The Wage Gap: The Who, How, Why, and What to Do

Women in the U.S. who work full-time, year-round are typically paid only 83 cents for every dollar paid to their male counterparts. This gap in earnings translates into $10,435 less per year in median earnings, leaving women and their families shortchanged, especially during the current economic crisis. Although enforcement of the Equal Pay Act and civil rights laws, as well as other progress for women—including increased access to reproductive health care—have helped narrow the gender wage gap over time, addressing the significant pay disparities that remain is critical for the economic security of women and their families.

Equal Pay Is Crucial for All Women

Women of color are paid less than white, non-Hispanic men.

- Black women working full-time, year-round typically make only 64 cents for every dollar paid to their white, non-Hispanic male counterparts.

- Latinas working full-time, year-round typically make only 57 cents for every dollar paid to their white, non-Hispanic male counterparts.3

- While Asian women working full-time, year-round are typically paid 101 cents for every dollar paid to their white, non-Hispanic male counterparts, the wage gap is substantially larger for some subgroups of Asian women.4

- The wage gap translates into an annual median loss of $24,420 for Black women and $28,911 for Latinas.5 Closing the wage gap is, therefore, particularly important for Black women and Latinas who tend to have lower incomes than white, non-Hispanic women and Asian women, and are more likely to be in poverty.

NOTES

<table>
<thead>
<tr>
<th>What closing the wage gap would mean to me this year:</th>
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<tbody>
<tr>
<td>Two months’ supply of groceries $1,828</td>
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<tr>
<td>Three months’ child care payments $2,774</td>
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<td>Three months’ rent $3,291</td>
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<td>Three months’ health insurance premiums $1,495</td>
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<td>Three months’ student loan payments $816</td>
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<td>Six tanks of gas $230</td>
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• Total: $10,434

Wage gap yearly total: $10,435
Mothers are paid less than fathers.

- Mothers who work full-time, year-round typically have lower earnings than fathers ($44,700 compared to $60,000): mothers are typically paid only 75 cents for every dollar paid to fathers. Mothers of every race are typically paid less than white, non-Hispanic fathers.9

Women are affected by the wage gap as soon as they enter the labor force and the gap continues to expand over the course of a woman’s career.

- The wage gap is smaller for younger women than older women, but it begins right when women enter the labor force. Women ages 15 to 24 working full-time, year-round are typically paid 95 cents for every dollar their male counterparts are paid.

- Among older women the gap is larger. Women ages 45 to 64 working full-time, year-round are typically paid only 78 cents for every dollar their male counterparts are paid.

- For women still working at age 65 or older the figure is 73 cents.10

Older women also experience a wage gap in retirement income, due in large part to the wage gap they experienced during their working years.

- Based on today’s wage gap, a woman who works full-time, year-round stands to lose $417,400 over a 40-year career.11 This woman would have to work over eight years longer than her male counterpart to make up this lifetime wage gap. These lost wages severely reduce women’s ability to save for retirement and threaten their economic security later in life.

- As a result of lower lifetime earnings, the average Social Security retired worker benefit for women 65 and older was about $16,764 per year in December 2020, compared to $20,687 for men of the same age.12

Women in same-sex married couples have less household income than other married couple households.

- Although recent Census data on wages is not available by sexual orientation, other Census data shows that women in same-sex married couples have less household income ($95,720) than opposite-sex married couples ($96,930) and men in same-sex married couples ($123,600).13

Transgender women make less after they transition.

- One study found that the average earnings of transgender women workers fall by nearly one-third after transition.14

Women with disabilities also experience a wage gap.

- Women with disabilities working full-time, year-round are typically paid just 84 cents when compared to their male counterparts with disabilities.15

- Under the Fair Labor Standards Act, employers may pay people with disabilities below the minimum wage, further depressing wages for women with disabilities.16

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Wage gap data is not yet available for Native American or Native Hawaiian and Other Pacific Islander women, which is calculated using annual 1-year American Community Survey data from the U.S. Census Bureau. Due to COVID-19, data collection for the 2020 American Community Survey experienced significant interruptions and high non-response rates.6 The Census Bureau will release this data using “experimental weights” later in 2021.7 If the experimental data meets data quality standards, this factsheet will be updated.

It is important to note that with the job losses experienced during the COVID-19 pandemic, particularly among low-paid workers, there were substantially fewer people who worked full time and year round in 2020, and many who did work full time, year round worked in higher paying positions.6 Because the women who remained in the labor force and worked full time in 2020 often had higher earnings than their counterparts who lost their jobs, this year’s data gives the appearance of closing wage gaps for some groups, but is not in fact comparable to wage gap data for prior years.
Women at all education levels experience a wage gap.

