

Research-in-Brief

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Equal Pay for Working Families

Equal pay is a fundamental issue affecting working families. While the number of women workers in the labor force has steadily increased, the contribution of women's wages to family income has also grown, with women's earnings now providing a significant portion of total household income. Although the wage gap has narrowed over the years, pay inequity remains, and there continues to be significant differences in wages paid to women, minorities, men, and non-minorities. If women were to receive wages equal to those of comparable men, working families across the United States would gain a staggering **\$200 billion** in family income annually, with each working woman's family gaining more than \$4,000 per year.

In a new joint study, the Institute for Women's Policy Research and the AFL-CIO investigate the size of the wage gap in the United States, as well as in the 50 states and the District of Columbia. The study demonstrates the costs of pay inequity to both working families and individuals, and reveals some alarming figures as to how much family income is lost on account of the wage gap and unequal pay for comparable work.

Unequal Pay Leads to Large Wage Gaps for Women and Minority Workers

While Title VII of the Civil Rights Act of 1964 establishes the fundamental principle that employers may not provide less remuneration to women and minorities for the work they do on account of their gender, race, or ethnicity, studies indicate that a large wage gap continues to persist. In this study, the "gender wage gap" is the percentage or actual dollar difference between the earnings of men and women, while the "minority wage gap" is the difference between the earnings of people of color and white non-Hispanic workers. The wage gap data used in this study reflect differences in median weekly earnings for full-time workers in each group.

As Table 1 indicates, large differences in earnings between men and women lead to correspondingly large gender-based wage gaps. Overall, women lose an average of \$148 a week due to the wage gap, as women's weekly earnings are \$431 compared to men's \$579 per week. Further breakdowns reveal that the wage gap between white women and white men is larger than the overall gender wage gap, measured at \$169 per week. Although the wage gap between minority women and minority men is much smaller at \$46 per week, the cause of this narrower wage gap is that minority men's earnings are lower than men's earnings overall (\$415 compared with \$579 per week), thereby bringing them closer to the earning levels of minority women (\$369 per week). Compared to white men,

minority women experience a weekly wage gap of \$262 for a wage ratio of 58.5 percent and a wage gap of 41.5 percent. Overall, women working full time earn just 74.4 percent of what men earn. In other words, for every dollar earned by men, women earn 25.6 cents less, thus leading to large overall earnings losses for women and a large gender wage gap.

Table 1 also shows that minority wage gaps are significant in size. Minorities earn just 72.2 percent of what whites earn for full-time work each week, which translates into earnings that

TABLE 1
Wage Gaps in the United States Median
Weekly Earnings for Full-Time Workers, 1997

	Women	Men	Gender Wage Gap	Female/ Male Wage Ratio
All Workers	\$431	\$579	\$148	0.744
Whites	\$462	\$631	\$169	0.732
Minorities	\$369	\$415	\$46	0.889
Minority Wage Gap	\$93	\$216	N/A	N/A
Minority/White Wage Ratio	0.799	0.658	N/A	N/A

are 27.8 cents less than every dollar earned by their white counterparts. Minority women earn \$93 less per week than white women, and minority men earn \$216 less per week than minority men. Minority men also earn \$47 less per week than white women.

Raising Women's Wages Would Increase Family Income and Decrease Poverty

While differences in wages may be attributed to differences in human capital, such as educational background, job qualifications, and occupational placement, a portion of the pay inequity experienced by women results directly from discriminatory practices within the labor market. When these human capital differences are taken into account, it is possible to determine how much more income women would earn if they were paid the same amount as a comparable man, that is, a male who is similarly qualified. Thus, the total income a family would gain if women received equal pay can be determined.

An examination of Table 2 reveals some staggering statistics. The table estimates the increase in family income that would result if women were paid the same as men who work the same number of hours, are the same age, have the same educational background and urban/rural status, and live in the same region of the country. The study examined three distinct populations of women: single mothers, other single women, and married women, with all groups aged 18 and older. All three groups yielded similar results.

If the married women in the study were paid the same amount as comparable men earn, their income would increase by approximately 20 percent, thus leading to an increase in family income of \$4,205 per year per each married-couple family, or a 6.0 percent boost in family earnings. These increases would then lower poverty rates in this group by more than half, from 2.1 percent to 0.8 percent.

