



POLICY BRIEF

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NARROW THE GENDER PAY GAP, REDUCE POVERTY FOR FAMILIES: THE ECONOMIC IMPACT OF EQUAL PAY BY STATE

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Equal pay would significantly reduce poverty for working women and their families across the United States.

- If working women received equal pay with comparable men—men who are of the same age, have the same level of education, work the same number of hours, and have the same urban/rural status—poverty for working women would be reduced by more than 40 percent.
- Closing the gender wage gap would lower working women's poverty rates, especially for single mothers, in every state and help women and families achieve greater economic security.
- Equal pay for working women would increase their annual average earnings from \$41,402 to \$48,326, adding \$541 billion in wage and salary income to the U.S. economy.

The long-term impacts of earnings disparities for working women results in lower lifetime earnings for women, less income for their families, and higher rates of poverty. Women earn less and have higher poverty rates than their male counterparts in every state. Additionally, the share of working women living in poverty has increased in every state since 2016.1 Working women were already experiencing increasing economic instability before the COVID-19 pandemic, making tackling the issues of pay equity and the gender and racial wage gaps more critical than ever.



Achieving equal pay for all working women would have far-reaching impacts on women and families across the United States. In 2019, if women received equal pay with comparable menmen who are of the same age, have the same level of education, work the same number of

hours, and have the same urban/rural status—poverty for working women would be reduced by more than 40 percent and \$541 billion in wage and salary income would be added to the U.S. economy (equivalent to 2.8 percent of 2019 GDP; Tables 1 and 2).

These data, however, do not take into account the impact the COVID-19 pandemic and its resulting economic "she-cession" has had on working women. The COVID-19 pandemic has only exacerbated pre-existing levels of economic inequality for women—with Black and Latina women bearing the brunt of the economic recession² and with lasting impacts on women's well-being and ability to build wealth.

Equal Pay Would Reduce Poverty for Working Women in Every State

Closing the gender wage gap would lower women's poverty rates in every state and help women and families achieve greater economic security. Across the country, if working women aged 18 and older were paid the same as comparable men—men who are the same age, have the same educational attainment, work the same number of hours, and have the same rural/ urban status—the poverty rate among working women would decrease from 9.5 percent to 5.5 percent (Figure 1 and Table 1).

- If working women were paid the same as comparable men, the poverty rate among working women would fall by 40 percent or more in 28 states (Figure 1 and Table 1).
- New Jersey would see the greatest impact on poverty reduction, with equal pay cutting poverty by almost half (48.4 percent) among working women. Montana (45.9 percent), Wyoming (45.5 percent), Louisiana (44.5 percent), and Hawaii (44.0 percent) would also see the largest impacts of equal pay on reducing poverty (Table 1).
- States with higher-than-average poverty rates would also see significant poverty reductions among working women. New Mexico's poverty rate among working women would decline to 8.4 percent from a national high of 13.9 percent, Mississippi's would decrease to 8 percent from 13.6 percent, and Louisiana's would decrease to 7.5 percent from 13.4 percent (Figure 1 and Table 1).

The high poverty rate among working single mothers in the United States would also fall drastically from 27.7 percent to 16.7 percent (a decline of almost 40 percent) if they earned the same as their male counterparts.

- In 23 states, the poverty rate among working single mothers would fall by 40 percent or more if single mothers were paid the same as comparable men. In every state, poverty among working single mothers would fall by more than one-third. Working single mothers in the District of Columbia, however, would only see a 32 percent reduction in poverty, falling to 14.4 percent from 21.1 percent (Table 1).
- The poverty rate among single mothers would see the greatest reduction in New Jersey, where it would be cut in half. Other states with large poverty reductions include Colorado (46.8 percent), Wyoming (46.6 percent), and Delaware (46.2 percent) (Table 1).
- West Virginia (36.8 percent), Mississippi (36.7 percent), and Louisiana (35.6 percent) have the highest poverty rates for working single mothers. All three states would see a significant drop in poverty for working single mothers if these women were paid the same as comparable men: the poverty rates would fall by 36 to 43 percent (Table 1).

