The Gender Wage Gap and Public Policy

Introduction

Women’s earnings are crucial to their families’ economic well-being. Women are close to half of all employees in the United States, they are half of all workers with college degrees, and they are the co- or main breadwinners in close to two thirds of families with children, yet they persistently earn less than men. Whether the gender wage gap is measured based on annual, weekly or hourly earnings, within or across occupations, women’s median earnings are lower than men’s. If progress toward closing the gender wage gap continues at the same pace as during recent decades, women and men will not reach equal pay until 2058 (Hess et al. 2015).

This briefing paper sets out the basic facts about the gender wage gap, summarizing data on earnings differences between women and men by race and ethnicity, education, and occupation. It then discusses reasons for the gender wage gap, its consequences for women and their families, and policies that can help to close it.

Basic Facts on the Gender Wage Gap

Following significant progress toward closing the gender wage gap during the 1980s and 1990s, the last decade has seen no further improvement. In 2014, women who worked full-time year-round had median earnings of only 78.6 percent of what men earned across all occupations. This represents a gender wage gap of 21.4 percent and close to $10,800 in lower earnings. This is the most common measure of the gender wage gap. Calculating the gender wage gap for full-time, year round workers allows the longest historical comparison of earnings data. One of the reasons for the narrowing of the gender wage gap during the 1980s and 1990s was the stagnation of men’s earnings in real terms while women’s earnings, from a lower base, continued to grow. Yet, during the last decade, women’s earnings have also failed to grow. Figure 1 tracks the gender earnings ratio and median earnings for women and men since 1960.
Figure 1. Women’s and Men’s Median Annual Earnings and the Gender Earnings Ratio, 1960-2014

Notes: Full-time, year round workers in the civilian labor force, aged 15 years and older. From 2014 CPS ASEC applied redesigned income questions; the 2013 estimate of the gender earnings ratio under the old survey design was 78.3—shown here, not significantly different from the measure estimated on the new design (77.6).

A Wage Gap Even in Female-Dominated Professions

Whether women work in occupations that are mainly done by women, mainly done by men, or fairly integrated between men and women, they earn, on average, less than men. Among the 20 most common occupations for women and 20 most common occupations for men, ‘Financial managers’ face the largest gender gap in earnings: women’s median weekly earnings for full-time work were only 67.4 percent of men’s in 2014; for ‘retail salespersons’ workers’ the gender earnings ratio was 70.3 percent (IWPR 2015). Even in teaching and nursing, heavily professionalized occupations with a strong union presence, women’s earnings are below those of men: women elementary and middle school teachers had median weekly earnings of 87.2 percent of men working in the occupation, and women registered nurses had earnings of 90.4 percent of male registered nurses (IWPR 2015).
Education and the Wage Gap

Educational attainment raises earnings but it does not eliminate the gender wage gap. Figure 2 compares weekly earnings for full-time workers- all at least 25 years of age- by highest level of educational attainment. For both women and men, earnings are substantially higher for those with higher levels of education. The median weekly earnings for women with a high school credential or less were only $538, in comparison to women with some college ($667), a Bachelor’s degree ($962) or a graduate or professional degree ($1,192). Yet, the gender wage gap exists at every level of education, and women with graduate degrees experience the widest wage ratio of 73 percent, earning almost $450 less per week than their male counterparts.

Figure 2. Median Weekly Earnings for Women and Men at Different Levels of Educational Attainment, 2013

The Wage Gap for Women of Color

Hispanic and black women have much lower earnings than white and Asian women and men. In 2014, the largest wage gap in median weekly earnings was for Hispanic women, who earned $548 a week and only 61 percent of what white men earned ($897). There was also a considerable wage gap for African-American women whose median weekly earnings of $611 were 68 percent of what white men earned. The wage gap was smaller for Asian women (94 percent) and white women (82 percent) due to their higher median weekly earnings of $841 (for Asian women) and $734 (for white women; Hegewisch, Ellis, and Hartmann 2015).
Differences in earnings by race and ethnicity are partly a reflection of higher educational attainment of Asian and white women, compared with African American and Hispanic women. Yet, having higher levels of education does not eliminate earnings differences between women. In 2013, the median weekly earnings for Asian women with a Bachelor’s degree were $1,157, compared with $980 for white women, $900 for African American women, and $865 for Hispanic women.