- Among full-time, year-round workers, women who started, but did not finish high school, make 79 cents for every dollar their male counterparts make.\textsuperscript{17}

- Women with only high school diplomas working full-time, year-round are typically paid only 73 cents for every dollar paid to their male counterparts.\textsuperscript{18}

- Among workers with a Bachelor’s degree or higher, women typically make 74 cents for every dollar men make.\textsuperscript{19}

- Even when women earn a Bachelor’s degree, they still only make about what men with an Associate’s degree make ($61,341 and $61,100 respectively)—and men with only a high school degree but no college education typically make more than women with an Associate’s degree ($49,661 and $45,813 respectively).\textsuperscript{20}

Women in nearly every occupation face a wage gap.

- There is a gender wage gap in 94 percent of occupations.\textsuperscript{21}

- Even workers in low-paid jobs face a wage gap: women who work full-time, year-round in the 40 lowest-paying occupations typically make only 82 percent of what men working in those same occupations make.\textsuperscript{22}

Causes of the Wage Gap

Despite the fact that women have made enormous gains in educational attainment and labor force involvement in the last several decades—gains which have helped close the wage gap over time\textsuperscript{23}—unequal pay remains pervasive. Below are some of the reasons why.

Women are paid less for the same work and discrimination is a major cause.

- Numerous research studies show that compared to men, women are less likely to be hired, particularly for high-wage jobs, and are likely to be offered lower salaries when they are hired.\textsuperscript{24} For example, one experiment revealed that when presented with identical resumes, one with the name John and one with the name Jennifer, science professors offered the male applicant for a lab manager position a salary of nearly $4,000 more, as well as additional career mentoring, and judged him to be significantly more competent and hirable.\textsuperscript{25}

- Employers’ reliance on job applicants’ salary history to set starting pay also plays a significant role in perpetuating the wage gap because it allows employers to take advantage of pay discrimination by other employers or within the market.\textsuperscript{26} Recent research shows that state laws prohibiting employers from relying on salary history are helping to close racial and gender wage gaps in those states.\textsuperscript{27}

- Recent research reveals that even controlling for race, region, unionization status, education, work experience, occupation, and industry leaves 38 percent of the pay gap “unexplained.”\textsuperscript{28} Discrimination is thought to be a major cause of this unexplained gap.

Pay secrecy policies help perpetuate pay disparities.

- Even though the National Labor Relations Act makes it illegal to prohibit private sector employees from discussing wages and working conditions, 60 percent of female employees in the private sector report that discussing their wages is either prohibited or discouraged by employers.\textsuperscript{29} In contrast, only 13 percent of women in the public sector reported similar policies.

- In the public sector, where wages are more likely to be public, wage gaps are slightly smaller.\textsuperscript{30}

- One study found women’s earnings were 3 percent higher in six states that have enacted laws since 2012 prohibiting retaliation against employees who discuss pay.\textsuperscript{31} The same study found that in states with such policies, the gender wage gap is reduced by as much as 12 to 15 percent for workers with a college degree, and by 6 to 8 percent for workers without a college degree.

Women are overrepresented in low-paid jobs and underrepresented in high-paid ones.

- In 2018, women made up nearly two-thirds of the 22.2 million workers in the 40 lowest-paying jobs—occupations such as personal care aides, home health aides, and fast food workers.\textsuperscript{32} Many women in these low-paid jobs are also on the front lines of the COVID-19 pandemic as health care or other essential workers. In fact, 64 percent of workers in front-line industries are women, despite making up 47 percent of workers overall.\textsuperscript{33} Women of color make up more than one quarter (27 percent) of the front-line workforce, compared to less than one fifth (18 percent) of the overall workforce.\textsuperscript{34}
Conversely, women are underrepresented in higher wage occupations, making up 37 percent of workers in the 40 highest-paying occupations. This underrepresentation is due in part to the fact that women are discouraged from entering better paying fields, such as STEM. Sometimes this discouragement is subtle, but other times it is very overt, in the form of harassment and other forms of discrimination.

Women's work is devalued because women do it.

“Women’s” jobs often pay less precisely because women do them. A study of more than 50 years of data revealed that when women moved into a field in large numbers, wages declined, even when controlling for experience, skills, education, race and region.

Caregivers are discriminated against and face barriers that result in lower pay.

Mothers are paid less than fathers and the motherhood wage penalty, which grows by an estimated 7 percent for each child, is larger for low-paid workers.