FIGURE 1. Current Poverty Rate and Estimated Rate if All Working Women Earned the Same as Comparable Men, by State

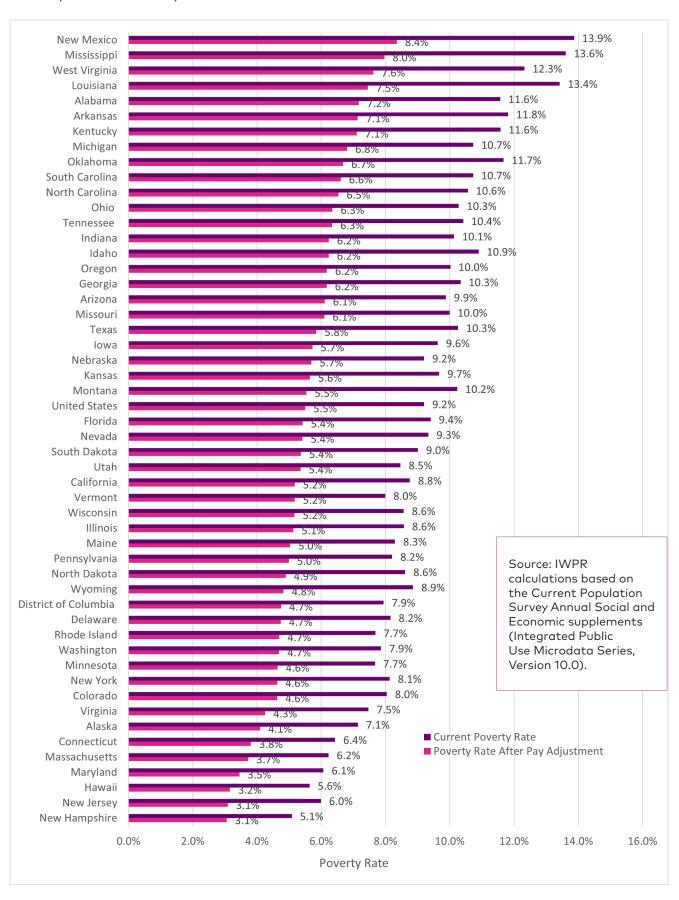


TABLE 1. Impact of Equal Pay on Women's Poverty

Current Poverty Rate and Estimated Rate If All Working Women and Working Single Mothers Earned the Same as Comparable Men, by State

