



The Wage Gap: Economic Causes and Prevalence

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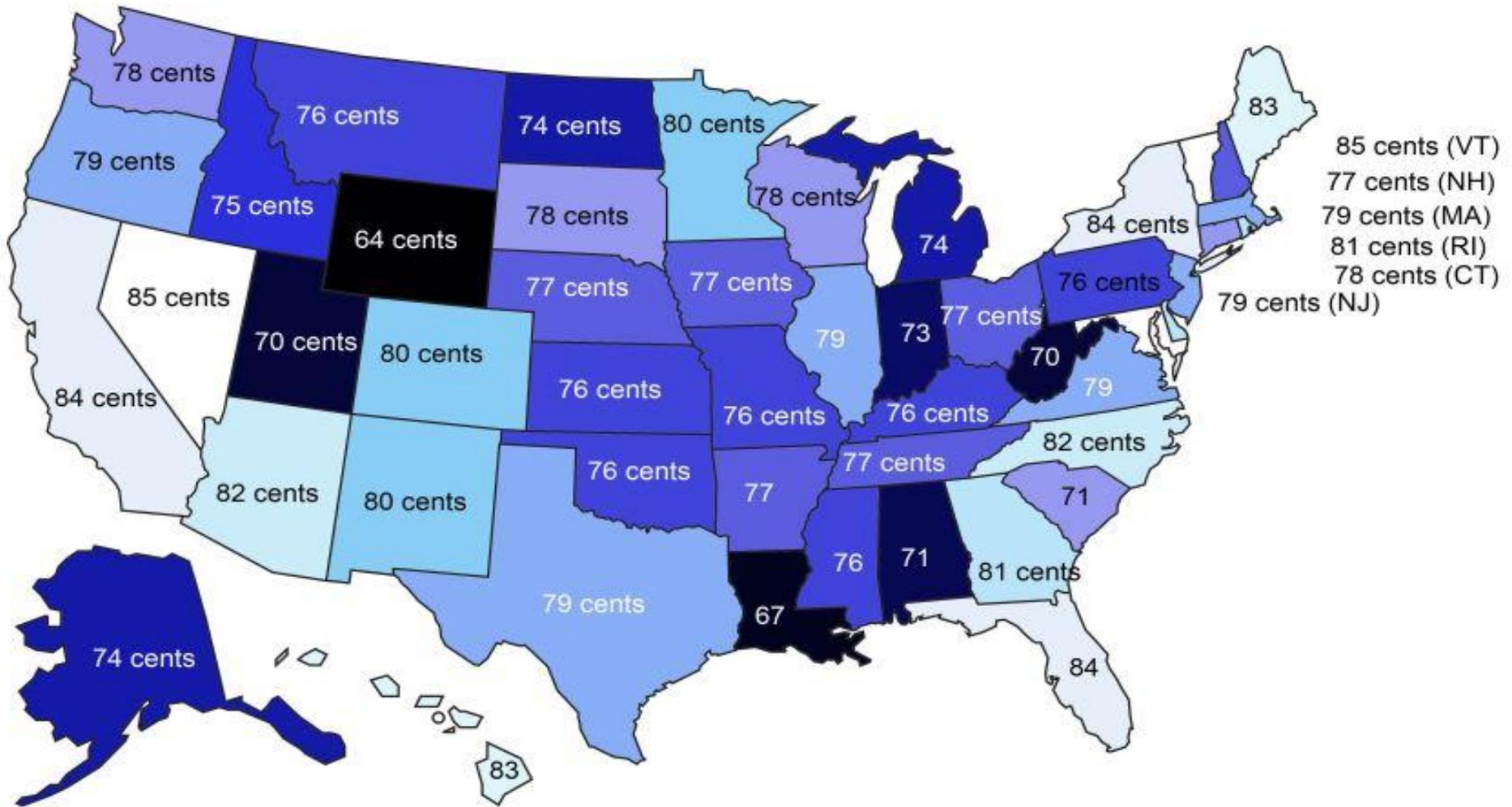
The Raw Wage Gap

Nationally,
Women earn 71.5% of men.

In Montana,
Women earn 67.1% of men.

Raw Gap= _____



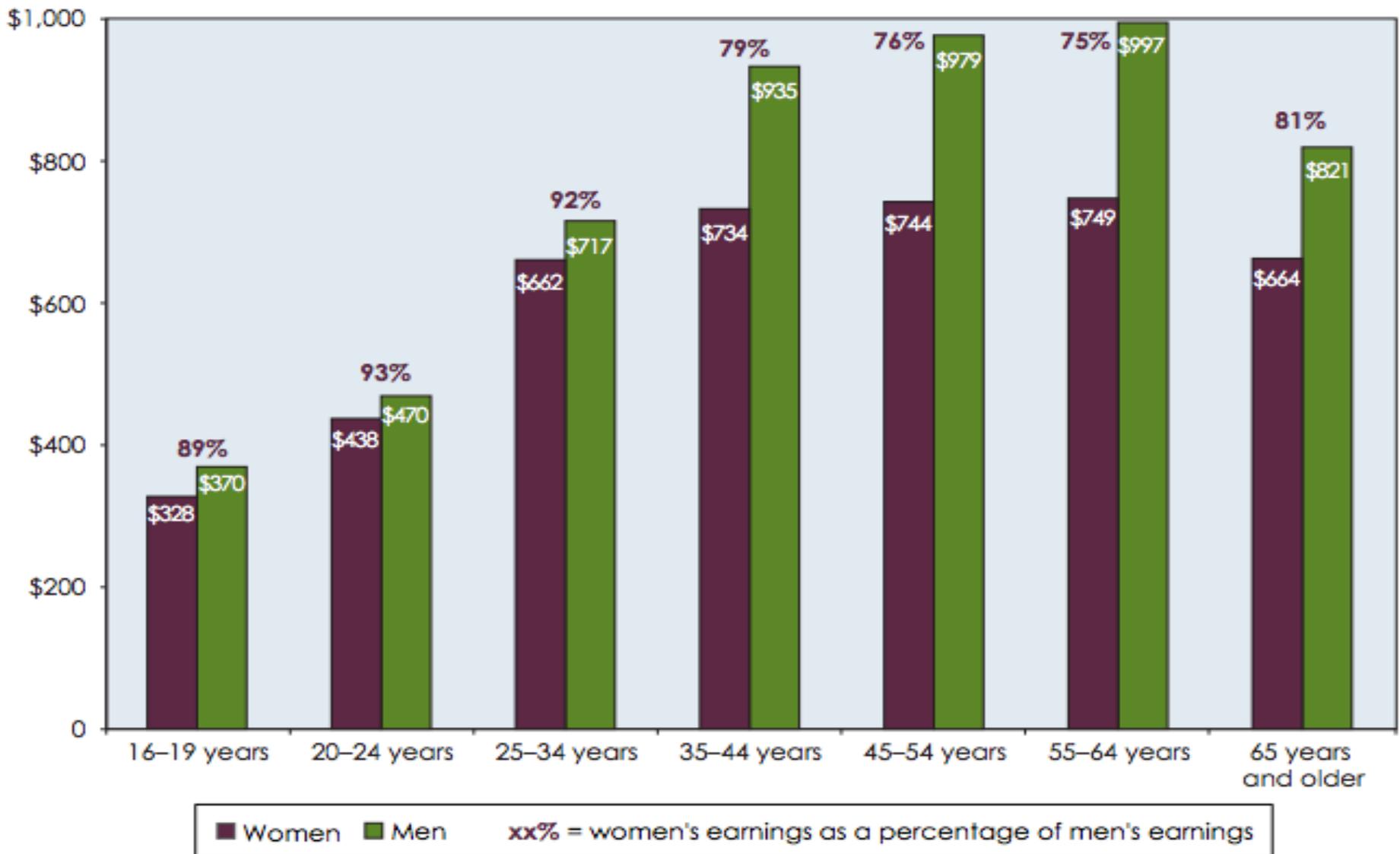


Gender Pay Gap: How Do Women's Earnings Stack Up?

For every dollar men earn, women take home cents. It's worst in Wyoming, best (surprise!) in the City of Sin. Here, by cents on the dollar, the gender pay gap of the 50 states in 2012.

Source: American Community Survey, 2012. Map prepared by Forbes.com. Casserly, Meghan, "The Geography of the Gender Pay Gap: Women's Earnings by State" <http://www.forbes.com/sites/meghancasserly/2013/09/19/the-geography-of-the-gender-pay-gap-womens-earnings-by-state>

