

# SOLVING THE GENDER WAGE GAP



## KEY FACTS

- OREGON WOMEN EARN **78¢** FOR EVERY DOLLAR A MAN EARNS
- WOMEN LOSE **\$434,000** IN WAGES OVER THEIR LIFETIME TO PAY INEQUITY
- AFRICAN-AMERICAN WOMEN EARN **64¢** FOR EVERY DOLLAR A WHITE MAN EARNS
- LATINAS EARN ONLY **55¢** FOR EVERY DOLLAR A WHITE MAN EARNS
- THERE IS A “MOTHERHOOD PENALTY” OF **5% PER CHILD**
- PAY INEQUITY LEADS TO ECONOMIC INSECURITY FOR WOMEN AND FAMILIES
- GENDER DISCRIMINATION, OCCUPATIONAL SEGREGATION BY GENDER, AND MOTHERHOOD PENALTIES CAUSE THE GENDER PAY GAP



## WOMEN EARN UNEQUAL PAY FOR EQUAL WORK

Fifty years after the Equal Pay Act was signed into law in 1963, women make up nearly half the workforce but their paychecks still lag far behind men's. This year in the United States, for every dollar a man earns women will earn, on average, just 78 cents. This means they are shortchanged about \$11,000 in lost wages every year.<sup>1</sup> The consequences for women and their families' short- and long-term economic security are significant—and affect all Oregonians.

**We believe** there are state-level policy solutions to this wage gap that can appropriately value women's work and help Oregon women be more economically secure.

## UNDERSTANDING THE WAGE GAP

**The 23% wage gap for women occurs across all industries and at all ages.** It starts right when women enter the labor force and worsens as they age. The gap is more pronounced for mothers and women of color: African American women are paid 64 cents and Latinas are paid just 55 cents for every dollar a white man earns.<sup>2</sup> Mothers experience a “motherhood penalty” that causes them to earn less than fathers and women without children.<sup>3</sup>

In Oregon the picture is slightly better: women are paid 78 cents for every dollar paid to men. That's hardly cause for celebration, however, when Oregon women and the families they support are being shortchanged on average \$9,949 each year. Nationally, women lose an average of \$434,000 in income over their lifetimes, which reduces their ability to save for retirement, provide for their families, and be economically secure today.<sup>4</sup>

## WHY IS THERE A WAGE GAP?

Research indicates there are a variety of reasons women are paid less for equal work including: gender discrimination, occupational segregation by gender, and motherhood penalties.

### Gender Discrimination

When you consider the combined effects of occupation, industry, work experience, union status, race and educational attainment, still 41% of the wage gap remains unexplained—leaving gender discrimination as the only explanation for the remainder.<sup>5</sup> This means that women's skills and experience

are being undervalued and undercompensated in the marketplace relative to men’s—just because they are women.

Studies have shown that men are more likely than women to be hired—even when women offer nearly identical resumes,<sup>6</sup> and once hired men start with higher pay in equal positions.

## Occupational Segregation by Gender

Women are more likely to hold low-paying, undervalued jobs than men: 41% of women work in traditionally female occupations, and just under half (49%) of male workers work in traditionally male occupations.<sup>7</sup> Historically, the only jobs available to women (particularly women of color) were undervalued “pink collar” jobs—like childcare, home health care, teaching, nursing, and service work.

This trend continues today. When occupational choice is limited (as it still is for many women), and women stay in these lower-paying positions, the wage gap persists. Data show that the higher the percentage of female workers in any one occupation (the more “pink” it is, in other words), the lower the average earnings tend to be.

That said, gender wage discrimination is severe enough to exist in all fields, regardless of the gender make-up.<sup>8</sup>

## The Motherhood Penalty

The gender wage gap affects mothers’ economic stability disproportionately, which can be seen by comparing their wages to those of women without children: mothers earn 60 cents for every dollar a father makes, while women without children earn 94 cents for every dollar childless men are paid<sup>9</sup> (a 34-cent gap that’s actually growing). The motherhood penalty is estimated to be 5% per child,<sup>10</sup> resulting in a wage gap between women with and without children that is wider than that between men and women.<sup>11</sup>

Nearly three-quarters of mothers now work outside the home and their wages are critical to the families who depend on them: 41% of working mothers are the primary breadwinners for their families and just under 25% are “co-breadwinners” who provide at least a quarter of their families’ income.<sup>12, 13</sup>

## HOW CAN WE SOLVE THE WAGE GAP?

If we do nothing, the gap will continue to narrow at the same slow rate it has since 1963—and take until 2056

(45 years!) for women to reach pay parity with men—for doing the same job with the same experience and education.<sup>14</sup> For mothers and women of color, the gap will persist for even longer.