The Wage Gap by Age

Women’s earnings are closer to their male counterparts at the beginning of their careers but the wage gap increases over time. From the ages of 25 to 34, women’s median weekly earnings (for full-time workers) are about 90 percent of men’s earnings (U.S. Bureau of Labor Statistics 2015). As women age, the gap widens considerably: Women between the ages of 35 and 44 earn 81 percent of what men earn, while women between the ages of 45 and 54 earn about 77 percent, and women ages 55-64 just 76.4 percent of what men earn (U.S. Bureau of Labor Statistics 2015). This widening of the pay gap corresponds to the years when families’ childcare and caregiving responsibilities are the greatest.

Causes of the Gender Wage Gap

A number of factors contribute to the gender wage gap, including discrimination, occupational segregation and the undervaluation of work typically done by women, the low minimum wage, and women’s caregiving responsibilities.

Discrimination

Researchers have estimated that 38 percent of the total gap in earnings between men and women may be the result of discrimination (Blau and Kahn 2016). Discriminating against women in employment is illegal, and has been for 50 years. Congress passed the Equal Pay Act in 1963, requiring employers to give male and female employees “equal pay for equal work.” This was followed in 1964 with passage of the Civil Rights Act, prohibiting all discrimination in hiring, firming, promotion, and wages on the basis of race, color, religion, sex, or national origin (U.S. Equal Opportunities Commission n.d.).

One challenge for women (and men) in uncovering discrimination is the lack of transparency in earnings. A survey conducted by IWPR found that the majority of workers in the private sector (62 percent of women and 60 percent of men) say that they are either contractually forbidden or strongly discouraged from discussing their earnings with coworkers (IWPR 2014a). In the absence of pay transparency, court cases have revealed different aspects of discrimination, from outright wage discrimination (paying women lower hourly rates than men for the same work), discrimination in promotions, restricting women’s access to the jobs with the highest commission payments, to inequality in access to the most lucrative clients (Hegewisch, Deitch and Murphy 2011).

Occupational Segregation and the Undervaluation of Women’s Work

Four in ten women work in occupations where at least 75 percent of workers are women. On average, these occupations have lower earnings than more mixed or predominantly male occupations. The gap in earnings is particularly large in occupations requiring at least 4 years of college (Hegewisch and Hartmann 2014). For example, the median earnings of librarians or elementary and middle school teacher (occupations that are mainly done by women) are much lower than the median earnings of a civil engineer or software developer (occupations mainly done by men; U.S. Bureau of Labor Statistics 2015a). The median hourly earnings of pre-school teachers (a job that requires at least an Associate’s degree) are
lower than the median hourly earnings of construction laborers and helpers, a job that does not require completed high school education (U.S. Bureau of Labor Statistics 2014b).

During the 1970s and 1980s, considerable progress was made towards breaking down occupational segregation by sex, with more women entering male-dominated occupations. This was a period when Title IX opened doors for women, civil rights laws and affirmative action broke down barriers for women, and advocacy focused on expanding opportunities for women in non-traditional occupations (AAUW 2014). Since the mid-1990s, progress toward integrating male-dominated occupations to achieve a more even balance between women and men has stalled (Hegewisch and Hartmann 2014).

IWPR estimates that if women’s work was valued as much as men’s, and if women were to receive the same hourly rate of pay as men with the same levels of education and experience, women’s poverty would be cut in half (Figure 3).

**Figure 3. Equal Pay Would Reduce Poverty by Half for Families with a Working Woman**

![Bar graph showing poverty rates by gender and relationship status, with single mothers at 28.7%, other single women at 15.0%, and married women at 2.4%. The poverty rate if women were paid the same as comparable men is shown as red bars: single mothers at 11.0%, other single women at 4.6%, and married women at 1.1%.