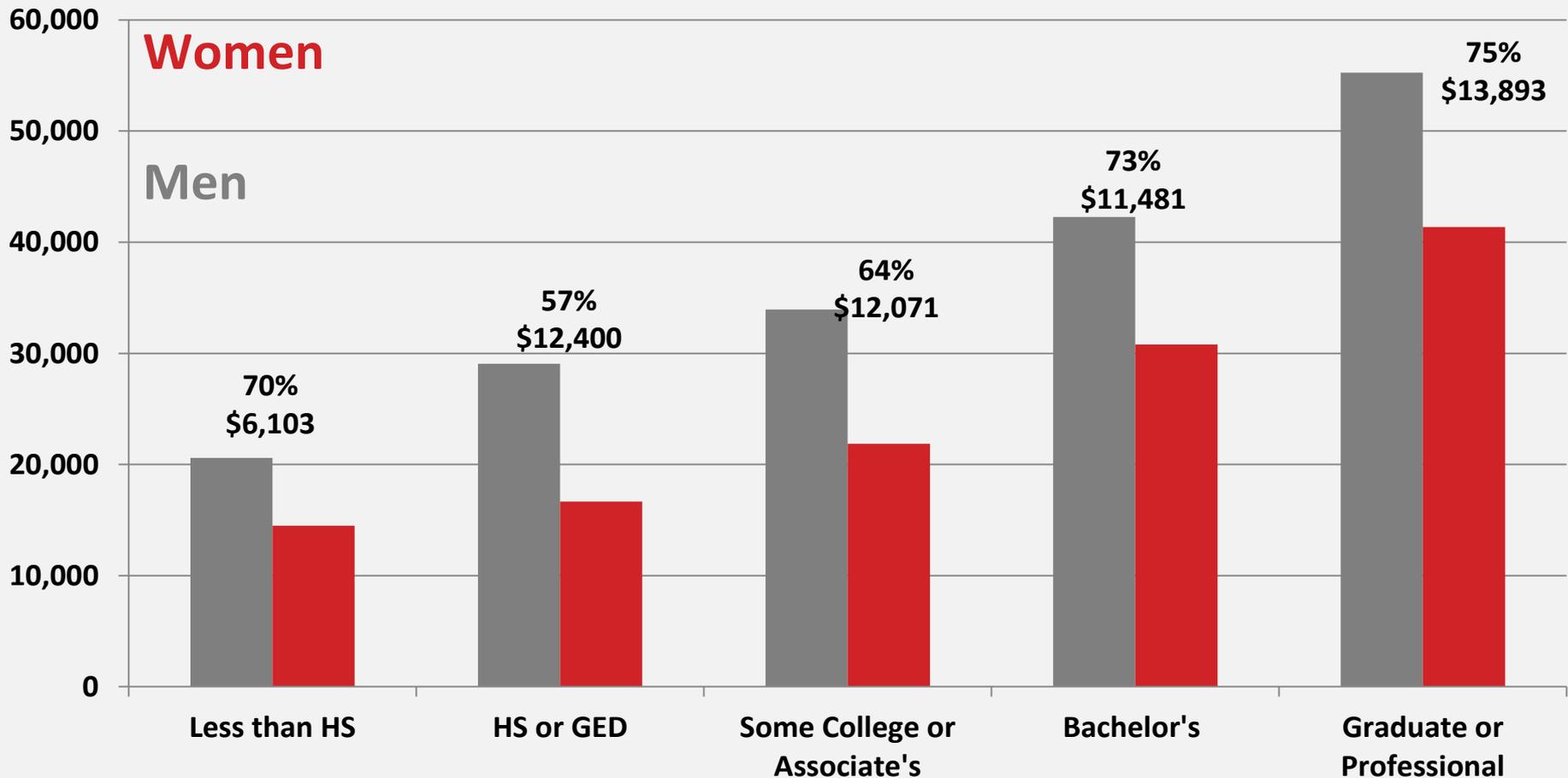
Median Weekly Earnings, by Age and Gender, 2011¹⁴



Note: Based on median usual weekly earnings of full-time wage and salary workers, 2011 annual averages