State		All Working Wome	Working Single Mothers			
	Current Poverty Rate	Poverty Rate After Pay Adjustment	Amount the Poverty Rate Would Be Reduced	Current Poverty Rate	Poverty Rate After Pay Adjustment	Amount the Poverty Rate Would Be Reduced
Alabama	11.6%	7.2%	-38.1%	33.2%	20.8%	-37.5%
Alaska	7.1%	4.1%	-42.6%	18.5%	11.0%	-40.9%
Arizona	9.9%	6.1%	-38.1%	26.9%	16.9%	-37.0%
Arkansas	11.8%	7.1%	-39.6%	34.2%	22.9%	-33.1%
California	8.8%	5.2%	-40.9%	24.9%	14.7%	-40.8%
Colorado	8.0%	4.6%	-42.4%	23.7%	12.6%	-46.8%
Connecticut	6.4%	3.8%	-40.7%	22.2%	13.7%	-38.0%
Delaware	8.2%	4.7%	-41.9%	24.3%	13.1%	-46.2%
District of Columbia	7.9%	4.7%	-40.2%	21.1%	14.4%	-32.0%
Florida	9.4%	5.4%	-42.3%	25.1%	15.3%	-39.1%
Georgia	10.3%	6.2%	-40.3%	29.1%	17.9%	-38.4%
Hawaii	5.6%	3.2%	-44.0%	17.4%	9.8%	-43.6%
Idaho	10.9%	6.2%	-42.8%	31.9%	18.1%	-43.4%
Illinois	8.6%	5.1%	-40.1%	27.8%	17.0%	-38.8%
Indiana	10.1%	6.2%	-38.5%	30.0%	18.3%	-39.0%
lowa	9.6%	5.7%	-40.5%	30.1%	17.2%	-42.7%
Kansas	9.7%	5.6%	-41.6%	30.4%	18.3%	-39.9%
Kentucky	11.6%	7.1%	-38.6%	35.0%	23.4%	-33.3%
Louisiana	13.4%	7.5%	-44.5%	35.6%	20.5%	-42.5%
Maine	8.3%	5.0%	-39.3%	28.2%	17.9%	-36.4%
Maryland	6.1%	3.5%	-43.1%	17.7%	10.5%	-40.5%
Massachusetts	6.2%	3.7%	-40.1%	21.1%	12.8%	-39.4%
Michigan	10.7%	6.8%	-36.6%	32.6%	21.3%	-34.7%
Minnesota	7.7%	4.6%	-39.5%	24.7%	15.3%	-38.1%
Mississippi	13.6%	8.0%	-41.5%	36.7%	22.6%	-38.3%
Missouri	10.0%	6.1%	-39.0%	30.3%	18.4%	-39.2%
Montana	10.2%	5.5%	-45.9%	30.2%	18.5%	-38.7%
Nebraska	9.2%	5.7%	-38.1%	29.7%	17.2%	-42.1%
Nevada	9.3%	5.4%	-42.0%	25.5%	14.6%	-42.8%
New Hampshire	5.1%	3.1%	-39.8%	19.1%	10.9%	-43.0%
New Jersey	6.0%	3.1%	-48.4%	22.8%	11.4%	-50.0%
New Mexico	13.9%	8.4%	-39.8%	33.5%	21.5%	-36.0%
New York	8.1%	4.6%	-43.1%	25.0%	14.2%	-43.0%
North Carolina	10.6%	6.5%	-38.2%	30.4%	19.3%	-36.6%
North Dakota	8.6%	4.9%	-43.2%	25.7%	14.9%	-41.8%
Ohio	10.3%	6.3%	-38.2%	33.6%	21.4%	-36.4%

TABLE 1 (Continued). Impact of Equal Pay on Women's Poverty

Current Poverty Rate and Estimated Rate If All Working Women and Working Single Mothers Earned the Same as Comparable Men, by State

	All Working Women			Working Single Mothers		
State	Current Poverty Rate	Poverty Rate After Pay Adjustment	Amount the Poverty Rate Would Be Reduced	Current Poverty Rate	Poverty Rate After Pay Adjustment	Amount the Poverty Rate Would Be Reduced
Oklahoma	11.7%	6.7%	-42.8%	32.2%	18.8%	-41.7%
Oregon	10.0%	6.2%	-38.4%	29.1%	18.5%	-36.4%
Pennsylvania	8.2%	5.0%	-39.2%	26.8%	16.7%	-37.9%
Rhode Island	7.7%	4.7%	-38.9%	23.9%	13.8%	-42.1%
South Carolina	10.7%	6.6%	-38.4%	30.4%	19.8%	-35.0%
South Dakota	9.0%	5.4%	-40.4%	30.2%	19.2%	-36.5%
Tennessee	10.4%	6.3%	-39.2%	30.8%	20.1%	-34.7%
Texas	10.3%	5.8%	-43.0%	28.9%	16.6%	-42.5%
Utah	8.5%	5.4%	-36.7%	25.2%	15.1%	-40.1%
Vermont	8.0%	5.2%	-35.2%	23.9%	14.7%	-38.5%
Virginia	7.5%	4.3%	-43.0%	23.1%	13.2%	-43.0%
Washington	7.9%	4.7%	-40.3%	24.9%	14.0%	-43.7%
West Virginia	12.3%	7.6%	-38.2%	36.8%	23.5%	-36.2%
Wisconsin	8.6%	5.2%	-39.6%	27.2%	17.0%	-37.6%
Wyoming	8.9%	4.8%	-45.5%	25.3%	13.5%	-46.6%
United States	9.2%	5.5%	-40.2%	27.7%	16.7%	-39.5%

Source: IWPR calculations based on the Current Population Survey Annual and Social Economic supplements (Integrated Public Use Microdata Series, Version 10.0).

