



FIGHTING THE WAGE GAP

Last updated March 2007

What is the Wage Gap?

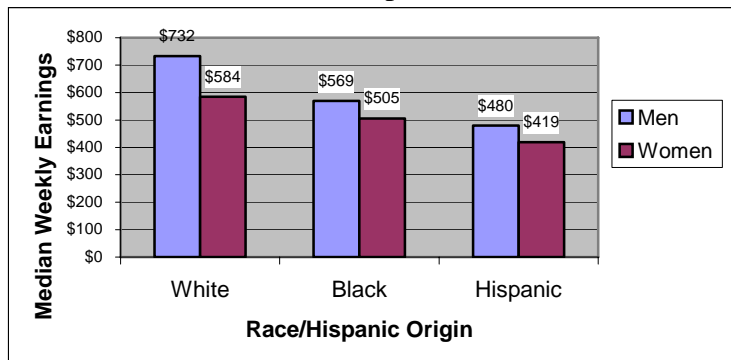
The wage gap is calculated by comparing the median wages of women and men who work full-time. According to the US Census Bureau, in 2005 women earned 77 cents for every \$1 earned by men. The wage gap costs the average American full-time working woman between \$700,000 and \$2 million over the course of her lifetime, according to economist Evelyn Murphy, president of the WAGE Project

While this figure is useful for illustrating the inequities women face in the workplace, it is a very rough estimate and does not reflect the experience of every single woman. Differences in factors like race, education, or work experience are not taken into account. In addition, the wage gap statistic does not take into account the salaries of part-time employees, of which women are the majority.



Lower Median Weekly Earnings for Women and Men of Color

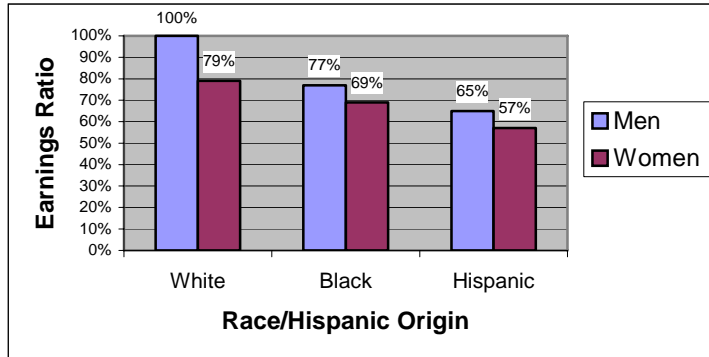
While women as a whole face a wage gap, women and men of color also earn significantly less than their white male counterparts, who face no sex- or race-based discrimination.



For example, the average black man earns approximately \$163 less per week than the average white man. That's almost \$8,500 over the course of one year. Hispanic women are the worst off, averaging over \$16,000 less per year.

Source: "Median weekly earnings of full-time wage and salary workers by selected characteristics." Household Data Annual Averages, 2004. U.S. Census Department, Current Population Survey. www.bls.gov

Wage Gap Wider for Women and Men of Color



This wage differential is even more staggering when examined in terms of percentages.

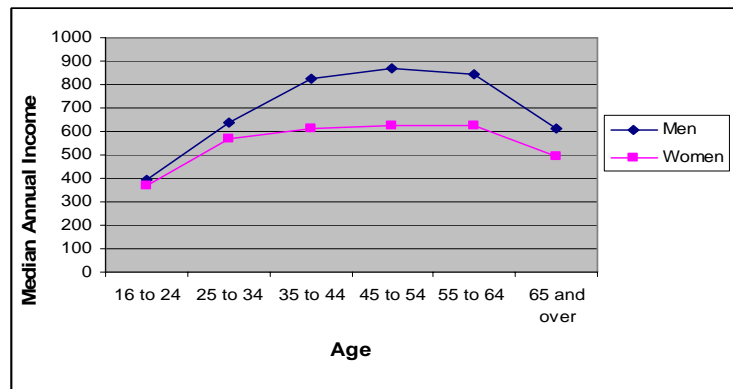
Black women and Hispanic men earn approximately 2/3 of the income of white men, while Hispanic women earn a little over 1/2 - 54%.