Women, mothers, and the families who depend on them can’t—and shouldn’t have to—wait 45 years for income parity, so we must act now. That’s why Family Forward Oregon is supporting Senate Bill 744, which would require the Oregon Council on Civil Rights to conduct a study on wage equality in Oregon. The resulting report would provide a clear understanding of the barriers to wage equality in our state and include concrete, state-specific recommendations for improvements. With that information, we can identify a path forward toward wage equality in Oregon—long before 2056!

## ENDNOTES

- <sup>1</sup> National Partnership for Women and Families. (2013). Fact Sheet: Americas Women and the Wage Gap. Retrieved 8 April 2013 from: [http://www.nationalpartnership.org/site/DocServer/Wage\\_Gap\\_National.pdf?docID=12421](http://www.nationalpartnership.org/site/DocServer/Wage_Gap_National.pdf?docID=12421)
- <sup>2</sup> U.S. Census Bureau. (2012). 2011 Current Population Survey, Annual Social and Economic (ASEC) Supplement: Table PINC-05. Work Experience in 2011 -- People 15 Years Old and Over by Total Money Earnings in 2011, Age, Race, Hispanic Origin, and Sex. Retrieved 31 March 2013, from [http://www.nationalpartnership.org/site/PageNavigator/issues\\_work\\_wagegap\\_map\\_or.html](http://www.nationalpartnership.org/site/PageNavigator/issues_work_wagegap_map_or.html)
- <sup>3</sup> Budig, Michelle. (2010). Government Accountability Office (GAO) report, “New Evidence on the Gender Pay Gap for Women and Mothers in Management”.
- <sup>4</sup> Arons, Jessica (2008). Lifetime Losses: the career wage gap. Center for American Progress. Washington, DC. Retrieved 5 April 2013 from: [http://www.americanprogressaction.org/wp-content/uploads/issues/2008/pdf/equal\\_pay.pdf](http://www.americanprogressaction.org/wp-content/uploads/issues/2008/pdf/equal_pay.pdf)
- <sup>5</sup> Center for American Progress. “Fact Sheet: The Wage Gap for Women. The Consequences of Workplace Pay Inequity in America,” 2012. <http://www.americanprogress.org/issues/labor/news/2012/08/16/12029/fact-sheet-the-wage-gap-for-women/>
- <sup>6</sup> Goldin, Claudia, & Cecilia Rouse (2000). Orchestrating Impartiality: the Impact of Blind Auditions on Female Musicians. *American Economic Review*, Vol. 90, No. 4, pp. 715-742.
- <sup>7</sup> The definition of traditional/non-traditional occupations as having at least 75 percent of the workers of one gender is provided in the Carl D. Perkins Vocational and Technical Education Act of 1998 S.250-6. Data are for full-time workers only. If full-time and part-time workers are included, 40.4 percent of women, and 44.1 percent of men work in traditional occupations for their sex: 5.7 percent of women work in non-traditional occupations, and 4.7 percent of men (IWPR compilation of data based on US Bureau of Labor Statistics. Table 11. Employed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity, Annual Average 2010. <http://www.bls.gov/cps/cpsaat11.pdf>).
- <sup>8</sup> IWPR, *The Gender Wage Gap by Occupation*, April, 2011.
- <sup>9</sup> Misra, Joya, Michelle J. Budig and Irene S. Boeckmann. 2010. “Cross-National Patterns in Individual and Household Employment and Work Hours by Gender and Parenthood.” Forthcoming at Research in the Sociology of Work. Presented at the 2010 annual meetings of the American Sociological Association (Atlanta, GA).
- <sup>10</sup> England, Paula and Budig, Michelle J., “The Wage Penalty for Motherhood,” December, 2000.
- <sup>11</sup> Crittenden, Ann. 2001. *The Price of Motherhood: Why the Most Important Job in the World Is Still the Least Valued*. New York: Metropolitan Books.
- <sup>12</sup> Glynn, Sarah Jane and Jeff Chapman, Miriam King, Steven Ruggles, J. Trent Alexander, Sarah Flood, Katie Genadek, Matthew B. Schroeder, Brandon Trampe, and Rebecca Vick. (2010). Unpublished analysis. Integrated Public Use Microdata Series, Current Population Survey: Version 3.0.
- <sup>13</sup> Blades, Joan, and Rowe-Finkbeiner, “The Motherhood Manifesto: What America’s Moms Want – And What To Do About It,” 2006.
- <sup>14</sup> Hayes, Jeffrey. 2011. “Women’s Median Earnings as a Percent of Men’s Median Earnings, 1960-2009 (Full-Time, Year-Round Workers) with Projection for Pay Equity in 2056.” IWPR Publication #Q004. Washington, DC: Institute for Women’s Policy Research. <http://www.iwpr.org/publications/pubs/women2019s-median-earnings-as-a-percent-of-men2019s-median-earnings-1969-2009-full-time-year-round-workers-with-projection-for-pay-equity-in-2056> (accessed March 7, 2012).