Montana Median Earnings by Education Category

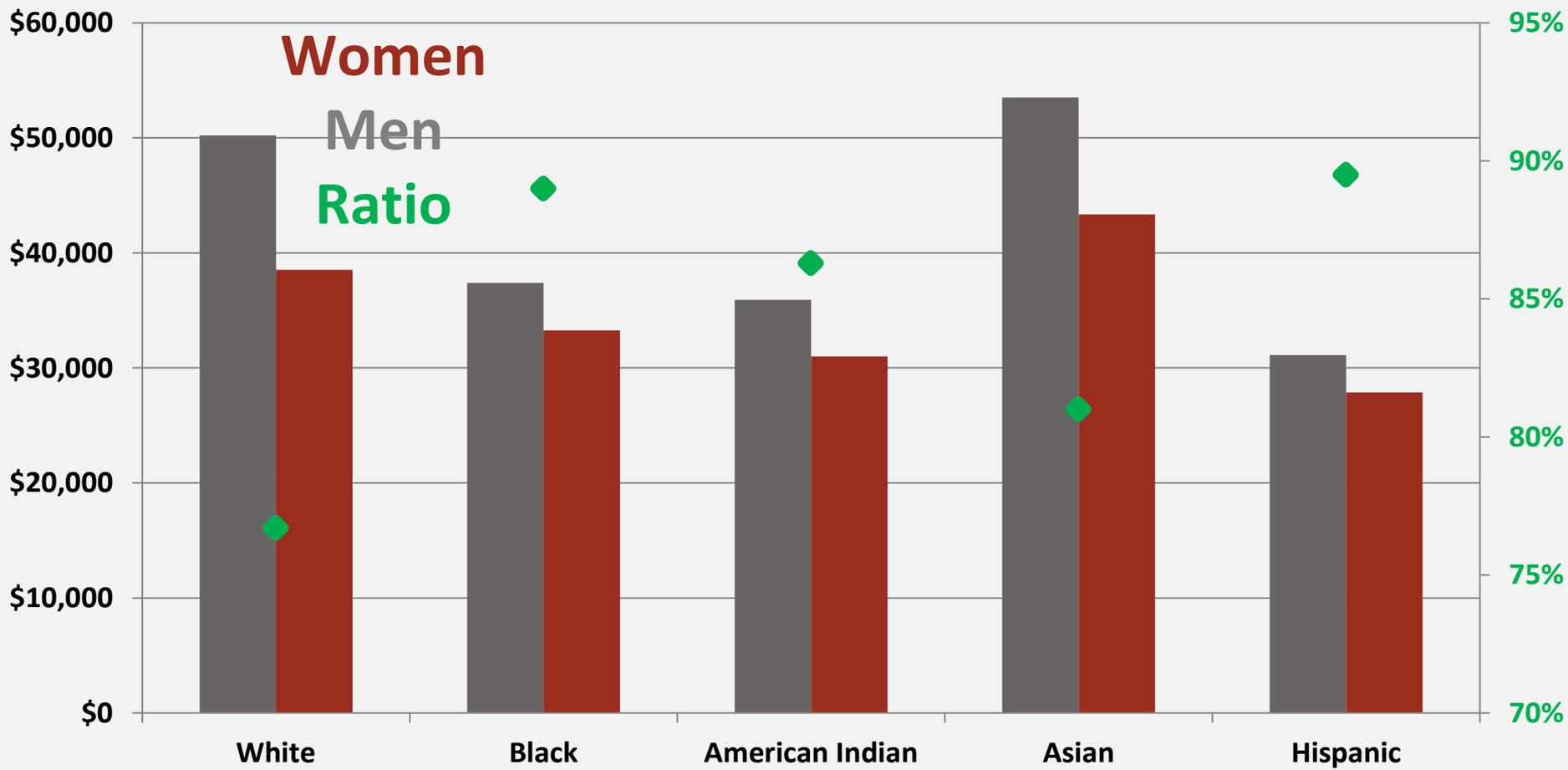


Source: 2011 American Community Survey 1-Year Estimates





U.S. Median Wage by Race and Gender

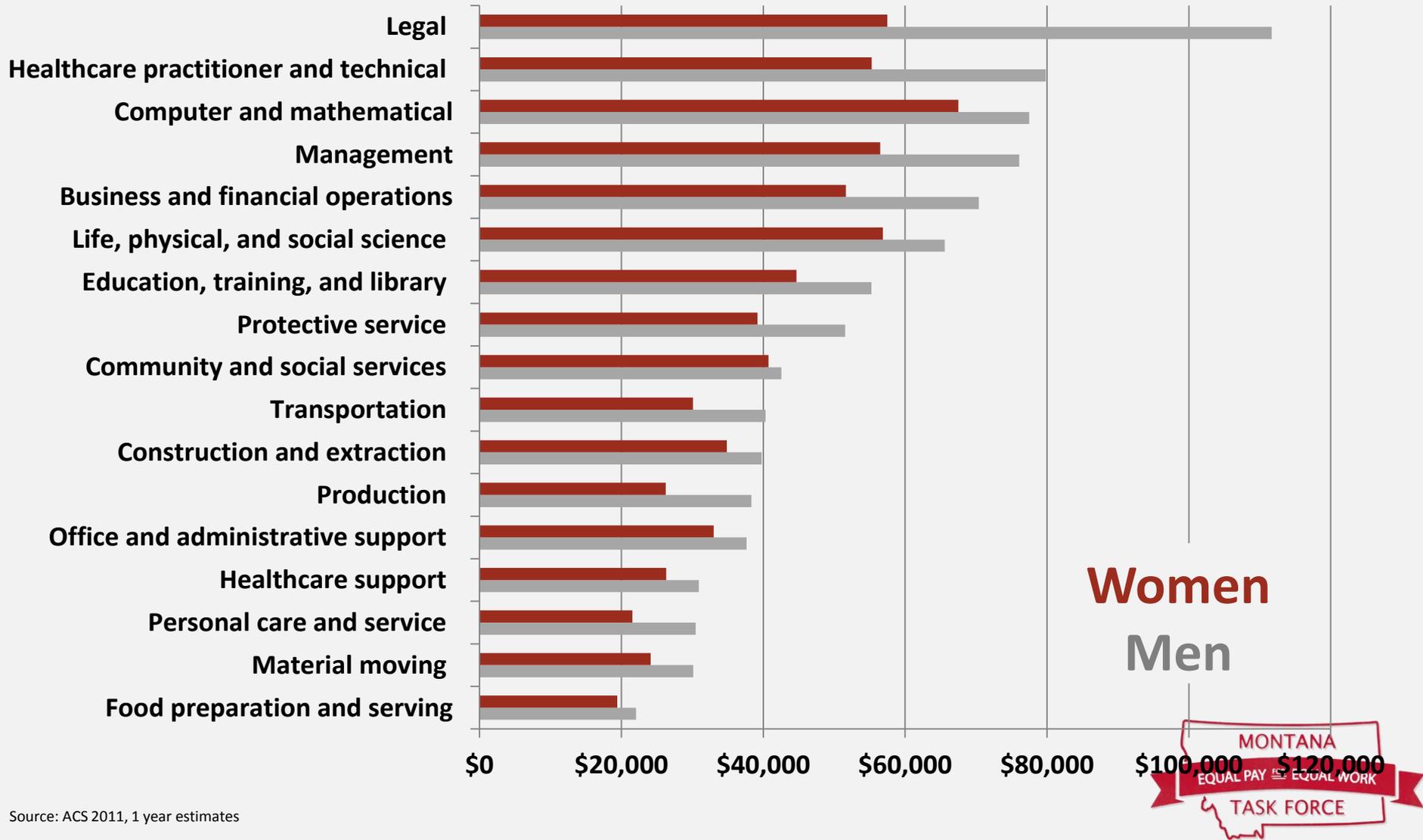


Source: ACS 2011, 1 year estimates





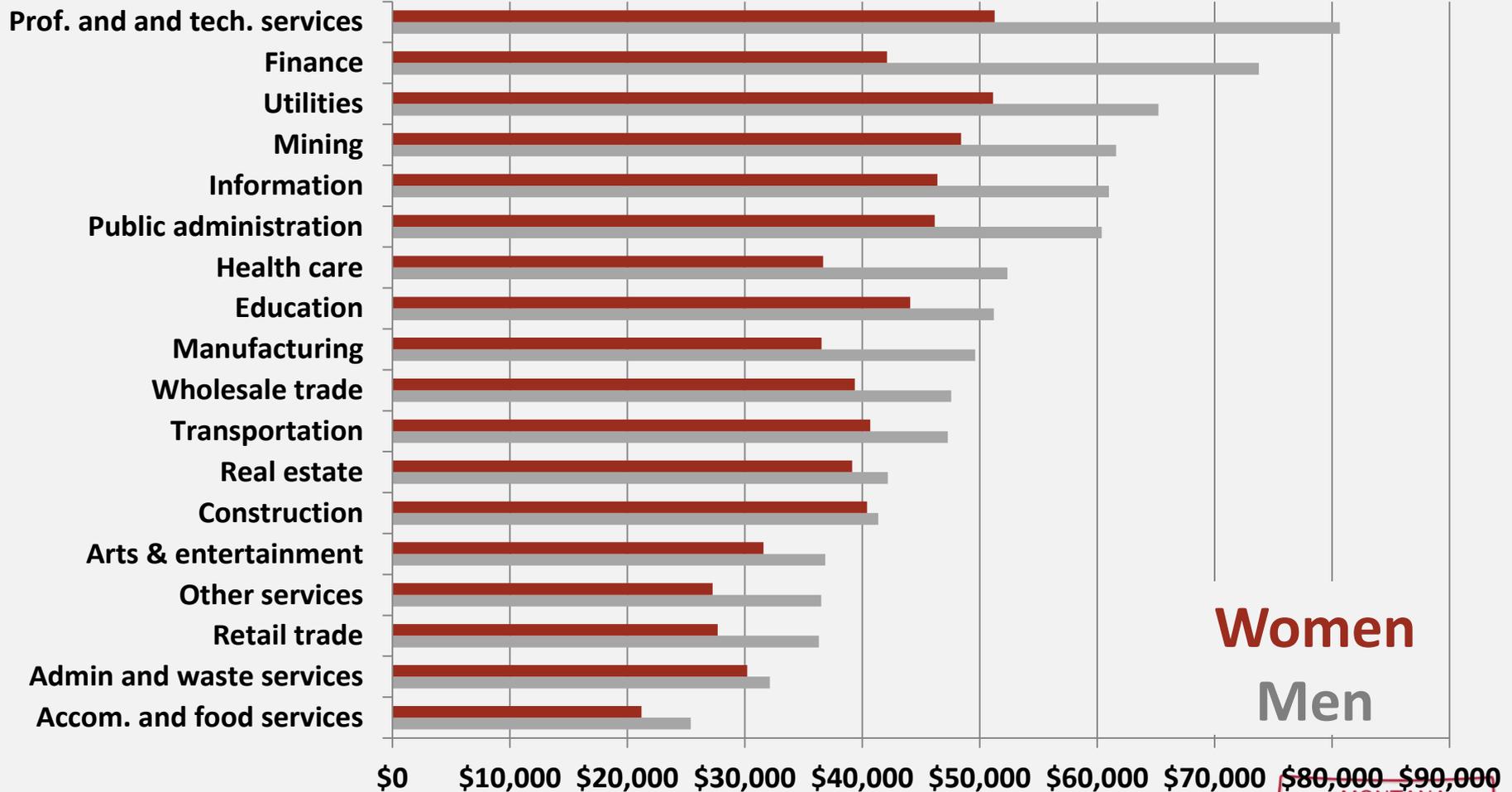
U.S. Median Wage by Selected Occupations and Gender