Source: "Median weekly earnings of full-time wage and salary workers by selected characteristics." Household Data Annual Averages, 2004. U.S. Census Department. Current Population Survey. www.bls.gov

The Wage Gap by Age

Although the wage gap is very small for young women, it continually increases with age.

This is especially harmful to older women, who are less likely to have pensions or individual savings, and typically have smaller social security income.



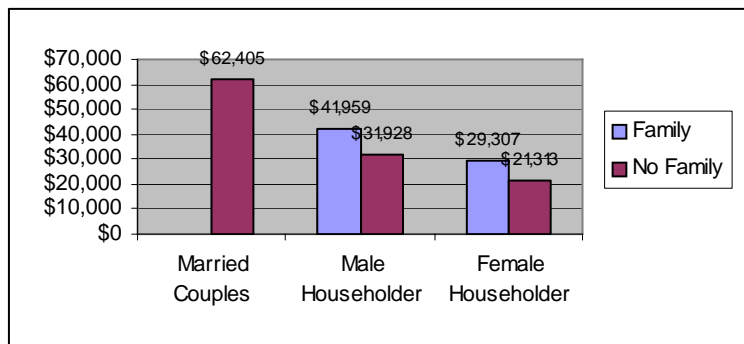
Source: "Usual Weekly Earnings of Wage and Salary Workers: Fourth Quarter 2004." Current Population Survey, U.S. Census Bureau. www.bls.gov/cps/

WISER (Women's Institute for a Secure Retirement) estimates that

"older women are twice as likely as older men to be living near or below the poverty level."

Median Annual Income by Gender and Family Type

Households headed by women earn significantly less than households headed by men or married couples.



A Female Householder with a family earns approximately:

- 47% of a married couple's income,
- 70% of a male householder's income (with a family)
- 92% of a male householder's income (without a family)

Source: "Income, Poverty and Health Insurance Coverage in the US: 2002." U.S. Census Bureau. www.census.gov/prod/2004pubs/p60-226.pdf

A Female Householder without a family is worse off:

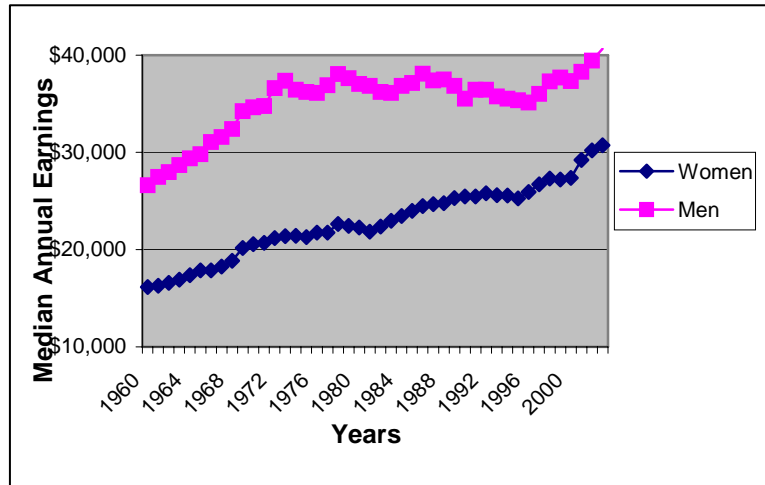
- 34% of a married couple's income
- 51% of a male householder's income (with a family)
- 67% of a male householder's income (without a family)

Wage Gap Closing Slowly

In 1960, women earned 61 cents for every dollar earned by men. In 2003, that number had increased to 76 cents. It has taken women 43 years to gain another 15 cents for each dollar earned by men.

While it is encouraging that the wage gap is closing rather than widening,

progress is tediously slow – little more than 1/3 cent per year. At this rate, it will take 90 more years to gain the 24 cents necessary to close the gap.