Equal Pay Would Grow Each State's Economy

Eliminating the gender wage gap would allow many women and families, especially single mothers, to achieve economic security. For every state, and for the entire nation, equal pay could provide a significant boost to the economy, helping families and communities across the United States.

If all working women in the United States were paid the same as comparable men, women's average earnings would increase from \$41,402 to \$48,326 annually (a \$6,924, or 16.7 percent, boost; Table 2). Combined for all working women in the county, this amounts to an earnings increase of \$541 billion, or 2.5 percent of the U.S. gross domestic product in 2019 (Figure 2).³

Closing the gender wage gap would increase women's earnings and strengthen each state's economy significantly:

- Utah would see the largest boost in its state economy if working women were paid equitably (Figure 2). These women would earn \$7,230 more per year (a 22.4 percent increase annually). Combined for all working women, the state would add \$5.1 billion to its economy, an equivalent of 2.6 percent of the state's GDP in 2019. Forty-one of the U.S. states and the District of Columbia would have improved their economy by at least 2.5 percent of the state's overall GDP if women had equal pay (Figure 2 and Table 2).
- The country's largest state economies would also see increases in GDP from equal pay. If working women earned the same as their male peers in California, the state's working women would have earned over \$68 billion more dollars.4 This increase is greater than the entire economy of Maine (\$67 billion) along with seven other states. Similarly, working women in Texas would have earned \$47.9 billion more (2.6 percent of state GDP in 2019) and working women in New York would have earned \$33.5 billion more (1.9 percent of state GDP in 2019).



FIGURE 2. Earnings Increase for All Working Women as a Percent of State Gross Domestic Product (GDP)

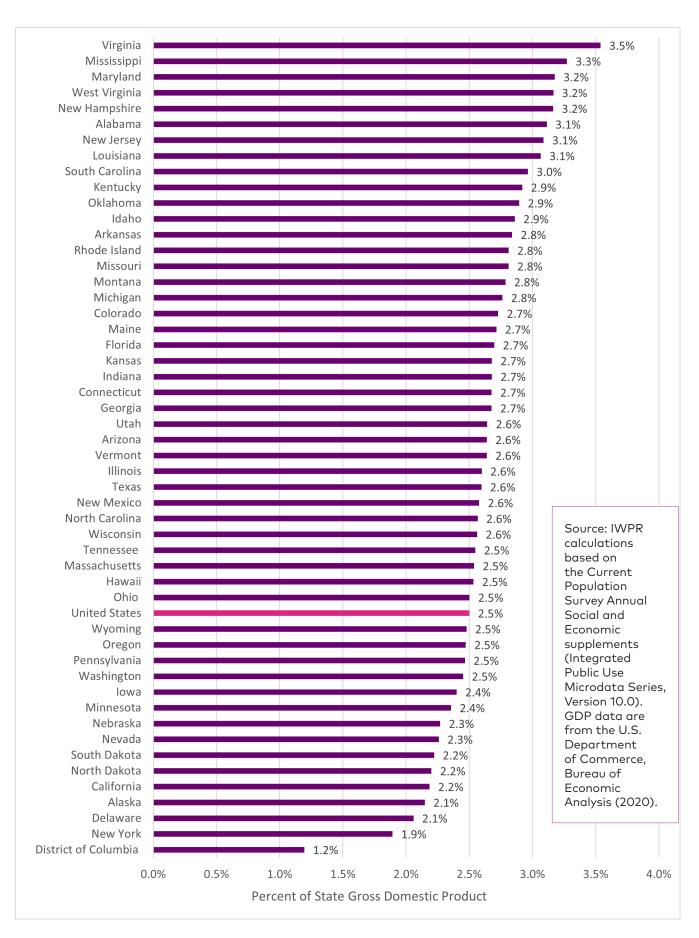


TABLE 2. Impact of Equal Pay on State Economies

Estimated Average Earnings Increase if All Working Women Earned the Same as Comparable Men, by State

