

# EMPLOYMENT

## FACT SHEET

### FAQ About the Wage Gap

September 2012

*The typical American woman who worked full time, year round was still paid only 77 cents for every dollar paid to her male counterpart in 2011.<sup>1</sup> For women of color, the gap was even larger. This document provides details about the wage gap measure that the Census and the National Women's Law Center use, factors contributing to the wage gap, and how to shrink the gap.*

#### 1. What's behind NWLC's wage gap figure?

The wage gap figure that NWLC reports at the national level is the same as that reported by the Census Bureau – the median earnings of women full-time, year-round workers as a percentage of the median earnings of men full-time, year-round workers.<sup>2</sup> Median earnings describe the earnings of a worker at the 50<sup>th</sup> percentile – right in the middle. Earnings include wages, salary, net self-employment income but not property income, government cash transfers or other cash income – so basically the money people see in their paychecks.<sup>3</sup> Working “full time” is defined as working at least 35 hours a week and working “year round” means working at least 50 weeks during the last twelve months.<sup>4</sup>

The national wage gap data come from the Current Population Survey and include workers 15 and older.<sup>5</sup> The wage gap is not broken down by occupation or industry, though data on earnings by industry and occupation for women and men are available from the Bureau of Labor Statistics.<sup>6</sup>

#### 2. Why does NWLC use this wage gap figure?

The 77 cent figure captures the effects of many elements that produce the wage gap – including discrimination, occupational segregation, and caregiving responsibilities – and demonstrates just how strongly these many factors impact the economic security of women workers.

Comparable figures for the 77 cents figure are also available in earlier Census Bureau data sets, allowing for a longer historical comparison and permitting the data to be tracked overtime. We can look back at the wage gap to 1960, prior to the Equal Pay Act of 1963, and are able to discern trends, like the fact that the wage gap has barely budged over the last decade.<sup>7</sup>

#### 3. What happens when you look at the different causes of the wage gap? Doesn't it shrink?

The wage gap occurs at all education levels,<sup>8</sup> after work experience is taken into account,<sup>9</sup> and it gets worse as women's careers progress.<sup>10</sup> A Bloomberg Businessweek article examined wage gaps within occupations and found that out of 265 major occupations, women's median salary exceeded men's in only one occupation – personal care and service workers.<sup>11</sup> Skeptics of the wage gap may also insist that the wage gap exists because of the occupational choices that women make. However, this argument ignores the fact that “women’s” jobs often pay less precisely because women do them, because women's work is devalued,<sup>12</sup> and that women are paid less even when they do chose the same occupation as men.

A study by labor economists Francine Blau and Lawrence Kahn also demonstrates the effects of a variety of factors that influence the wage gap, like



occupation, industry, work experience, and more. However, Blau and Kahn found that when you look at the effects of all of these factors combined – 41 percent of the wage gap still remained unexplained.<sup>13</sup> Over a 40-year career the 23-cent wage gap would cost a woman more than \$443,000.<sup>14</sup> Moreover, the reported cases of company-wide pay discrimination are evidence that discrimination contributes to the wage gap. The bottom line is that the wage gap is unacceptable - even a few cents less on the dollar adds up to thousands of dollars over a woman's career.

Another factor that plays into the wage gap is the role of women as caregivers and the stereotypes that accompany this role. A study by Shelley Correll, Stephan Benard, and In Paik found that, when comparing equally qualified women job candidates, women who were mothers were recommended for significantly lower starting salaries, perceived as less competent, and less likely to be recommended for hire than non-mothers.<sup>15</sup> The effects for fathers in the study were the opposite – fathers were actually recommended for significantly higher pay and were perceived as more committed to their jobs than non-fathers.<sup>16</sup> By contrast, in another study of the wage gap between mothers and non-mothers, researchers found that "mother-friendly job characteristics" explained just a small portion of the wage gap between mothers and non-mothers.<sup>17</sup>