Source: ACS 2011, 1 year estimates



U.S. Median Wage by Gender and Industry



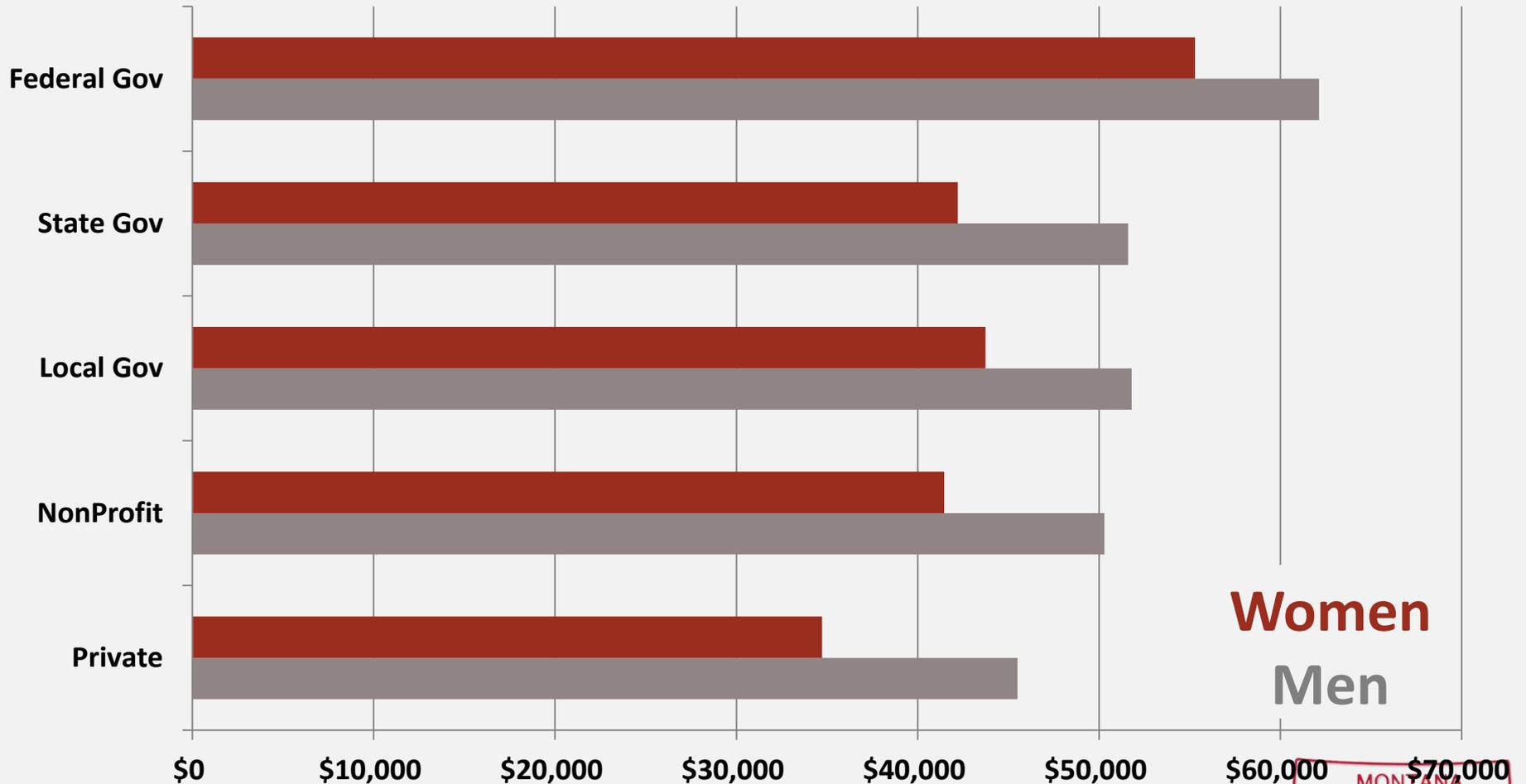
Women
Men



Source: ACS 2011, 1 year estimates



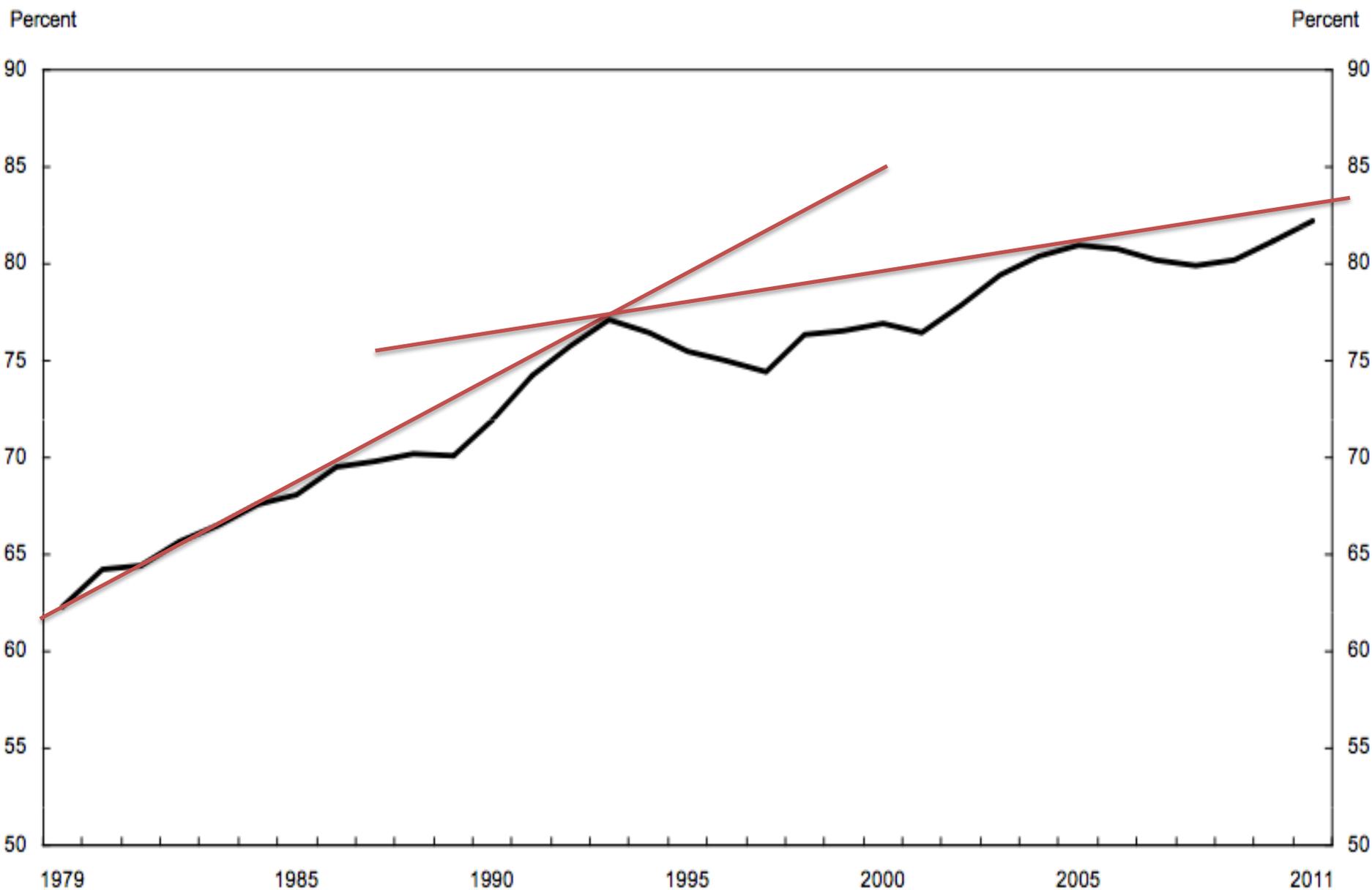
U.S. Median Wage by Gender and Class of Worker



Women
Men



Chart 1. Women's earnings as a percent of men's, full-time wage and salary workers, 1979–2011 annual averages



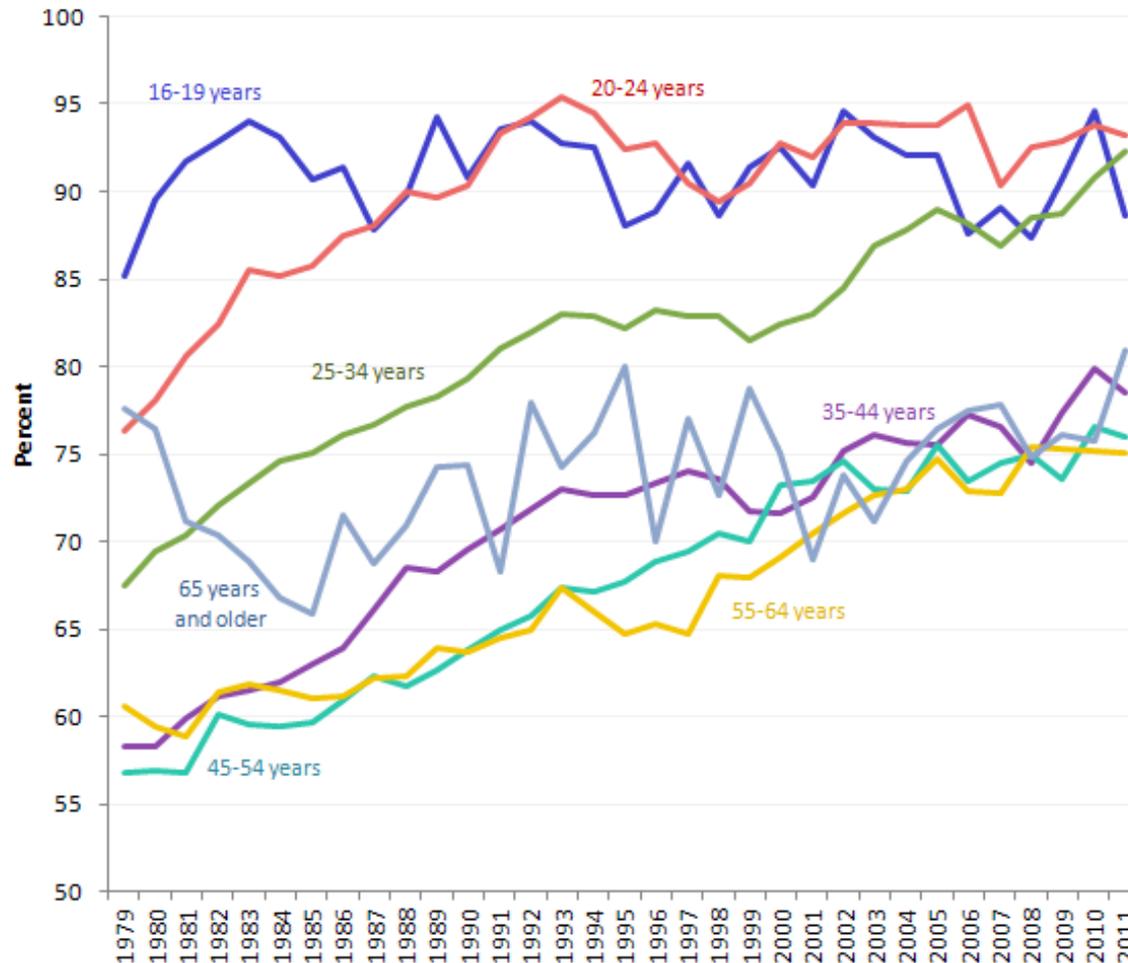
NOTE: Data relate to median usual weekly earnings of full-time wage and salary workers.

SOURCE: U.S. Bureau of Labor Statistics.



Women's Earnings as Percent of Men's by Age Group Over Time

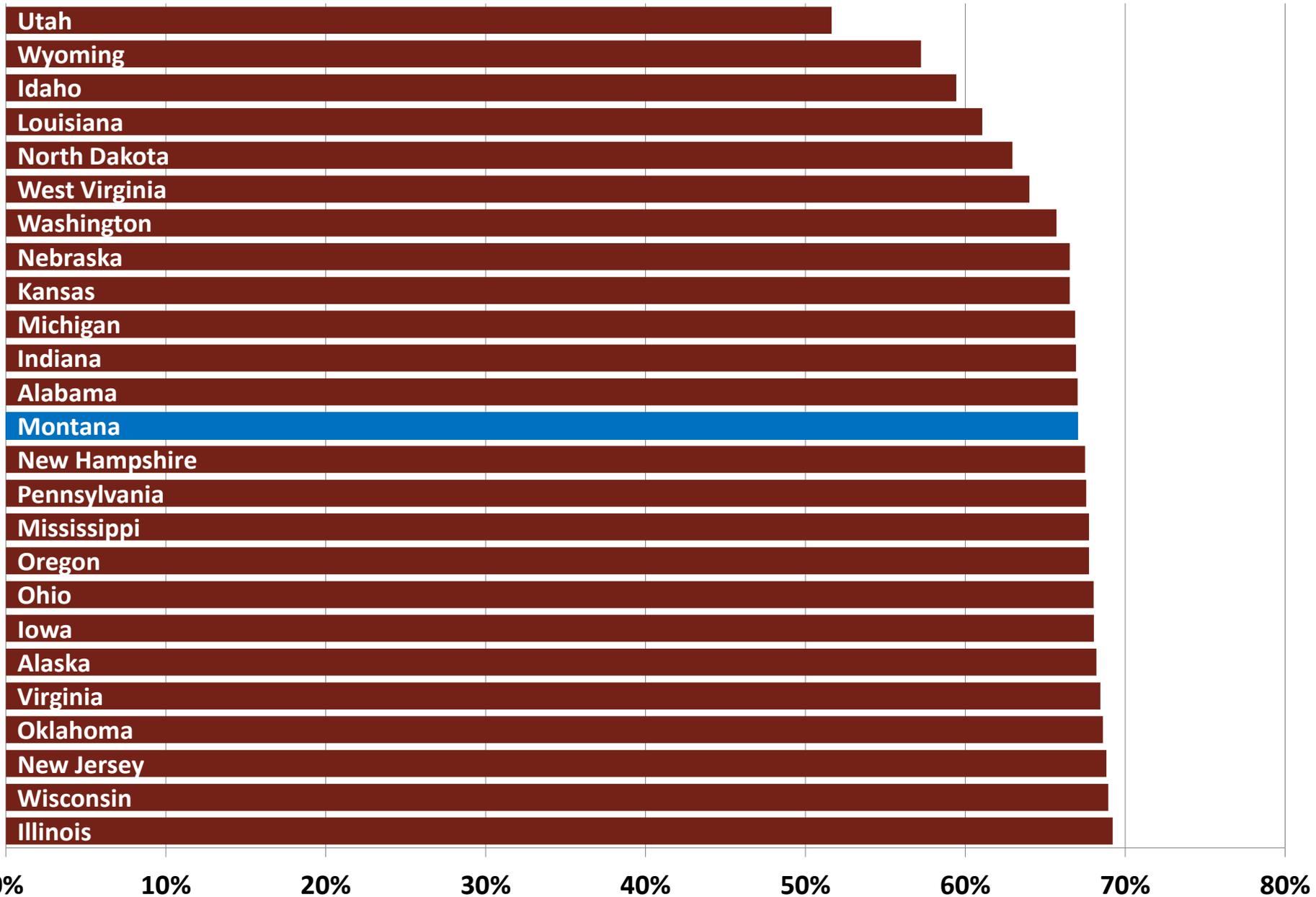
Women's earnings as percent of men's, median usual weekly earnings of full-time wage and salary workers, in current dollars, by age, 1979–2011 annual averages