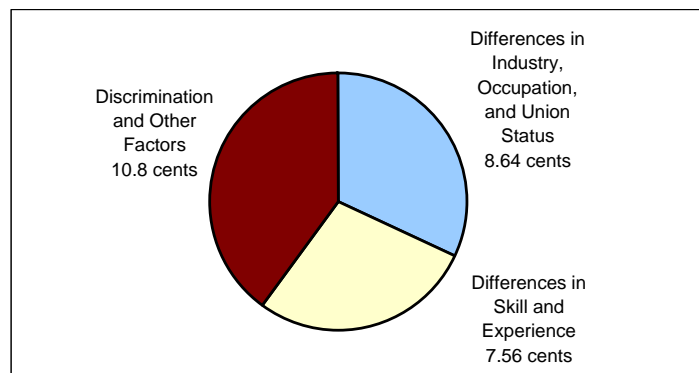
Source: "The Wage Gap Over Time." National Committee on Pay Equity. 2005. www.pay-equity.org/info-time.html

Although the wage gap has decreased since 1960, not all of that progress has meant increased wages for women. **Much of the closing of the wage gap has been due to men's wages deteriorating.** Men's wages peaked in 1973 at \$38,630 (in 1998 dollars) and have been lower ever since.

Factors Influencing the Wage Gap

Many factors contribute to the existence of the wage gap. Some of these include:

- Strength of Economy
- Occupational Segregation
- Numbers of Women and Men Entering the Workforce
- Union Affiliation
- Education
- Skill and Experience
- Discrimination
- Government Enforcement of Anti-Discrimination Law
- Employer Actions to Eliminate Wage Discrimination
- Other Factors



Source: "Explaining Trends in the Gender Wage Gap." Council of Economic Advisors. June 1998.

According to the 2003 General Accounting Office report “Women’s Earnings,” a significant portion of the wage gap cannot be explained by any of the above factors. The GAO report looked at 18 years of data and found a 20% earnings gap between women and men that could not be explained, even when accounting for demographic and work-related factors such as occupation, industry, race, marital status and job tenure. Much like previous 1998 data from the Council of Economic Advisors, the GAO found that much of the wage gap is attributable to discrimination.

Discrimination occurs when women are:

- paid less because they are not considered “primary breadwinners”
- hired less frequently in high-wage establishments
- given fewer training and mentoring opportunities than other workers
- given smaller benefits and pension packages than their male counterparts

Less obviously, discrimination can be:

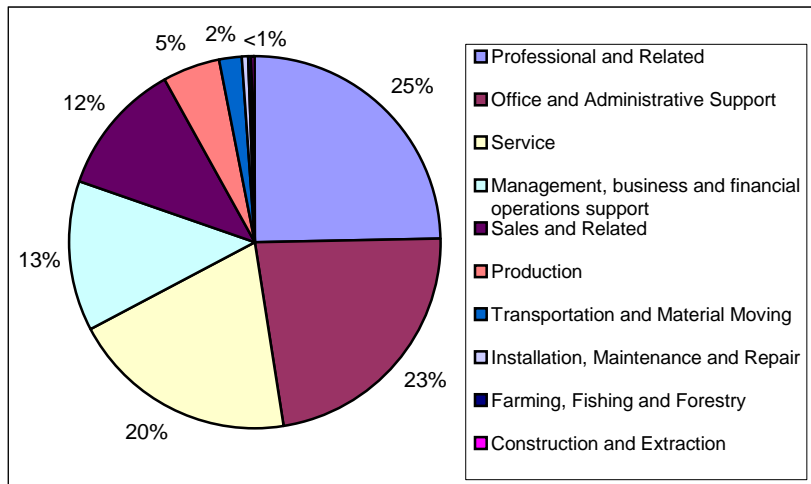
- Employers or career counselors “steering” women into female-dominated occupations
- Employees in “women’s” jobs being paid less than those in “men’s” jobs that require similar skill, effort, and responsibility

Occupational Segregation

Women are generally clustered in industries that have low wages, few benefits, and little opportunity for advancement.

Some economists say that occupational segregation is a result of the choices that women make of their own free will. However, these choices are often the result of cultural norms, family expectations, or

“steering” by career counselors and employers.



