

Women's Lower Wages Worsen their Circumstances In a Difficult Economy

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American women who work full-time, year-round are paid only 77 cents for every dollar paid to their male counterparts.² This gap in earnings translates into \$10,622 less per year in female median earnings, leaving women and their families shortchanged. The wage gap is even more substantial when race and gender are considered together, with African-American women making only 61 cents, and Latinas only 52 cents, for every dollar earned by white, non-Hispanic men.³ Although enforcement of the Equal Pay Act as well as other civil rights laws has helped to narrow the wage gap over time, it is critical for women and their families that the significant disparities in pay that remain be addressed.

I. Fair Pay for Women is Particularly Important in Difficult Times

A loss of over \$10,000 per year due to women's lower wages is tough on families that rely on women's earnings as a source of income, but lower earnings have a significant impact on the lives of women and the families that rely exclusively on their wages, especially in a difficult economy.

- ▶ The recession has impacted families in all demographics across the United States, but female-headed households—which make up 85% of single parent families⁴—have been particularly hard hit, with an unemployment rate of 11.3 percent.⁵ Even before the sharp rise in unemployment, more than one in three (37.2 percent) female-headed families with children were poor in 2008, the most recent year for which poverty data is available.⁶ Thus, the wage gap only compounds the economic hardships facing female-headed families. For the 9.9 million families that are headed by single mothers and who rely almost exclusively on a woman's wage, lowered earnings have a serious impact on their economic security.
- ▶ With unemployment high among men, more and more families are depending entirely on women's wages:
 - 1.9 million married couples with children relied exclusively on women's earnings in 2009, representing 7.4% of all married couples with

The Impact of the Wage Gap on Women and Their Families¹

NOTES

What closing the wage gap would mean to me this year

Year's supply of groceries	\$3,210
Three months' child care	\$1,748
Three months' rent and utilities	\$2,265
Six months' health insurance premiums	\$1,697
Six months' student loan payments	\$1,602
3 tanks of gas	\$100

Total \$10,622

children. In one year, the number of families relying on women's earnings increased by 511,000, or 36.6%, compared to a 5.1% increase from 2007 to 2008.⁷

- Over 15 million married couples with children relied on both parents' earnings in 2009, representing 58.6% of all married couples with children.⁸
- ▶ Unemployment insurance provides temporary income support to workers who lose their jobs and serves as a crucial safety net for many families in a difficult economy. Because unemployment benefits are tied to past wages and women's wages lag behind men's wages, unemployed women receive less in unemployment benefits than men. Worse yet, women face particular barriers in even obtaining unemployment insurance, which further women's economic insecurity. For example, the 1.1 million unemployed women seeking part-time work would be ineligible to receive unemployment benefits in 23 states because of rules that require them to look for full-time work.⁹ Inequities in the unemployment insurance system due both to outdated rules and to the gap between men's and women's earnings depletes the financial resources available to women and their families during challenging economic times.
- ▶ The persistence of the wage gap results in lower lifetime earnings for women compared to men, resulting in women's loss of income in retirement, particularly in pensions and savings.
 - Closing the gender wage gap is an important tool to enhance women's ability to save and ensure economic security for women and their families in retirement. For example, the Institute for Women's Policy Research has calculated that a typical woman with a college diploma would lose more than \$440,000 in a 20-year period due to the wage gap.¹⁰
 - Unmarried women in the workforce today will receive, on average, about \$8,000 a year less in retirement income than their male counterparts—even after controlling for number of years worked and educational levels, occupational segregation and pay differences account for more than two-thirds of the difference in the retirement income of women and men.¹¹
 - The wage gap also impacts pension income. In 2007, on average, women age 65 and older received less than half of the pension income received by men (approximately \$3,176 vs. \$7,568).¹²
 - The amount contributed by female workers to defined contribution plans, such as a 401(k) or IRA, is also reduced by the wage gap. Indeed, for 2005, the average contribution of female workers was thirty percent smaller than that of male workers. Furthermore, only half as many women as men contribute the maximum to their 401(k) plan.¹³

II. Closing the Wage Gap Would Significantly Improve Families' Finances

Given the importance of women's earnings to family economic security, bringing women's earnings in line with men's earnings would greatly improve the economic situation of women and their families. An additional \$10,622 per year is enough to:

... pay the average cost of rent and utilities for a year with over \$1,500 to spare, or the average mortgage and utilities for 11 months and 20 days.¹⁴

- ▶ With nearly 3 million households receiving at least one foreclosure filing in 2009, the lost earnings due to the wage gap could make a substantial difference in reducing family economic insecurity and financial hardship. Indeed, one in forty-five households—over 2.8 million properties nationwide—were in default last year.¹⁵

... feed a household of four for a year with almost \$1,500 to spare.¹⁶

- ▶ The difficult economy has stretched family budgets for basic needs thin, particularly for women and their families. In 2008, female-headed households made up 58% of all households with children receiving food stamp benefits, and 40% of all households overall, with or without children.¹⁷ With the deepening economic crisis, food stamp participation has continued to climb: In January 2010, nearly 39.5 million people received assistance, an increase of over 7.2 million (or 22.4%) from the previous year.¹⁸

... pay a year's child care costs for a four-year-old with over \$3,600 to spare.¹⁹

- ▶ Child care expenditures consume a large percentage of the earnings of families, particularly those who are low-income. Among families who pay for child care, families in poverty spend an average of 32% of their income on care and families between 100 and 200 percent of poverty devote an average of 15% of their income on care. Even higher-income families paying for child care spend 6% of their income on care.²⁰ The lost earnings due to the wage gap could alleviate much of this financial pressure.