Source: U.S. Bureau of Labor Statistics



25 States with Lowest Women's Median Pay as a % of Men's Median Pay





Take Away Points

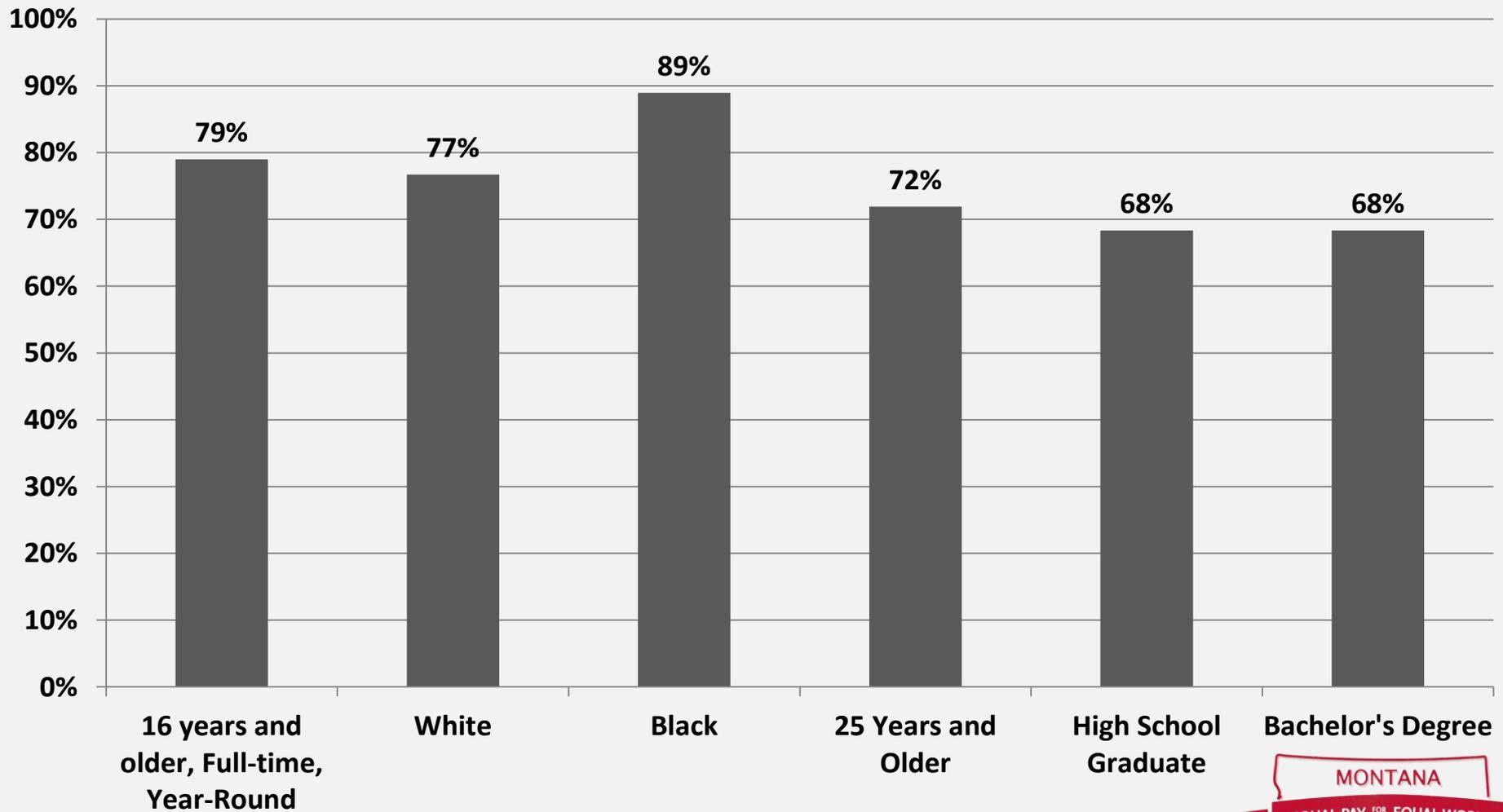
- Gap exists across
 - Most occupations (there are some that pay is equal)
 - All industries
 - Private, public, and nonprofit
 - All education groups
 - All age groups
 - All states, although MT is near the bottom
- Gap has decreased over time.
- A good economy seems to help.





US Women's Earnings as a Percent of Men's

Which number to use?

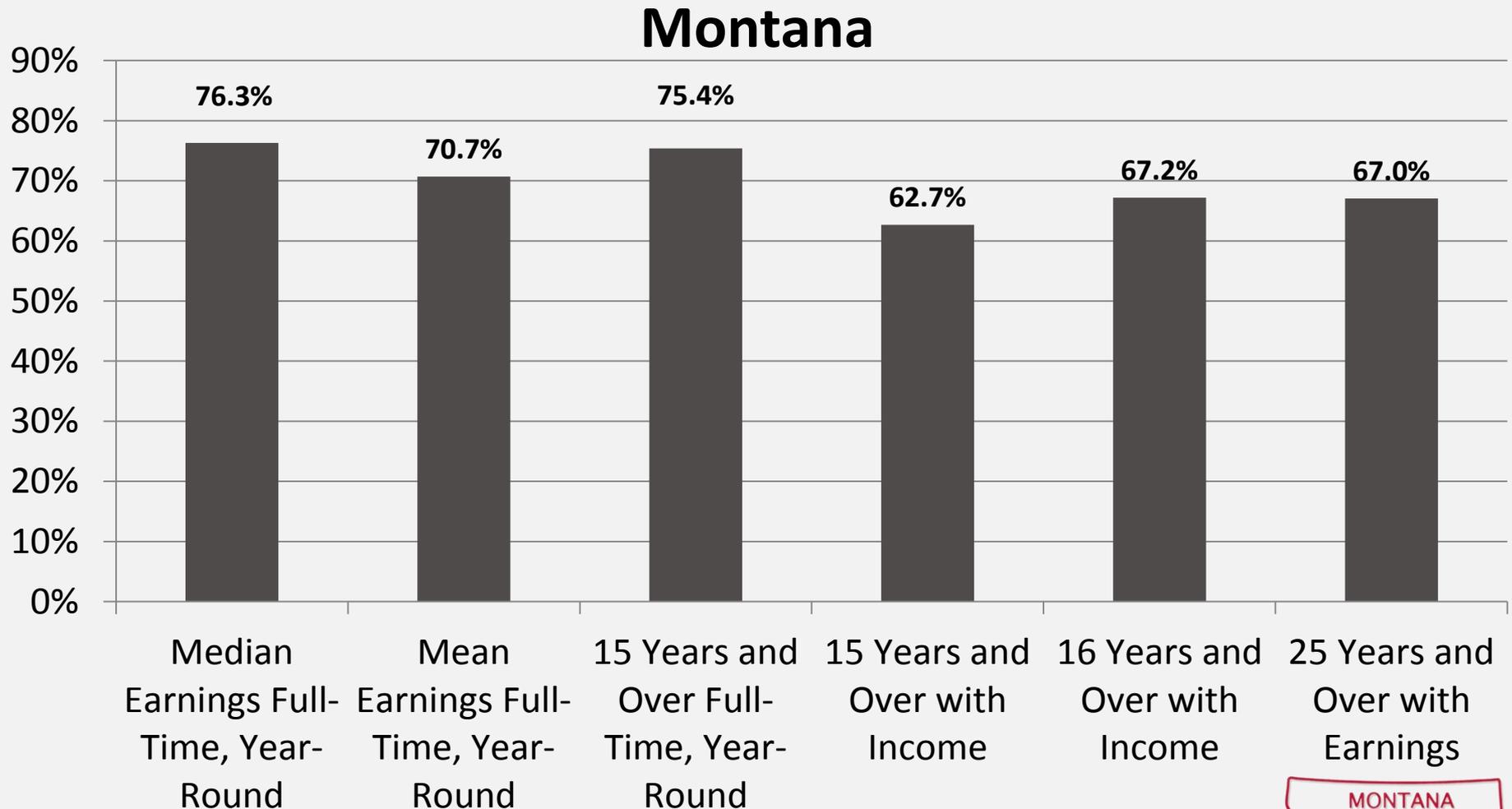


Source: 2011 American Community Survey





How Big is the Raw Wage Gap? Which number to use?