Source: “Employed Persons by Occupation, Sex and Age.”
 US Census Bureau, Household Data Annual Averages, 2003.
www.bls.gov/cps.

Almost 1/4 of all working women are in office and administrative support jobs, while approximately 1/5 are in service sector occupations. Another 25% are in “professional and related” occupations, over half of which are nurses and teachers.

Women’s Wages and Losses by Industry

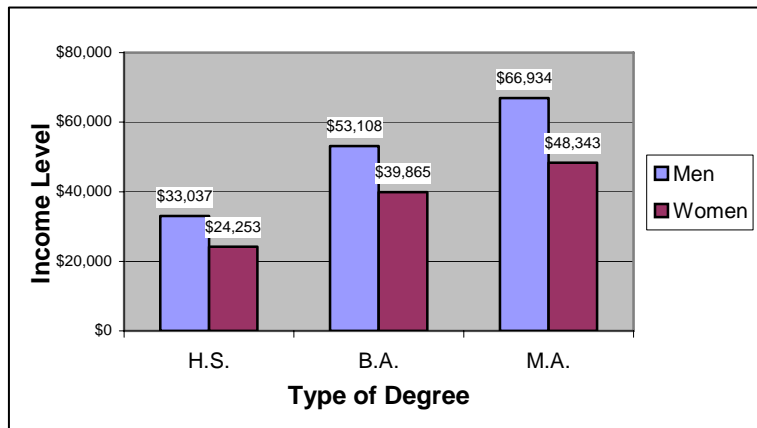
Industries where women are most heavily clustered – administrative/clerical and service – and pay relatively poorly. In the professional and managerial industries, women are paid considerably better, but suffer larger wage gaps. In one year, they will earn between \$12,000 and \$16,000 less than men in their fields.

	Women's Weekly Earnings	Men's Weekly Earnings	Earnings Ratio	Women's Annual Loss
Administrative/Clerical	\$427	\$539	0.79	\$5,824
Service	304	402	0.75	5,096
Professional	707	939	0.75	12,064
Managerial	652	967	0.67	16,380
Sales	399	666	0.60	13,884
Machine Operators/Handlers	337	472	0.71	7,020
Technicians	431	626	0.69	10,140
Production	428	606	0.71	9,256
Farming/Fishing	283	341	0.83	3,016

Source: "Employment and Earnings." Bureau of Labor Statistics. January 2000.

Wage Gap by Education

Although attaining an education helps women earn higher wages, the wage gaps between men and women of the same educational level remains high.



High School = 73.4
 Bachelor's = 75.1
 Master's = 72.2

Women with a Master's actually earn \$4,765 less than men with a Bachelor's.

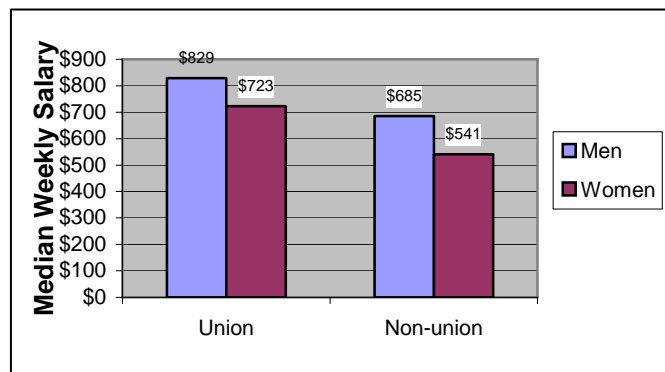
Source: "The Wage Gap by Education: 2001" National Committee on Pay Equity. www.pay-equity.org/info-education.html.

Some argue that because women are now seeking a higher education in record numbers – there are more women than men enrolled in college – education is no longer an important factor in women's employment and pay discrimination. Although higher education means more money for women, and therefore a smaller overall wage gap, the **wage gaps between men and women of the same educational level persist.**

The Union Difference

Joining a union can offer women much higher wages - an average of \$182 per week more. Union women actually earn \$38 per week more than non-union men. In addition, the wage gap between union men and women is only 13 cents per

dollar, as compared to 21 cents for non-union workers.