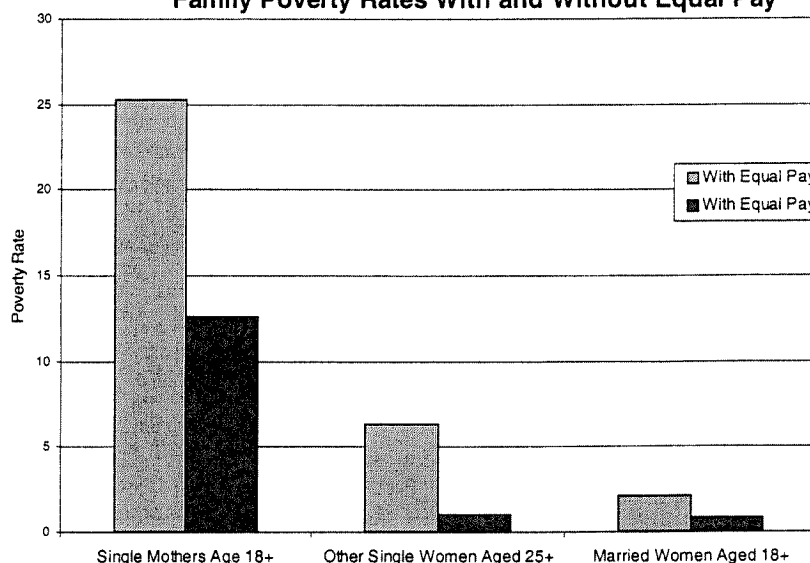
Similarly, as Figure 1 shows, if working single mothers were paid the same amount as comparable men earn, each family's income would rise by an aver-

TABLE 2
Mean Annual Earnings, Mean Family Income and Poverty Rates
if Working Women Earned the Same as Men,
1994-1996, in 1997 Dollars

	Single Mothers Aged 18+	Other Single Women, Aged 25+	Married Women Aged 18+
Population Size	5,400,000	9,200,000	32,800,000
Women's Annual Earnings	\$19,573	\$27,703	\$23,144
Annual Hours Worked	1,775	1,975	1,761
Annual Family Income Current	\$26,372	\$30,849	\$69,676
After Pay Adjustment	\$30,831	\$35,000	\$73,881
Increases Per Family	\$4,459	\$4,151	\$4,205
Percent Increases	16.9%	13.4%	6.0%
Total Family Income Gains (billions of dollars)	\$24.1	\$28.2	\$137.9
Poverty Rate Current	25.3%	6.3%	2.1%
After Pay Adjustment	12.6%	1.0%	0.8%

age of \$4,459 per year, thereby decreasing the very high poverty rates for single mothers from 25.3 percent to 12.6 percent. For working single women who live alone,¹ including divorced, separated, never-married, and widowed women, each individual would gain an average of \$4,151 per year if she

FIGURE 1
Family Poverty Rates With and Without Equal Pay



were paid the same as a comparable man. Consequently, for this group, poverty rates would dramatically decrease, from 6.3 percent to 1.0 percent. Thus, with many human capital differences taken into account, Table 2 demonstrates that women's wages, and therefore family income, would dramatically increase, by over \$4,000 per family per year in each of the three groups studied, if each woman were paid the same salary as a comparable man. The average gain across all family types with working women in the study was \$4,229.

Pay Equity in Female-Dominated Jobs Would Increase Wages for Women and Men

Both women and men face a serious "pay inequity" effect when they work in female-dominated jobs, jobs in which women are 70 percent or more of the workers. As the percentage of women within an occupation increases, the wages for that job decreases. Women and men alike would receive large gains in earnings if they were paid the same as comparable workers in jobs which are not predominantly female.

Table 3 shows that pay equity in female-dominated jobs would increase wages for women of all races by approximately 18 percent per year, which translates into an average increase of \$3,446 per year for the women in this study. Similarly, men, too, would gain from pay equity in these jobs, with their incomes increasing by an average of \$6,259 per year. However, only 8.5 percent of all men work in female-dominated occupations, while 55 percent of all women work in these jobs. In addition, men who work in jobs that are predominantly female earn about 20 percent more than women employed in

the same jobs. Thus, pay equity in female-dominated jobs would dramatically raise the wages of both men and women in these fields.