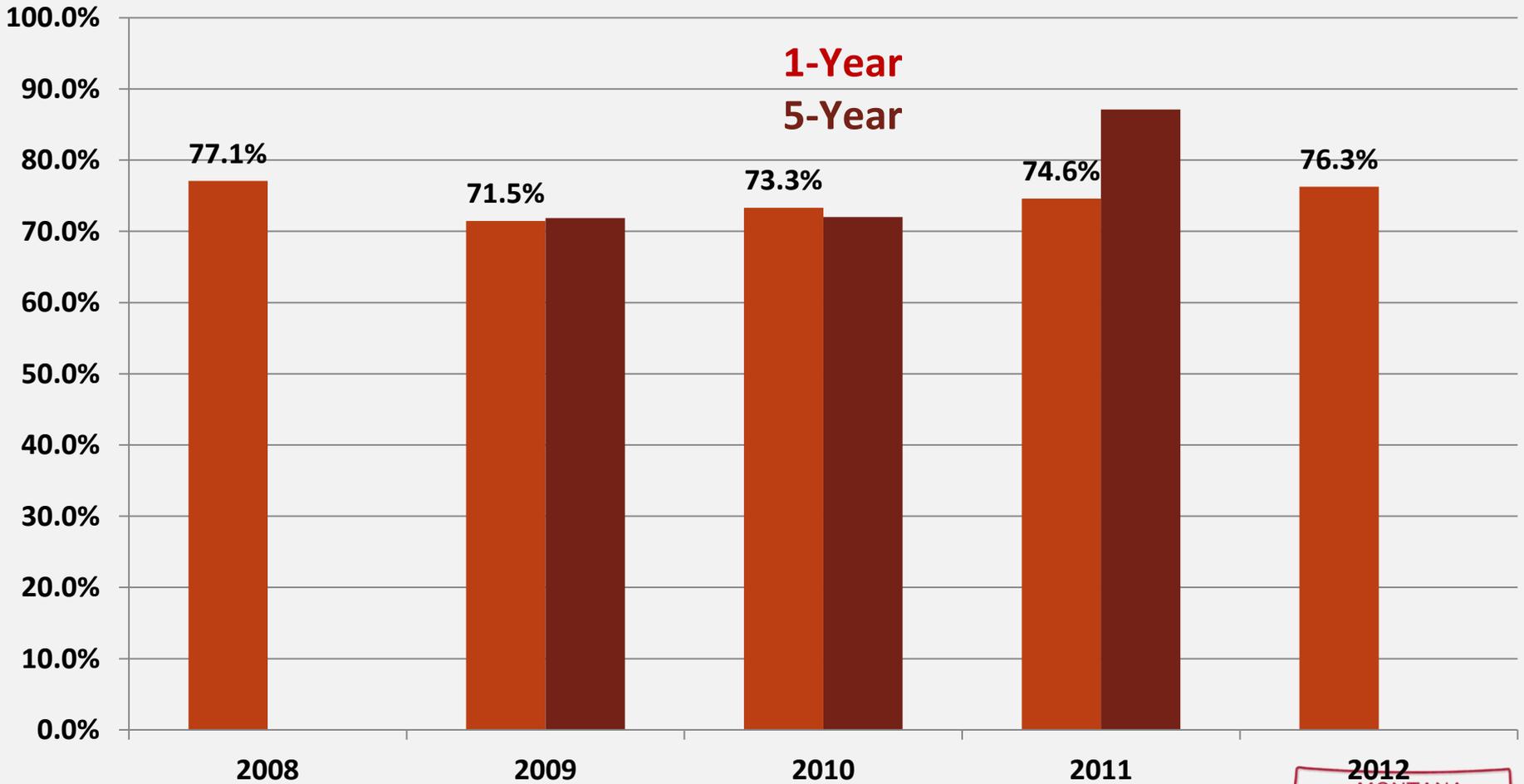
Source: 2012 American Community Survey





How Big is the Raw Wage Gap?

(same data source, different years of data)



Source: American Community Survey, various years, 1-Year or 5-Year estimates



So What Number Do We Use?

- Governor's Task Force executive order used
 - 71.5% in the U.S.
 - 67.1% in MT.
- 2012 ACS data Full-Time, Year-Round Workers
 - 78.8% for U.S.
 - 67.3% for MT
- 5-Year estimates more accurate, 1-Year more timely





What Causes the Wage Gap?

- It's not ALL discrimination
 - Occupation choice
 - Industry choice
 - Education
 - Experience
 - Part-time work/ flexible scheduling
 - Time out of workforce for family care
- Other factors that influence the size of the wage gap
 - Race
 - Age

Some of these factors may be influenced by discrimination.





Occupation and Industry Choice

Women choose to work in low-paying occupations

- Women work in lower-paid industries and occupations than men; therefore, the overall median wages of women are lower



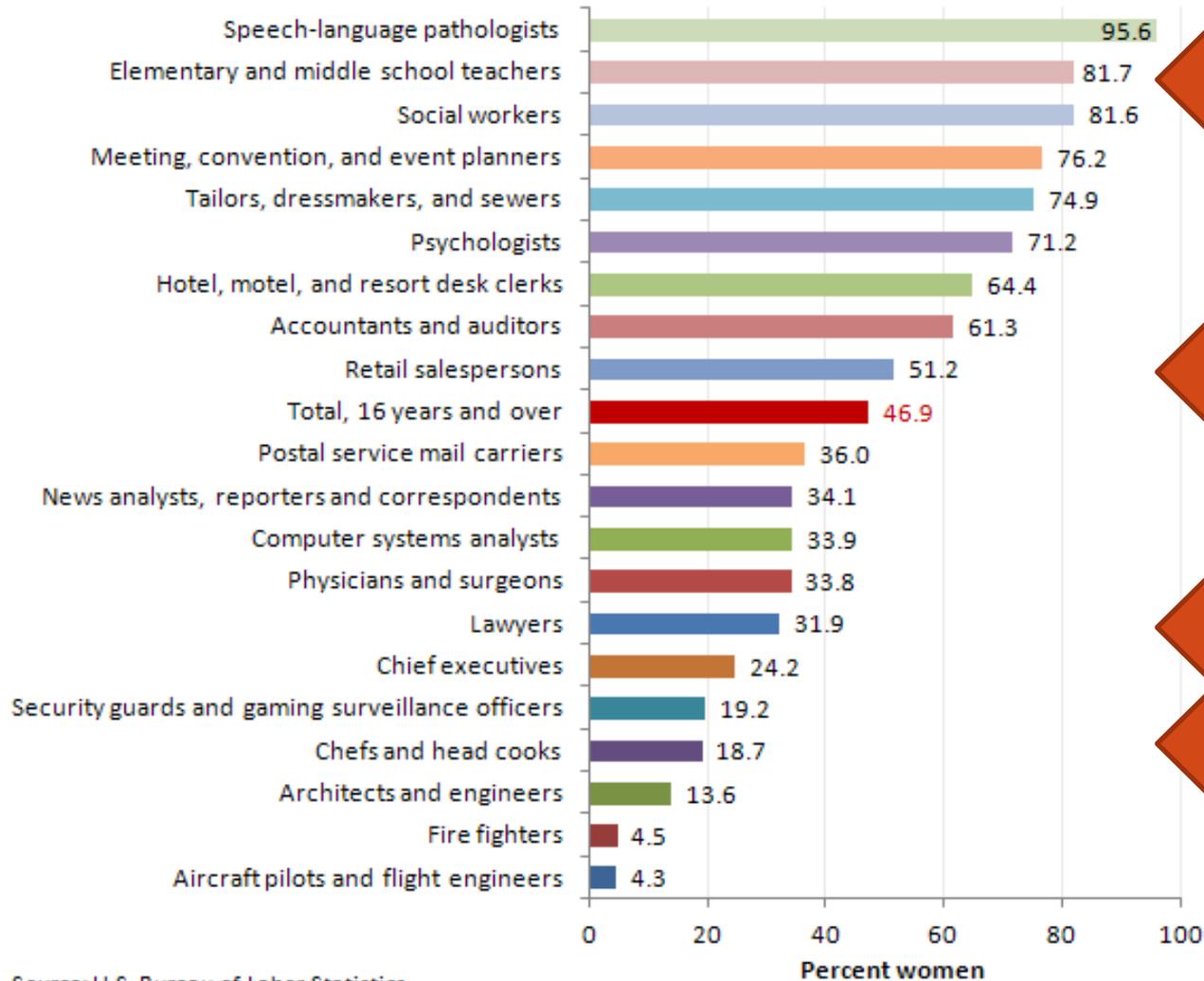
- Only 4 of the top 20 jobs for men and the top 20 jobs for women overlap
- Traditional men's jobs pay more than traditional women's jobs
- Explains up to ½ wage gap, depending on study.