Employers’ outdated views about mothers harms mothers’ job and salary prospects. In comparing equally qualified women candidates, one study revealed that mothers were recommended for significantly lower starting salaries, were perceived as less competent, and were less likely to be recommended for hire than non-mothers. The effects for fathers were just the opposite—fathers were recommended for significantly higher pay and were perceived as more committed to their jobs than men without children.

Mothers’ wages are also affected by a lack of support for women’s disproportionate caregiving responsibilities. The high cost of child care and a lack of paid leave make it less likely that women with caregiving responsibilities are able to stay in the workforce. This time out of work negatively impacts mothers’ wages, though policies like paid leave and subsidized child care make it more likely that women will continue to work after having children, strengthening their connection to the workforce.

Relatedly, increased access to contraception is one reason the gender wage gap closed in the last few decades of the 20th century. This access allowed women to control their fertility so that they could invest in education and increase their representation in non-traditional occupations, resulting in higher wages.

Women in unions experience smaller wage gaps—but rates of unionization are low.

Just over 10 percent of working women belong to a union, but those women who are members of unions experience greater wage equality. Unionized women make 88 cents for every dollar paid to male union members, compared to nonunionized women who make only 82 cents for every dollar paid to their male counterparts. Wages for unionized women, especially unionized Latinas, are higher than those of their non-union counterparts.

Unions not only bargain for higher wages, they reduce inequality by increasing pay transparency. For example, a recent analysis by a journalists’ union of their wage data revealed pervasive pay inequality in the industry, prompting a promise of immediate action by at least one national newspaper.

What We Need To Do To Achieve Equal Pay

In order to finally achieve equal pay, we need to:

- Strengthen our equal pay laws so that women are better able to discover and fight back against pay discrimination.
- Build ladders to better paying jobs for women by removing barriers to entry into male-dominated fields.
- Lift up the wages of women in low-paid jobs by raising the minimum wage and ensuring that tipped workers receive at least the regular minimum wage before tips.
- Increase the availability of high-quality, affordable child care.
- Help prevent and remedy caregiver discrimination and protect workers from pregnancy discrimination.
- Establish fair scheduling practices that allow employees to meet their caregiving responsibilities and other obligations.
- Provide paid family and medical leave.
- Ensure women’s access to the affordable reproductive health care they need.
- Protect workers’ ability to join unions and collectively bargain.

Figures are for workers who graduated from high school (including those who received GEDs).

NWLC calculations based on CPS, 2021 ASEC using IPUMS, available at https://ipums.org/. People with disabilities reported having difficulty on at least one of six CPS questions.


Figures are NWLC calculations based on CPS, 2021 ASEC, supra note 1, Table PINC-05.


NWLC calculations based on CPS, 2021 ASEC using IPUMS, available at https://ipums.org/. People with disabilities reported having difficulty on at least one of six CPS questions.

11 Id. These calculations were not adjusted for inflation and assume a constant gap of $10,435 annually, calculated by subtracting women’s median earnings ($50,982) from men's ($61,417). NWLC calculations using U.S. Social Security Administration, Annual Statistical Supplement to the Social Security Bulletin, 2021, Table 5.16, https://www.ssa.gov/policy/docs/statcomps/supplement/2020/5a.html#table5.16. The average monthly benefit for retired worker female beneficiaries 65 and older was $1,397.01, or about $16,764 per year as of December 2020, compared to $1,723.90 per month, or $20,687 per year for all male beneficiaries 65 and older are preliminary.

12 NWLC calculations based on CPS, 2021 ASEC, supra note 1, Table PINC-05. The average monthly benefit for retired worker female beneficiaries 65 and older was $1,397.01, or about $16,764 per year as of December 2020, compared to $1,723.90 per month, or $20,687 per year for all male beneficiaries 65 and older are preliminary.


15 NWLC calculations based on CPS, 2021 ASEC using IPUMS, available at https://ipums.org/. People with disabilities reported having difficulty on at least one of six CPS questions.

16 29 U.S.C. 214(c). NWLC calculations from CPS, 2021 ASEC, supra note 1, Table PINC-03. This compares median earnings for men and women 25 and older who worked full-time, year-round who have some high school education but did not graduate or receive a GED.

18 Figures are for workers who graduated from high school (including those received GEDs).

19 Id. Figures are for full-time, year-round workers.

20 Id. Figures are for full-time, year-round workers.


24 See Blau & Kahn, supra note 23 at 33 for a review.


28 Blau & Kahn, supra note 23 at 8, 72.