Union Representation Increases Pay and Decreases Pay Gaps

Union representation is an effective tool for battling pay inequity and for raising workers' wages. Unions bring wage setting into the open, making it difficult for employers to discriminate. An examination of Table 4 demonstrates that union workers in all categories earn higher wages than non-union members.

For full-time working women of all races, union members earn an average of \$157 more than nonunion workers each week. Similarly, for full-time working men of all races, union membership increases wages by an average of \$140 per week. Minority men gain the most by union representation, with wages increasing by an average of \$177 per week. Table 4 shows that the percent increase in wages due to union membership is 38.2 percent for full-time working women of all races and 26.0 percent for full-time working men of all races. Both minority women and men experience the greatest percent increase in wages, with women's wages increasing by 38.6 percent and men increasing by 44.3 percent.

Union representation also helps to close both gender wage gaps and minority wage gaps. The gender wage gap is one-third smaller for union members than for nonunion workers.

Table 3
**Mean Annual Earnings of Women and Men Aged 18 and Older in Female-Dominated Occupations+
If Pay Equity Prevailed, 1994-1996 Average, 1997 Dollars**

	WOMEN			MEN		
	White (Non-Hispanic)	Minority	All Races*	White (Non-Hispanic)	Minority	All Races*
Population Size	18690000	6910000	25600000	2667000	1346000	4013000
Mean Annual Earnings Current	\$19,482	\$18,363	\$19,211	\$26,926	\$20,632	\$25,028
After Pay Adjustment	\$22,938	\$21,775	\$22,657	\$33,826	\$25,410	\$31,287
Increase Per Worker	+\$3,456	+\$3,412	+\$3,446	+\$6,900	+\$4,778	+\$6,259
Average Annual Hours	1670	1730	1658	1845	1834	1841
Labor Force-Wide Pay Increase (in billions of dollars)	\$65	\$24	\$89	\$18	\$6	\$25

+ Female-dominated occupations are those in which 70 percent or more of the incumbents are women.

* Minority workers include those who are African American, Asian American, Pacific Islander, Native American, Aleut Eskimo, or other races and Hispanics who may be of any race.

Source: Institute for Women's Policy Research calculations based on the Current Population Survey March Demographic Supplements, 1995-1997, for calendar years 1994-1996: all in 1997 dollars.

Table 4
The Union Wage Advantage

**Median Weekly Earnings for Union and
Nonunion Workers By Gender and Minority
Status for Full-Time Workers, 1997**

Union	Nonunion	Union Wage	Union Percent Advantage	Percent Increase
Women	\$568	\$411	\$157	38.2%
White (Non-Hispanic)	\$596	\$440	\$156	35.5%
Minority	\$485	\$350	\$135	38.6%
Men	\$679	\$539	\$140	26.0%
White (Non-Hispanic)	\$715	\$600	\$115	19.2%
Minority	\$577	\$400	\$177	44.3%

For nonunion women of all races who work full-time, the wage gap is \$128 per week, while for union women, the gap narrows a bit to \$111 per week. Similarly, the minority wage gap closes significantly with union representation. For union women, the minority/white wage ratio is about 2 percentage points greater than for nonunion women, while for men, the minority/white wage ratio is approximately 14 percentage points greater for union members than for nonunion men. Overall, union participation is an effective tool in both increasing wages and narrowing the wage gap.

¹The analysis of earnings gains is limited to single women older than 25 who live alone in order to include only those who are likely to be supporting themselves on their own and whose family income is relatively easy to identify.

This fact sheet is based on the IWPR/AFL-CIO Report *Equal Pay for Working Families*, by Heidi Hartmann, Ph.D., Katherine Allen and Christine Owens. This Research-In-Brief was prepared by Carrie Apfel, and formatted by Anna Rockett in June 1999.

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The Institute for Women's Policy Research (IWPR) is a non-profit, public policy research organization dedicated to informing and stimulating the debate on public policy issues of critical importance to women and their families. IWPR focuses on issues of poverty and welfare, affirmative action and pay equity, employment and earnings, work and family issues, and the economic and social aspects of health care and domestic violence.

The Institute works with policymakers, scholars, and public interest groups around the country to design, execute, and disseminate research that illuminates economic and social policy issues affecting women and families, and to build a network of individuals and organizations that conduct and use women-oriented policy research. IWPR, an independent, non-profit organization, also works in affiliation with the graduate programs in public policy and women's studies at the George Washington University.