Source: Hartmann, Hayes and Clark. 2014.

**Women’s Concentration in Low-Wage Jobs and the Low Minimum Wage**

Women are the majority of workers in occupations such as cashiers, nursing, psychiatric and home health aides, and maids and housekeeping cleaners, occupations with such low median earnings that working full-time, year round would leave a worker supporting a household of four below the federal poverty line (Hegewisch and Ellis 2015). In 2014, almost two of three workers who were paid at or below the minimum wage were women (U.S. Bureau of Labor Statistics 2015b). The federal minimum wage is just $7.25 an hour and the federal minimum wage for tipped workers (mostly restaurant workers) is only $2.13 an hour. Because neither minimum wage is indexed for inflation, the buying power of the minimum wage has decreased over time. This is a principal factor in poverty among women and families: 40 hours per week paid at the federal minimum wage for 52 weeks a year (and many low wage jobs do not provide
an opportunity for such regular full-time earnings) translates into annual earnings of only $15,080, too little to lift a family of one adult and child above the federal poverty threshold (U.S. Department of Health and Human Services 2014).

Women’s Caregiving Responsibilities

The fact that women remain the primary caregivers in our society is an important factor in the pay gap. Mothers spend almost twice as many hours on childcare (13.5 hours) as fathers (7.3 hours; Parker and Wang 2013). Two out of three unpaid caregivers for sick, elderly, or disabled family members are women (National Alliance for Caregiving and AARP. 2009). Nearly 20 percent of employed caregivers report that they have missed professional opportunities, suffered financial losses, and/or needed to take time off from work due to caregiving responsibilities (Glynn and Farrell 2014).

Although women are close to half of all workers, and close to 70 percent of mothers of children under 18 are in the labor force (U.S. Bureau of Labor Statistics 2014) employer and government policies have not caught up to this reality. Lack of quality, affordable child care can create significant conflict for working mothers (and fathers). With the annual cost of full-time child care ranging from $3,900 to $15,000, many working parents simply cannot afford child care. In many states, long waiting lists for child care assistance means that many families wait months before a slot opens up, and for many, that time never comes (Schulman and Blank 2013).

Policies to cover job-protected leave for caregiving are woefully inadequate. The Family and Medical Leave Act (FMLA) provides up to 12 weeks annually of job-protected, unpaid leave to employees in firms with 50 or more employees to be used for their own illness, to care for a new child, or to care for a sick family member. This restriction in coverage leaves four in ten workers without a right to FMLA leave (Klerman, Daley and Pozniac 2014). For women who need time off for childbirth or to care for a seriously ill child or adult relative, this can mean losing their job, leading not only to short term financial hardship but also restricting their wage growth over time.

Consequences of the Gender Wage Gap

The wage gap has a significant impact on the economic security of women and families.

Poverty

The gender wage gap is a major factor in high poverty rates among women (Hartmann, Hayes and Clark 2014). In 2014, 16 percent of women were living in poverty, compared with 13 percent of men (U.S. Census Bureau 2016b).

Lost Earnings over a Lifetime

The gender wage gap also has a cumulative effect on women’s lifetime earnings. The National Women’s Law Center (2014a) estimates that over a lifetime of working full-time, year round, the wage gap results in lost earnings of $464,320 for a typical woman who worked full time, year round. In practice the loss of earnings is even greater because women are less likely to work full-time for each year of their working lives and are more likely than men to spend some time working part-time or to leave paid employment for a time to raise children or care for family members. When comparing all men and women (not only those
who worked full-time) one study found that over a 15 year period women’s earnings were no more than 38 percent of men’s (Rose and Hartmann 2004).

**Retirement Income Gap**

Lower lifetime earnings, combined with different work patterns, translate into a retirement income gap as well. In 2011, the average annual Social Security income received by women 65 years and older was $10,418, compared with $13,234 for men (Fischer and Hayes 2013). Fewer women than men receive income from pensions (29 and 46 percent respectively; Fischer and Hayes 2013) and when they do, pension payments received typically are lower than those received by men: women’s median annual pension income ($9600) was only 57 percent of men’s pension income ($16,800; Employee Benefit Research Institute 2014).