- 1 NWLC, The Wage Gap is Stagnant in the Last Decade (Sept. 2012), available at <http://www.nwlc.org/resource/wage-gap-stagnant-last-decade>.
- 2 NWLC, Insecure and Unequal: Poverty and Income Among Women and Families, 2000-2011 (Sept. 2012), available at <http://www.nwlc.org/resource/insecure-and-unequal-poverty-and-income-among-women-and-families-2000-2011>.
- 3 U.S. Census Bureau, Current Population Survey (CPS) – Definitions, available at <http://www.census.gov/cps/about/cpsdef.html> (last visited Aug. 24, 2012). See definition for "earnings."
- 4 *Id.* See definition for "work experience." This includes sick leave and paid vacation. School personnel are also included if they are returning to work in the fall.
- 5 U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, available at <http://www.census.gov/cps/>.
- 6 See further data available from the Bureau of Labor Statistics available at <http://www.bls.gov/cps/> or <http://www.bls.gov/bls/cpswomendata.htm>.
- 7 *Supra* note 1. See also NWLC, The Wage Gap Over Time (May 3, 2012), available at <http://www.nwlc.org/our-blog/wage-gap-over-time>.
- 8 Heather Boushey, Center for American Progress, Strengthening the Middle Class: Ensuring Equal Pay for Women (Mar. 11, 2010), available at <http://www.americanprogress.org/issues/labor/news/2010/03/11/7420/strengthening-the-middle-class-ensuring-equal-pay-for-women/>.
- 9 Joint Economic Committee, Invest in Women, Invest in America: A Comprehensive Review of Women in the U.S. Economy (Dec. 16, 2010), available at [http://www.jec.senate.gov/public/index.cfm?p=Reports1&ContentRecord\\_id=11dd6449-8d54-41ff-9bb2-87d98cbf66c2&ContentType\\_id=efc78dac-24b1-4196-a730-d48568b9a5d7&Group\\_id=c120e658-3d60-470b-a8a1-6d2d8fc30132&MonthDisplay=12&YearDisplay=2010](http://www.jec.senate.gov/public/index.cfm?p=Reports1&ContentRecord_id=11dd6449-8d54-41ff-9bb2-87d98cbf66c2&ContentType_id=efc78dac-24b1-4196-a730-d48568b9a5d7&Group_id=c120e658-3d60-470b-a8a1-6d2d8fc30132&MonthDisplay=12&YearDisplay=2010).
- 10 Jessica Arons, Center for American Progress, Lifetime Losses: The Career Wage Gap (Dec. 8, 2008), available at <http://www.americanprogressaction.org/issues/women/report/2008/12/08/5343/lifetime-losses-the-career-wage-gap/>.
- 11 Frank Bass, Bloomberg Businessweek, Shining Shoes Best Way Wall Street Women Outearn Men (Mar. 16, 2012), available at [#1](http://www.businessweek.com/news/2012-03-16/the-gender-pay-disparity).
- 12 Philip N. Cohen, The Huffington Post, Devaluating and Revaluing Women's Work (Feb. 1, 2010), available at [http://www.huffingtonpost.com/philip-n-cohen/devaluating-and-revaluing-w\\_b\\_444215.html](http://www.huffingtonpost.com/philip-n-cohen/devaluating-and-revaluing-w_b_444215.html).
- 13 *Supra* note 8. Original study referenced is by Francine Blau and Lawrence Kahn titled "The Gender Pay Gap: Have Women Gone as Far as They Can?" in the Academy of Management Perspectives, February 2007, pp. 7-23.
- 14 *Supra* note 1. This estimate is not adjusted for inflation and assumes a constant gap over the 40-year career.
- 15 Shelley J. Correll, Stephan Benard, and In Paik, Getting a Job: Is There a Motherhood Penalty, American Journal of Sociology, Vol. 11 No. 5 (Mar. 2007), pp. 1297- 1339, available at [http://gender.stanford.edu/sites/default/files/motherhoodpenalty\\_0.pdf](http://gender.stanford.edu/sites/default/files/motherhoodpenalty_0.pdf).
- 16 *Id.*
- 17 *Supra* note 8. Original study referenced is by Michele Budig and Paula England titled, "The Wage Penalty for Motherhood" in the American Sociological Review, (Apr. 2001), pp. 204-225.
- 18 *Supra* note 2. See also, NWLC, Closing the Wage Gap is Especially Important to Women of Color in Difficult Times (Apr. 2012), available at <http://www.nwlc.org/resource/closing-wage-gap-especially-important-women-color-difficult-times>.
- 19 See NWLC, State Child Care Assistance Policies 2011: Reduced Support for Families in Challenging Times (Oct. 2011), available at <http://www.nwlc.org/resource/state-child-care-assistance-policies-2011-reduced-support-families-challenging-times>; NWLC, Women in Construction: 6.9 Percent is Not Enough (May 2012), available at <http://www.nwlc.org/resource/women-construction-69-percent-not-enough>; NWLC's work on pregnancy, parenting, and the workplace, available at <http://www.nwlc.org/our-issues/employment/pregnancy%2C-parenting%2C-and-the-workplace>; and NWLC, How the Paycheck Fairness Act Will Strengthen the Equal Pay Act (May 2012), available at <http://www.nwlc.org/resource/how-paycheck-fairness-act-will-strengthen-equal-pay-act>.

## 4. How does the wage gap impact women of color?

In 2011, African-American women working full time, year round were paid only 64 cents, and Hispanic women only 55 cents, for every dollar paid to white, non-Hispanic men – wage gaps that are both wider than for women overall. In 2011, Asian women working full time, year round were paid only 78 cents for every dollar paid to white, non-Hispanic men.<sup>18</sup> We compare to white, non-Hispanic men because women of color carry a double burden of both sexism and racism – so it is therefore essential to take those both into account in an analysis of the wage gap and its impact on women's economic security.

## 5. What can be done to shrink the wage gap?

Here at NWLC we work to address many factors that contribute to the wage gap by promoting measures that would: increase the availability of adequate and affordable child care, provide opportunities for women in non-traditional jobs, allow pregnant workers to get minor adjustments to their job duties that they need to continue working throughout their pregnancies, and help prevent and remedy pay and other discrimination when it occurs.<sup>19</sup>