Source: "Median Weekly Earnings of full-time wage and salary workers by union affiliation and selected characteristics, 2004." www.bls.gov/cps.

Effects of the Wage Gap

Women

- Lower wages
- Less purchasing power
- Less economic power
- Less autonomy/self-sufficiency
- Higher rates of poverty
- Poorer standard of living during retirement
- Lose over \$500,000 over a lifetime

Men

- Men of color are affected by the wage gap in the same way that women are
- Men employed in female-dominated occupations also suffer from the wage gap
- Men who are married to/live with working women suffer lower family/household income

Children

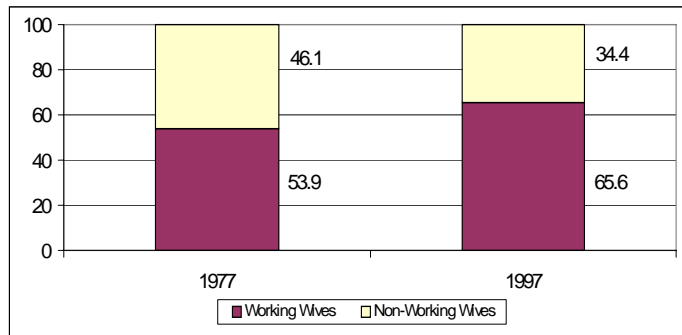
- Most children are supported by the income of at least one woman
- Both married and single mothers are working outside the home in record numbers
- If the wage gap leaves mothers in poverty, children have increased chances of:

- ☆ infant mortality
- ☆ poor health
- ☆ inadequate diet

- ☆ low school achievement
- ☆ high school dropout rate
- ☆ unemployment or underemployment as adults

Higher Percentages of Married Women are in the Workforce

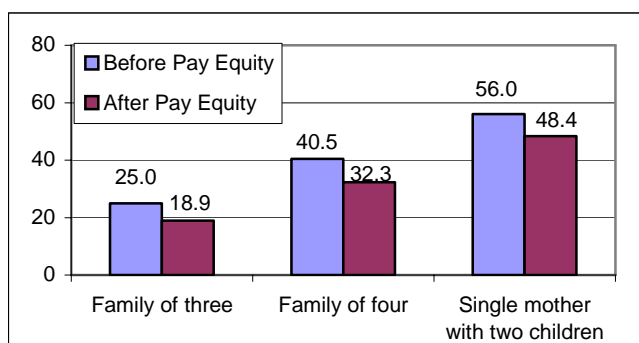
(Affects women and men)



Source: "How Equal Pay Helps Men, Too." AFL-CIO.

Impact of Pay Equity on the Percentage of Women Earning Below Poverty Wages

(Affects women and families)



Source: "How Women Can Earn a Living Wage" IWPR 1995.

How Can We Fix the Wage Gap?

To combat the wage gap, we need the help of the government, employers and individuals like you. Implementing equal pay must be done on all three levels to be effective.

Government can pass equal pay legislation that requires employers to establish equal pay practices. Although the Equal Pay Act and Title VII of the Civil Rights Act provide some protection, these laws are poorly enforced, and it is difficult to win a case in a court of law. Both the Paycheck Fairness Act and the Fair Pay Act have been introduced in this session of Congress. Passing them would mean great progress for equal pay and working Americans.

Employers can establish equal pay practices in the workplace. After conducting a self assessment, employers can voluntarily implement hiring, promotional and pay practices that will help close the wage gap. In addition, corporations that follow equal pay policies can influence other companies to do the same.

Individuals like you are needed for several reasons. First, we need to pressure the government and employers to implement equal pay policies. Secondly, we each need to combat the wage gap in our own lives by learning how to negotiate a higher salary, by choosing careers historically been dominated by men and by being vocal when we witness workplace discrimination.



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Sources:

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Explaining Trends in the Gender Wage Gap. Council of Economic Advisors, June 1998

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