Occupation and Industry Choice

Women choose to work in low-paying occupations

Women as a percent of total employed in selected occupations, 2011



Ratio

91%

75.2%

86.6%

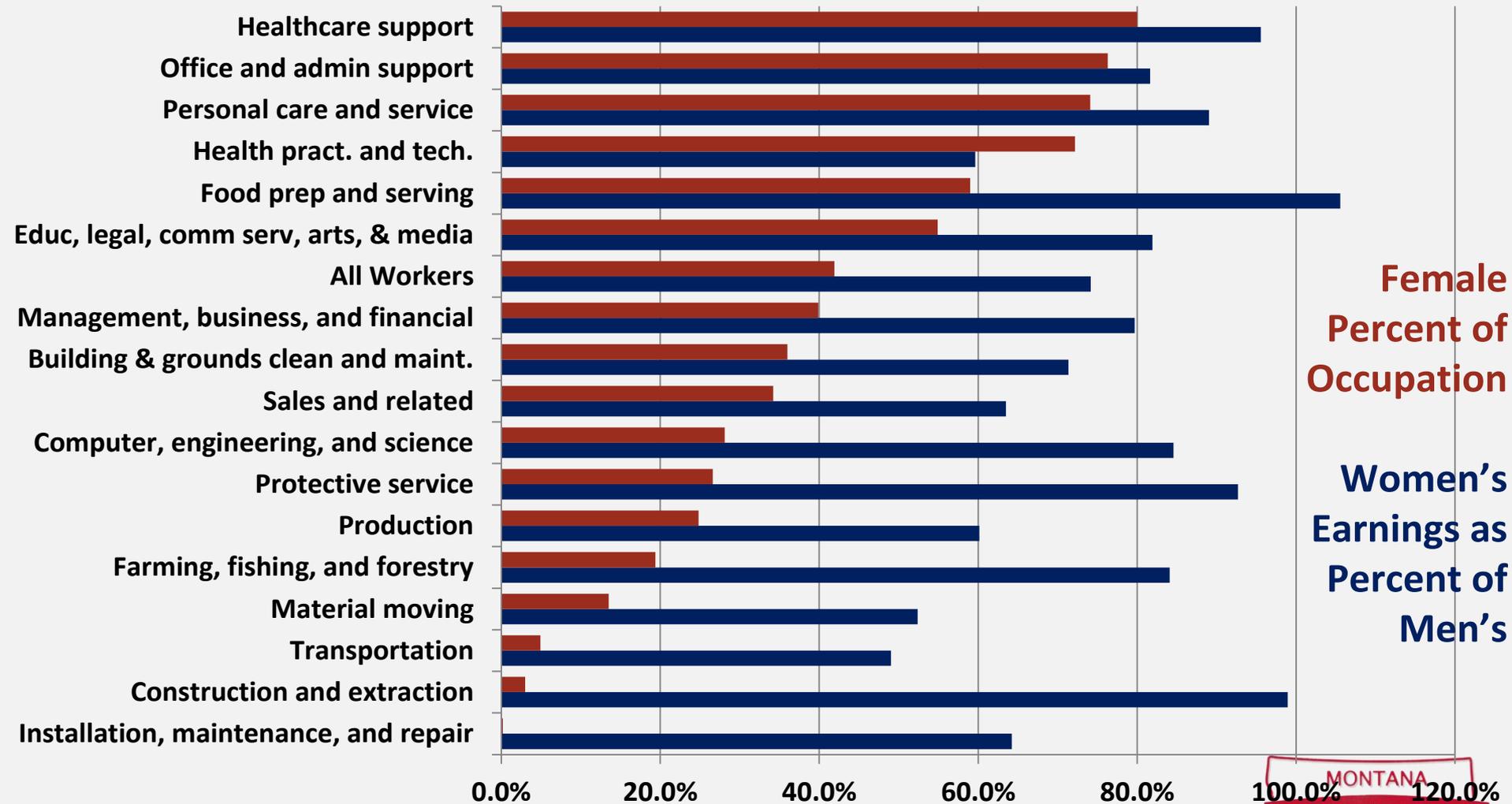
83.5%





Montana Occupations

Percent Women Workers and Pay Ratio

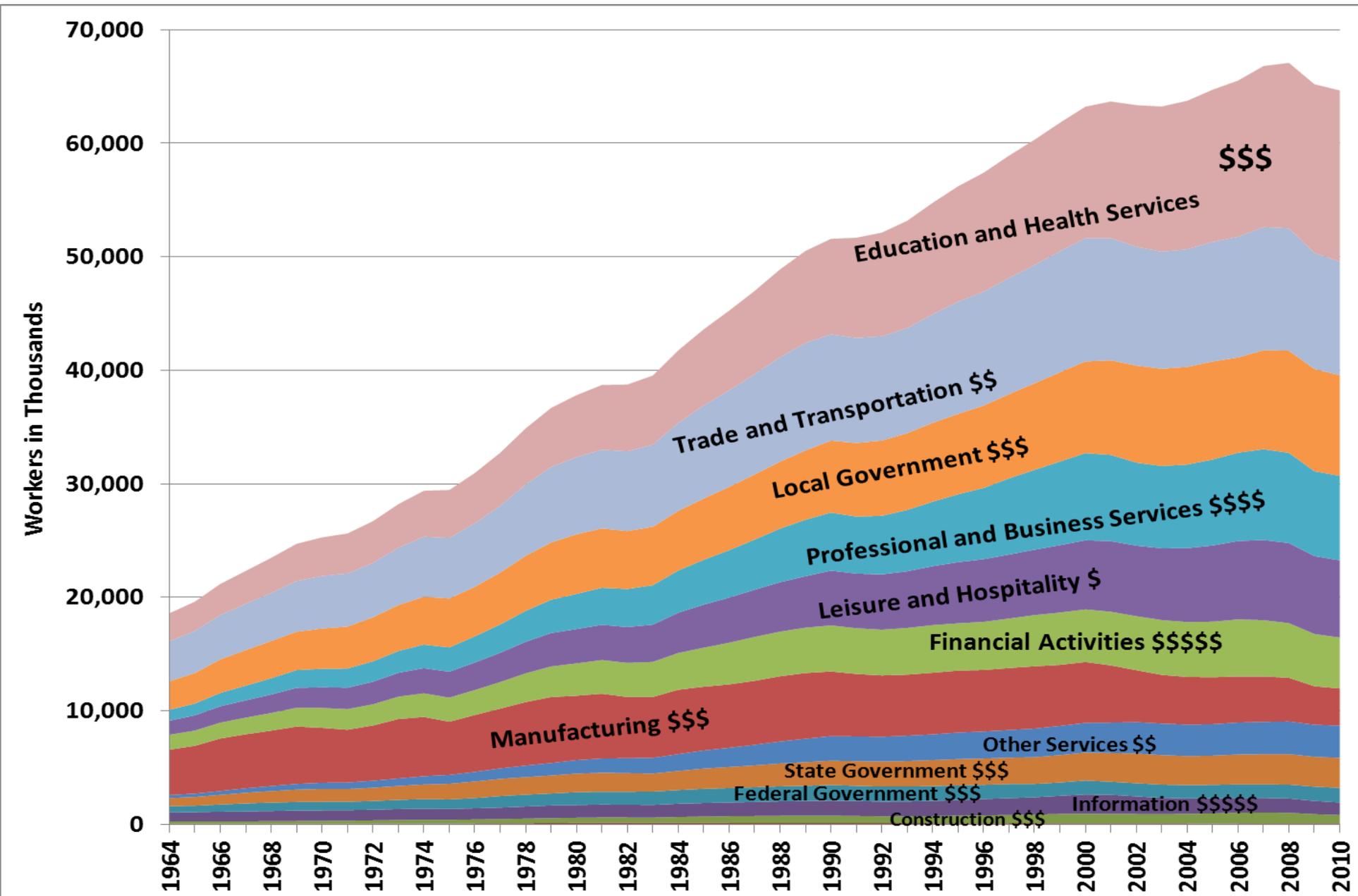


**Female
Percent of
Occupation**

**Women's
Earnings as
Percent of
Men's**

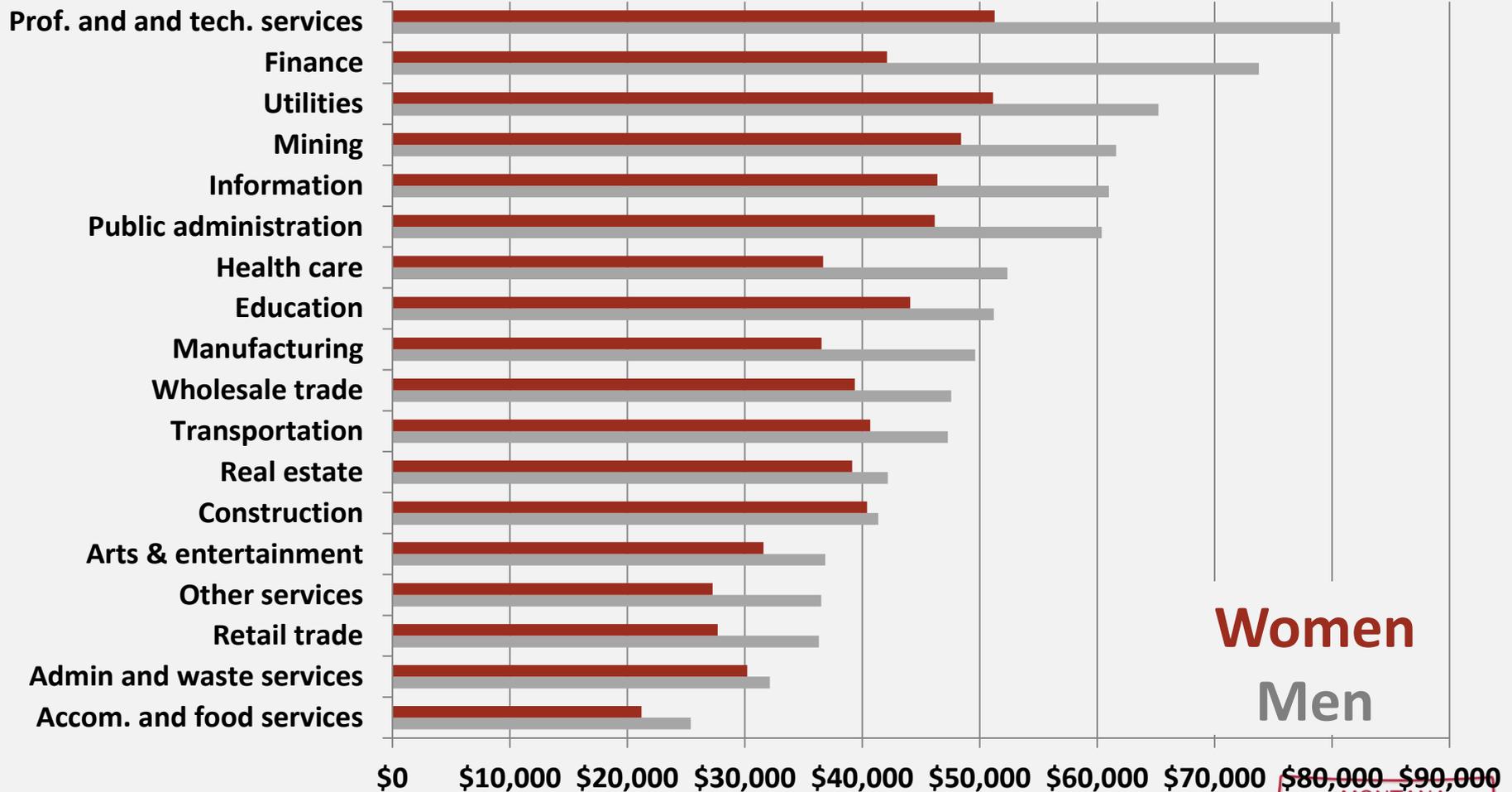


U.S. Women Workers by Industry





U.S. Median Wage by Gender and Industry



Women
Men



Source: ACS 2011, 1 year estimates



Occupation and Industry Choice

Is this problematic?

