male-dominated fields.<sup>19</sup>
- Lift up the wages of women in low-wage jobs by raising the minimum wage and the tipped minimum wage.<sup>20</sup>
- Increase the availability of high-quality, affordable child care.<sup>21</sup>
- Help prevent and remedy caregiver and pregnancy discrimination against women workers.<sup>22</sup>
- Provide fair schedules, paid family leave, and paid sick days so that workers with caregiving responsibilities are not unfairly disadvantaged.<sup>23</sup>

<sup>1</sup> NWLC, The Wage Gap is Stagnant For Nearly A Last Decade (Sept. 2014), available at <http://www.nwlc.org/resource/wage-gap-stagnant-nearly-decade>.

<sup>2</sup> NWLC, Insecure and Unequal: Poverty and Income Among Women and Families, 2000-2013 (Sept. 2014), available at <http://www.nwlc.org/resource/insecure-unequal-poverty-and-income-among-women-and-families-2000-2013>.

<sup>3</sup> U.S. Census Bureau, Current Population Survey (CPS) – Definitions, available at <http://www.census.gov/cps/about/cpsdef.html> (last visited Sept. 19, 2014). See definition for “earnings.”

<sup>4</sup> *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.

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

<sup>6</sup> 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>.

<sup>7</sup> *Supra* note 1.

<sup>8</sup> 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](http://www.nwlc.org/sites/default/files/pdfs/final_nwlc_equal_pay_report.pdf).

<sup>9</sup> Joan Entmacher, Katherine Gallagher Robbins, & Lauren Frohlich, NWLC, Six New Facts on Why We Must Raise the Minimum Wage and Advance Equal Pay (March 2014), available at <http://www.nwlc.org/our-blog/six-new-facts-why-we-must-raise-minimum-wage-and-advance-equal-pay>.

<sup>10</sup> Philip N. Cohen, The Huffington Post, Devaluing and Revaluing Women’s Work (Feb. 1, 2010), available at [http://www.huffingtonpost.com/philip-n-cohen/devaluing-and-revaluing-w\\_b\\_444215.html](http://www.huffingtonpost.com/philip-n-cohen/devaluing-and-revaluing-w_b_444215.html).

<sup>11</sup> *Supra* note 8. See also, NWLC, Underpaid & Overloaded: Women in Low-Wage Jobs (July 2014), available at <http://www.nwlc.org/resource/underpaid-overloaded-women-low-wage-jobs> and NWLC, Fair Pay for Women Requires Increasing the Minimum Wage and Tipped

Minimum Wage (Sept. 2014), available at <http://www.nwlc.org/resource/fair-pay-women-requires-increasing-minimum-wage-and-tipped-minimum-wage>.

<sup>12</sup> *Supra* note 8.

<sup>13</sup> *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.

<sup>14</sup> 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](http://gender.stanford.edu/sites/default/files/motherhoodpenalty_0.pdf).

<sup>15</sup> *Id.*

<sup>16</sup> *Supra* note 1.

<sup>17</sup> *Supra* note 2. See also, NWLC, Closing the Wage Gap is Especially Important to Women of Color in Difficult Times (Apr. 2012), available at <http://www.nwlc.org/resource/closing-wage-gap-especially-important-women-color-difficult-times>.

<sup>18</sup> 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>.

<sup>19</sup> NWLC, Women in Construction: 6.9 Percent Is Not Enough (May 2012), available at <http://www.nwlc.org/sites/default/files/pdfs/womeninconstructionfactsheet.pdf>.

<sup>20</sup> *Supra* note 12, NWLC, Fair Pay for Women Requires Increasing the Minimum Wage and Tipped Minimum Wage.

<sup>21</sup> 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>.

<sup>22</sup> 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\\_eeoc\\_final.pdf](http://www.nwlc.org/sites/default/files/pdfs/2012_02_08_testimony_to_eeoc_final.pdf).

<sup>23</sup> NWLC, The Schedules that Work Act: Giving Workers the Tools they Need to Succeed (July 2014), available at <http://www.nwlc.org/resource/schedules-work-act-giving-workers-tools-they-need-succeed> and NWLC, Paid Leave is Crucial for Women and Families (Dec. 2013), available at <http://www.nwlc.org/resource/paid-leave-crucial-women-and-families>.