	Average Earnings Increase for Working Women with Equal Pay		Earnings Increase Added Up for All Working Women	Earnings as a Percent of the State's GDP	
State	Dollars	Percent Increase*	Dollars (in billions)	Percent of State GDP	
Alabama	\$6,599.83	19.4%	\$7.10	3.1%	
Alaska	\$6,686.05	15.5%	\$1.17	2.1%	
Arizona	\$6,214.35	16.1%	\$9.76	2.6%	
Arkansas	\$5,574.87	16.5%	\$3.72	2.8%	
California	\$7,480.76	15.8%	\$68.45	2.2%	
Colorado	\$7,440.95	17.2%	\$10.72	2.7%	
Connecticut	\$8,314.48	16.6%	\$7.70	2.7%	
Delaware	\$6,739.79	15.4%	\$1.59	2.1%	
District of Columbia	\$8,415.80	11.7%	\$1.71	1.2%	
Florida	\$6,137.62	16.4%	\$29.85	2.7%	
Georgia	\$6,714.52	17.1%	\$16.75	2.7%	
Hawaii	\$6,933.04	16.1%	\$2.43	2.5%	
Idaho	\$6,135.62	19.9%	\$2.39	2.9%	
Illinois	\$7,253.04	16.9%	\$23.01	2.6%	
Indiana	\$6,341.36	18.2%	\$10.17	2.7%	
lowa	\$5,863.25	16.1%	\$4.67	2.4%	
Kansas	\$6,616.38	18.5%	\$4.73	2.7%	
Kentucky	\$6,225.46	17.8%	\$6.29	2.9%	
Louisiana	\$7,415.45	21.7%	\$7.88	3.1%	
Maine	\$5,301.55	14.2%	\$1.84	2.7%	
Maryland	\$8,443.37	16.3%	\$13.56	3.2%	
Massachusetts	\$8,228.01	16.0%	\$15.14	2.5%	
Michigan	\$6,225.33	16.9%	\$14.83	2.8%	
Minnesota	\$6,128.08	14.0%	\$9.04	2.4%	
Mississippi	\$5,838.94	18.4%	\$3.80	3.3%	
Missouri	\$6,181.45	16.8%	\$9.23	2.8%	
Montana	\$5,702.22	17.0%	\$1.47	2.8%	
Nebraska	\$6,026.86	16.5%	\$2.95	2.3%	
Nevada	\$5,763.13	14.9%	\$4.02	2.3%	
New Hampshire	\$7,664.36	17.6%	\$2.77	3.2%	
New Jersey	\$8,793.21	17.2%	\$19.60	3.1%	
New Mexico	\$5,894.98	17.3%	\$2.71	2.6%	
New York	\$6,889.84	13.8%	\$33.54	1.9%	
North Carolina	\$6,154.48	16.4%	\$15.18	2.6%	
North Dakota	\$6,480.71	17.2%	\$1.26	2.2%	
Ohio	\$6,086.75	16.4%	\$17.39	2.5%	
Oklahoma	\$6,595.61	19.3%	\$5.85	2.9%	

TABLE 2 (continued). Impact of Equal Pay on State Economies

Estimated Average Earnings Increase if All Working Women Earned the Same as Comparable Men, by State

	Average Earnings Increase for Working Women with Equal Pay		Earnings Increase Added Up for All Working Women	Earnings as a Percent of the State's GDP	
State	Dollars	Percent Increase*	Dollars (in billions)	Percent of State GDP	
Oregon	\$6,202.84	15.8%	\$6.27	2.5%	
Pennsylvania	\$6,362.21	15.6%	\$19.94	2.5%	
Rhode Island	\$6,429.77	14.9%	\$1.74	2.8%	
South Carolina	\$6,203.21	17.7%	\$7.34	3.0%	
South Dakota	\$5,633.91	16.2%	\$1.22	2.2%	
Tennessee	\$6,033.12	16.7%	\$9.60	2.5%	
Texas	\$7,382.16	18.9%	\$47.87	2.6%	
Utah	\$7,230.40	22.4%	\$5.09	2.6%	
Vermont	\$5,290.11	13.4%	\$0.90	2.6%	
Virginia	\$9,190.27	19.9%	\$19.71	3.5%	
Washington	\$8,340.48	18.5%	\$15.03	2.5%	
West Virginia	\$6,536.11	20.1%	\$2.50	3.2%	
Wisconsin	\$5,971.82	15.7%	\$8.95	2.6%	
Wyoming	\$7,188.62	20.9%	\$1.00	2.5%	
United States	\$6,923.87	16.7%	\$541.39	2.5%	