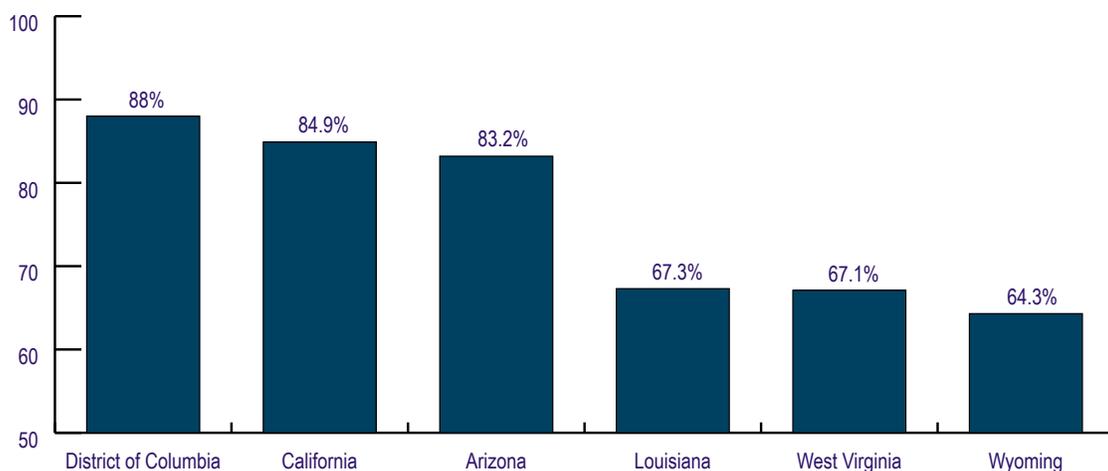
...pay for three years of health insurance premiums with over \$400 to spare.²¹

- ▶ Women spend a significant amount of their income on out-of-pocket health costs and health insurance premiums, and are more likely than men to experience serious financial hardship as a result of medical bills: In 2007, more than one-third (35%) of working-age women spent 10% or more of their income on these expenses, and one-third of women, compared to one-quarter of men, were unable to pay for basic necessities because of medical bills.²² Closing the wage gap would provide essential help in meeting these tradeoffs, particularly since the current economic downturn has exacerbated medical debt.

III. Women Earn Less Than Men in All States, but the Size of the Gap Varies

Although women and their families are grappling with this tough economy around the country, there is not a single state where women have gained economic equality with men.²³ In every state across the U.S., men earn more than women, impacting women across race, class, and occupation. The size of the disparity varies by

The Wage Gap: Female Earnings as a Percentage of Male Earnings in States with the Greatest and Smallest Gaps



Note: to see the wage gap in all states, see the table on p. 4

state: In 2008, Washington, D.C. had the nation’s smallest wage gap, at 88%, well ahead of California, where women earned 84.9% of what men earned. The median of 75.9% is shared by the states of Connecticut, Kentucky, New Mexico, and Pennsylvania. Women fared worst relative to men in Wyoming, where women’s earnings represented only 64.3% of men’s earnings, the widest gap of any state.

Women and their families cannot sustain a wage gap that persists this deep in this economy. There is no doubt that more is necessary both to strengthen equal pay laws, which have been weakened over time by courts, and to require the federal government to be more proactive in preventing and battling wage discrimination. In particular, the Paycheck Fairness Act, which has already passed the House of Representatives, would serve these goals

IV. The Paycheck Fairness Act Would Fight Pay Discrimination Based on Gender

Introduced in both the House (H.R. 12) and the Senate (S. 182) and passed by the House last year, the Paycheck Fairness Act would address discriminatory pay practices, an important source of the wage gap. The Act builds upon the Equal Pay Act of 1963, which made it illegal for employers to pay unequal wages to men and women who perform substantially equal work. Among other things:

- ▶ The Paycheck Fairness Act allows victims of wage discrimination based on gender to receive full compensatory and punitive damages, as opposed to only liquidated damages and back pay awards, putting gender-based wage discrimination on equal footing with discrimination based on race and ethnicity.
- ▶ The Act would make it easier for parties that have been discriminated against to work together through a class action suit by automatically considering members part of the class unless they choose to opt out, in keeping with the Federal Rules of Civil Procedure.
- ▶ The Act would close loopholes in how discrimination is counted by clarifying that a gender differential in pay within a company need not be within the same facility to count as discrimination, and by tightening the rules concerning defense of a gendered pay differential that employers claim is not due to sex.