**Impact on Two-Earner Families**

The pay gap has a significant impact on the economic security of families who rely on both parents’ earnings. Over the last forty years, families have increasingly come to rely on women’s financial contributions. The proportion of married mothers who were the main or co-breadwinners (those bringing home at least a quarter of their families’ earnings) more than doubled from 28 percent in 1967 to 64 percent in 2010 (Boushey 2014). Women’s earnings are especially important to dual-earner families with low incomes: In 2011, 70 percent of wives in households in the bottom fifth of the income distribution earned as much or more than their husbands, compared with 33 percent in the couples in the highest income bracket (Boushey 2014). In other words, because two-earner families rely so heavily on women’s earnings, higher earnings for men in these families do not compensate for the lower wages that women are paid.

**Single Mother Households**

The impact of the gender wage gap is particularly severe on the 8.6 million families headed by a single mother. In 2013, the median total family income of female-headed families was only $23,726 (U.S. Census Bureau 2014). The rise in families headed by a single mother has been a major change over the last fifty years: the proportion of families headed by a woman with children under the age of 18 tripled from just 8 percent in 1963 to 25 percent of all households with children in 2013 (U.S. Census Bureau 2014a). Close to half of all children of single mothers (45.8 percent) live in poverty (DeNavas and Proctor 2014). Lower earnings as a result of the gender wage gap make it harder for single mothers to provide economic security for their families and themselves.

**Closing the Gender Wage Gap**

Closing the gender wage gap requires a concerted effort on a number of policy fronts, including greater pay transparency and increased enforcement of anti-discrimination laws, measures to tackle women’s concentration in lower paid, predominantly female occupations, an increase in the minimum wage, and improved work family supports.

**Strengthen Equal Pay Laws**

The *Lilly Ledbetter Fair Pay Act of 2009*, the first piece of legislation signed into law by President Obama, represented an important step toward equal pay. This legislation clarifies that pay discrimination occurs each time a woman receives a discriminatory pay check, not just when an employer first makes a
discriminatory pay decision, giving her 180 days to make a discrimination complaint to the Equal Employment Opportunity Commission after each pay check is received (AAUW 2014). Yet, the Lilly Ledbetter Fair Pay Act left unaddressed one of the central problems for Lilly Ledbetter in her discrimination case, that her employer prohibited employees from discussing their pay. The Paycheck Fairness Act would make it illegal for employers to retaliate against employees who discussed their pay rates with other workers; it would also increase data collection on earnings and update the Equal Pay Act by clarifying the “legitimate business reasons” for unequal pay and by aligning the level of available remedies with those available for employment discrimination claims brought under Title VII of the Civil Rights Act. Although the House of Representatives passed the Paycheck Fairness Act in 2009, the Senate defeated it in 2012. The Paycheck Fairness Act was reintroduced in the 114th Congress (Congress.gov 2016).

Eleven states have passed laws against pay secrecy, and several states have passed laws to strengthen other aspects of pay fairness (Hess et al 2015; National Women’s Law Center 2016). At the federal level, since January 2016 private employers selling goods or services to the government are also prohibited from retaliating against employees discussing their pay (U.S. Department of Labor 2015a). Rule to oblige federal contractors and larger employers to submit equal pay reports, as part of general reporting rules on equal employment opportunities, are in preparation (U.S. Department of Labor 2015b; U.S. Equal Employment Opportunities Commission 2016).

Tackle Women’s Underrepresentation in High-Wage, Predominantly Male Occupations

A number of program and policy interventions can help to expand opportunities for women in technical jobs and the trades (e.g., jobs in construction, plumbing, and transportation) as well as jobs in the STEM fields of science, technology, computing, and math. Reauthorization of the Perkins Career and Technical Education Improvement Act provides an important opportunity to increase training slots for women and girls in nontraditional fields by strengthening the provisions that hold states accountable for serving underrepresented groups (National Coalition for Women & Girls in Education and National Coalition on Women, Jobs, and Job Training 2013). In addition, federal agencies must establish clear guidelines, measures, and enforcement mechanisms to ensure compliance with Title IX in STEM fields at institutions of higher learning, including community colleges (Costello 2012).