^{*}Percent earnings increase compared to earnings before the adjustment due to equal pay.

Source: IWPR calculations based on the Current Population Survey Annual Social and Economic supplements, Integrated Public Use Microdata Series, Version 10.0. GDP data are from the U.S. Department of Commerce, Bureau of Economic Analysis.

Conclusions and Policy Recommendations

Bold policies and programs are needed to improve women's earnings and reduce the gender wage gap.

- Build and Invest in the Care Economy: Investing in the public care economy will not only improve pay and economic security for all women, it also will make it easier for people with care responsibilities to fully participate in the labor force. This includes increasing access to affordable and quality care options; allowing for flexible schedules, reduced hours, or other measures to allow workers to meet caregiving needs; and ensuring that all employees have access to mandated paid family and medical leave or paid sick days.
- Increase the Minimum Wage: Raising the minimum wage is vitally important for women, particularly women of color. An increased minimum wage would be especially beneficial to Black and Latina women, who are disproportionately represented among low-wage workers and have been disproportionately impacted by job losses during the pandemic economic recession.
- Increase Education, Training, and Access to Well-Paid Jobs: Rebuilding the economy after COVID-19 must include better access for women to well-paid jobs that are currently primarily done by men, and higher pay and benefits in the essential care jobs now done primarily by women.
- Strengthen Efforts to Ensure Equity in Hiring and Pay Practices: Women need stronger policies such as those barring employers from requesting salary histories (which can perpetuate wage inequality) and enacting and enforcing strict pay transparency laws.

The benefits of equal pay extend far beyond individual women themselves. Closing the gender wage gap would help families across the United States achieve economic security, provide a needed boost to the economy, and ensure an equitable recovery from the COVID-19 recession. Without meaningful policy change, however, the gender wage gap threatens to widen—with far-reaching consequences that will persist long after the pandemic subsides.

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ENDNOTES

- ¹ See Institute for Women's Policy Research, 2018, "The Economic Impact of Equal Pay by State," Washington, DC: Institute for Women's Policy Research http://statusofwomendata.org/wp-content/uploads/2015/02/C457.pdf> (accessed April 16, 2021).
- ² See Ariane Hegewisch, 2021, "Women and the COVID-19 Pandemic: Five Charts and a Table Tracking the 2020 Shecession by Race and Gender," Washington, DC: Institute for Women's Policy Research https://iwpr.org/iwpr-issues/employment-and-earnings/women-and-the-covid-19-pandemic-five-charts-and-a-table-tracking-the-2020-shecession-by-race-and-gender/ (accessed April 16, 2021).
- ³ This estimated growth in GDP is likely an underestimate since women's work hours, educational attainment, and occupational attainment were not increased in the model producing this estimate; higher wages would likely increase women's work hours and educational and occupational attainment. Women's higher wages and the resulting increase in family income would also have multiplier effects, also omitted from the estimate model, including an increase in demand for goods and services and a subsequent increase in production.
- ⁴ State GDP data are from the U.S. Department of Commerce, Bureau of Economic Analysis, 2020. https://www.bea.gov/data/gdp/gdp-state (accessed April 13, 2021)

OUR MISSION | A just future begins with bold ideas.

We win economic equity for all women and eliminate barriers to their full participation in society. As a leading national think tank, we build evidence to shape policies that grow women's power and influence, close inequality gaps, and improve the economic well-being of families.