Table 1: Median Earnings for Full-Time, Year-Round Workers by Sex and State²⁴

	FEMALE	MALE	FEMALE/MALE EARNINGS RATIO
District of Columbia	\$50,519	\$57,393	88%
California	40,521	47,758	84.9
Arizona	34,556	41,524	83.2
Maryland	44,188	53,189	83
New York	40,490	48,882	82.8
Vermont	34,424	41,778	82.4
Georgia	34,513	42,391	81.4
Hawaii	36,709	45,577	80.5
Florida	32,506	40,672	79.9
Maine	32,613	40,908	79.7
North Carolina	32,397	40,875	79.3
New Jersey	44,343	55,980	79.2
Delaware	37,049	46,898	79
Oregon	33,959	43,226	78.6
Texas	32,530	41,539	78.3
Massachusetts	43,452	55,555	78.2
Colorado	36,618	47,270	77.5
Montana	29,634	38,440	77.1
Nevada	34,724	45,178	76.9
Tennessee	31,091	40,458	76.8
Minnesota	37,281	48,637	76.7
Iowa	31,903	41,677	76.5
Connecticut	44,625	58,838	75.9
Kentucky	31,089	40,977	75.9
New Mexico	30,623	40,359	75.9
Pennsylvania	35,265	46,455	75.9
South Carolina	31,063	40,998	75.8
South Dakota	28,431	37,493	75.8
Missouri	31,820	42,106	75.6
Nebraska	30,885	40,860	75.6
Oklahoma	30,123	39,860	75.6
Virginia	37,859	50,203	75.4
Arkansas	27,487	36,839	74.6
Ohio	33,628	45,214	74.4
Wisconsin	33,640	45,266	74.3
Rhode Island	36,536	49,265	74.2
Alabama	30,681	41,411	74.1
Kansas	32,066	43,346	74
Mississippi	27,697	37,436	74
Washington	37,932	51,272	74
Illinois	36,968	50,022	73.9
Alaska	37,861	51,500	73.5
Michigan	35,260	48,720	72.4
Idaho	29,730	41,461	71.7
North Dakota	29,589	41,249	71.7
New Hampshire	36,946	51,655	71.5
Indiana	31,935	44,906	71.1
Utah	31,183	45,028	69.3
Louisiana	29,147	43,326	67.3
West Virginia	27,472	40,941	67.1
Wyoming	31,204	48,555	64.3

- ▶ The Act would facilitate detection of pay discrimination by prohibiting punishment of employees who share salary information with coworkers, by requiring employers to submit pay data by race, sex, and national origin to the Equal Employment Opportunity Commission, and by reinstating collection of gender-based data in the Current Employment Statistics Survey.

Endnotes

- 1 Sources: **Groceries**—Average expenditure on “food at home” by single parents with 1 or more kids under 18. U.S. Census Bureau, Consumer Expenditure Survey (2008), Table 5: Composition of consumer unit: Average annual expenditure and characteristics; **Child Care**—Average costs for child care in a center in Indiana for a four-year-old. Indiana’s cost for this type of care is the median of all state averages. National Association of Child Care Resource and Referral Agencies, “Parents and the High Price of Child Care: 2009 Update,” Appendix 1; Rent and Utilities—Median monthly housing costs for renters (includes utilities). U.S. Census Bureau, American Housing Survey: 2007, Table 1A-7; **Health Insurance Premiums**—Average monthly employee contribution for family coverage. Derived from Kaiser Family Foundation, “Average Family Premium per Enrolled Employee For Employer-Based Health Insurance, 2008,” U.S. average; **Loan Payments**—Average monthly payment for a class of 2008 graduate with the average student debt of \$23,200. Calculation assumes a 10-year payment plan and all debt in form of Stafford Loans (6.8% interest). Source for average student debt amount is The Project on Student Debt, “Student Debt and the Class of 2008” (December 2009), *available at* <http://projectonstudentdebt.org/files/pub/classof2008.pdf>.
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- 9 U.S. Department of Labor, Bureau of Labor Statistics, Current Population Survey (monthly tables), Table A-6 “Employed and Unemployed Full- and Part-time Workers by Sex and Age” (March 2010), *available at* <ftp://ftp.bls.gov/pub/suppl/empst.cpseea6.txt> (last visited April 15, 2010).
- 10 Institute for Women’s Policy Research, Memo to John Roberts: The Gender Wage Gap is Real, 2 (Sept. 2005), *available at* <http://www.iwpr.org/pdf/C362.pdf> (last visited Feb. 23, 2007). Similarly, the Center for American Progress found that women lose \$434,000 over their lifetimes as a direct result of the gender pay gap. Jessica Arons, Lifetime Losses: The Career Wage Gap, (Center for American Progress Action Fund, December 2008), *available at* http://www.americanprogressaction.org/issues/2008/pdf/equal_pay.pdf.
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- 16 Average annual expenditure on food (at home and away from home) for a four-person consumer unit. U.S. Census Bureau, Consumer Expenditure Survey (2008), Table 4: Size of consumer unit: Average annual expenditure and characteristics, *available at* <http://www.bls.gov/cex/2008/Standard/cusize.pdf> (last visited April 16, 2010).

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