Raise the Minimum Wage

Raising the minimum wage is a critical step toward closing the wage gap. Proposals to increase the minimum wage include The Fair Minimum Wage Act and the Minimum Wage Fairness Act, which would increase the federal minimum wage to $10.10 an hour by 2016, and gradually raise the tipped minimum wage to 70 percent of the minimum wage—and both minimums would be indexed for inflation. The majority of workers benefiting from this law would be women. Such an initiative would increase wages for more than 15 million women, more than one in five of whom is a working mother (NWLC 2014b). Twenty nine states and the District of Columbia have had successful campaigns to raise the state minimum wage above the federal level and/or increase the minimum wage for tipped workers (U.S Department of Labor 2015c).

Support Unionization of Working Women

Unionization of working women would also help to narrow the wage gap (Anderson, Hegewisch, and Hayes 2015). On average, women who are members of or represented by a union earn about 13 percent (or about $2.50 an hour) more than non-union female workers with similar characteristics. Unionized
women are also more likely to have an employer-provided pension plan and health insurance than their non-union counterparts (Schmitt and Woo 2013). Unionizing women in fields that employ large numbers of women such as nursing and child care could narrow the wage gap in those occupations.

**Strengthen Work-Family Policies**

Policies to support women’s caregiving responsibilities are important to helping them remain in the labor force (or smoothly re-enter after an absence). Such supports include paid family and medical leave, earned sick days, an expansion of quality, affordable childcare and early education, including universal pre-kindergarten, as well as supports for families caring for elderly relatives or a family member with a disability. This is critical for women’s ability to contribute to their families’ economic security and save for their own retirement.

**Notes**

1Co-breadwinner is defined as a mother who contributes at least 25 percent of the family’s income (Boushey 2014).

2 ‘Full-time, year-round’ includes everyone who works at least 35 hours per week for at least 50 weeks of the year. Median earnings are the mid-point of the earnings distribution, where approximately 50 percent of earners earn less, and 50 percent more; the median is less likely to be skewed by a few very high earning individuals than the mean or average of all earnings.

3 The gender earnings ratio (and its inverse, the gender wage gap) can also be measured by comparing the median weekly earnings of women and men. Unlike the annual earnings measure, the weekly measure excludes the self-employed and does not capture annual bonus or commissions. Because gender inequality is larger among the self-employed and those getting annual bonus, the weekly gender wage gap is typically lower than the annual gender wage gap. In 2013, the weekly gender earnings ratio was 82 percent, a gender wage gap of 22 percent. The gender wage gap is lowest for hourly paid workers; in 2012 the median hourly earnings ratio was 86 percent, a gender wage gap of 14 percent (U.S. Bureau of Labor Statistics 2013). The hourly ratio is lower for two reasons: hourly workers are more likely to work in occupations where earnings are lower for all workers, men and women; and the measure includes women who work part-time in professional jobs; part-time work in better paid occupations is much less common for men than women.

4 IWPR microdata analysis of Current Population Survey Outgoing Rotation Group as provided by the Center for Economic and Policy Research.

5 Such studies first examine the impact of other factors that would be expected to influence wages, such as age, work experience, hours worked, education, and occupation; the wage gap that remains unexplained after all known factors are taken into account is considered possibly or likely the result of discrimination (Hartmann 2012).

**References**


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“Developing America’s Potential: An Agenda for Affordable, High Quality Child Care.” n.d. Developed and endorsed by the American Federation of state, County and Municipal Employees; Center for law and Social Policy; The Children’s Project; Early Care and Education Consortium; National Association for the Education of Young Children; National Association for Family Child Care; National Council of La Raza, National Women’s Law Center, Service Employees International Union; and Zero to Three. <https://www.naeyc.org/files/naeyc/file/policy/federal/ChildCareAgenda.pdf> (accessed March 30, 2014).


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