- Why it might not be:
 - Women are choosing these occupations and industries
 - “Compensating differences”
- Why it might be:
 - Occupational Crowding
 - Premarket Discrimination
 - Cultural Differences
 - Skill Monopolies
- Even within industry/ occupations, there are wage gaps





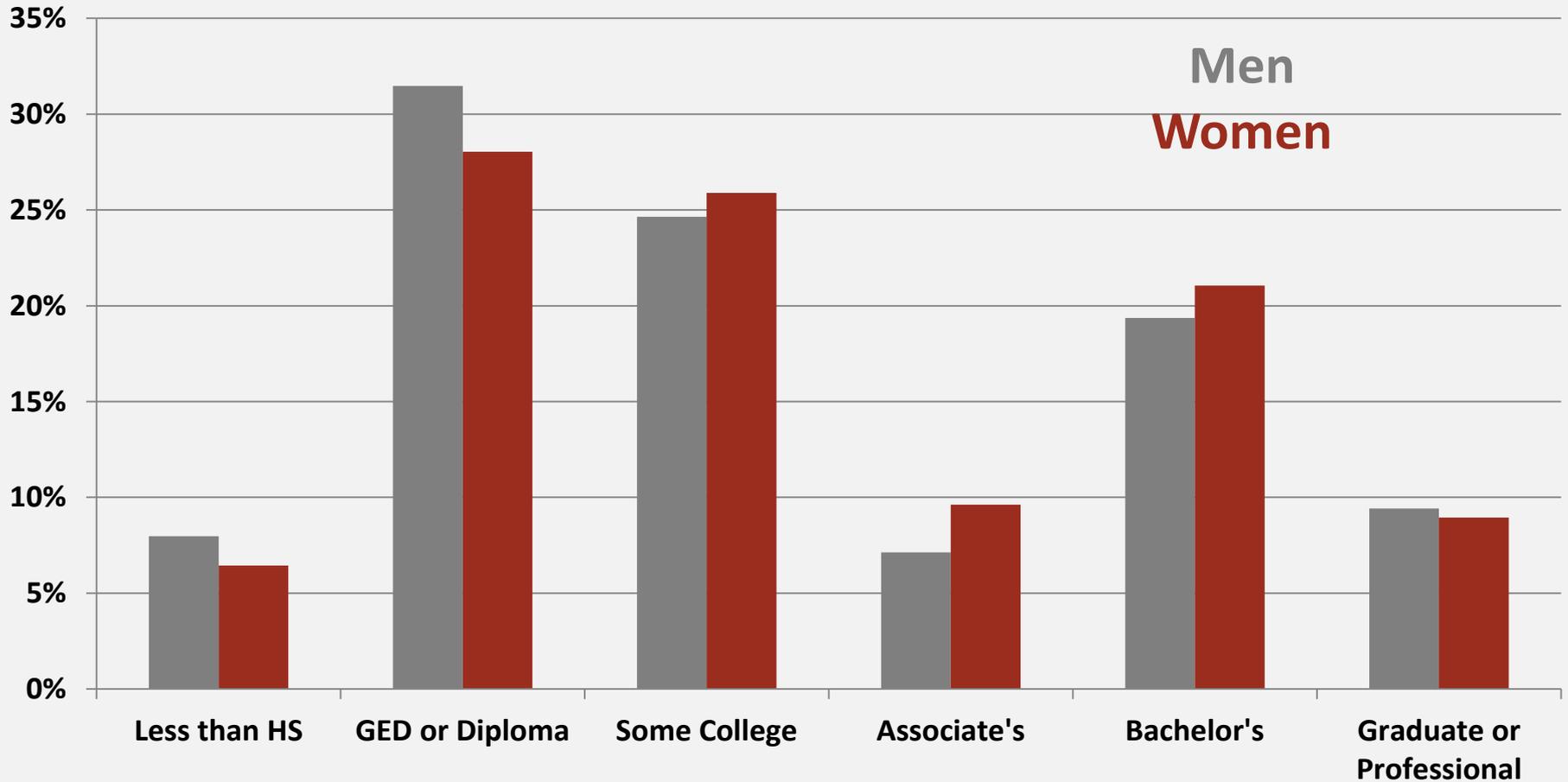
Factors Influencing Pay and the Gender Gap

- Occupation choice
- Industry choice
- **Education**
- Experience
- Part-time work/ flexible scheduling
- Time out of workforce for family care





Montana Educational Attainment by Gender (Population Over 25)

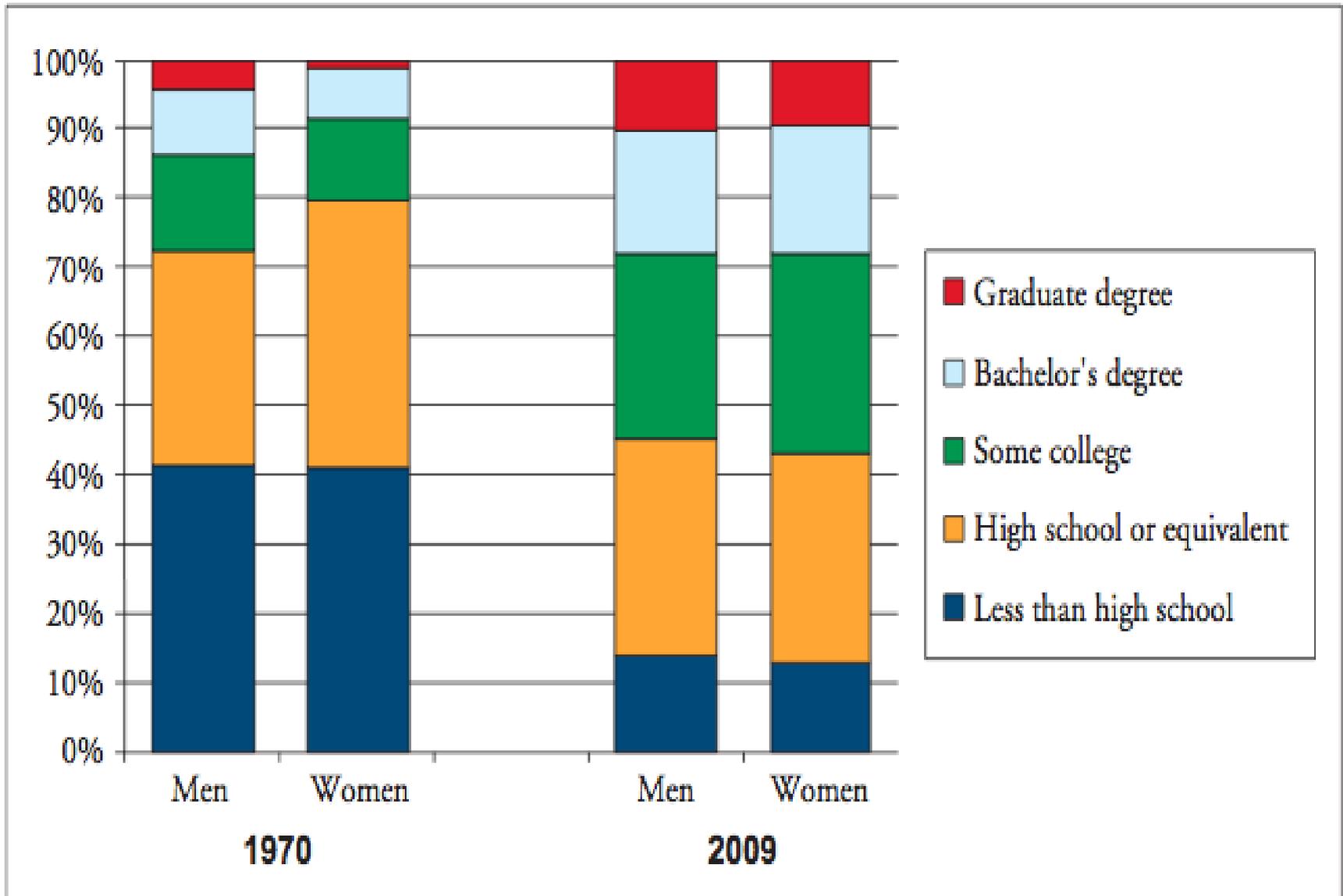


Source: American Community Survey 1-Year Estimates 2012



Levels of Educational Attainment

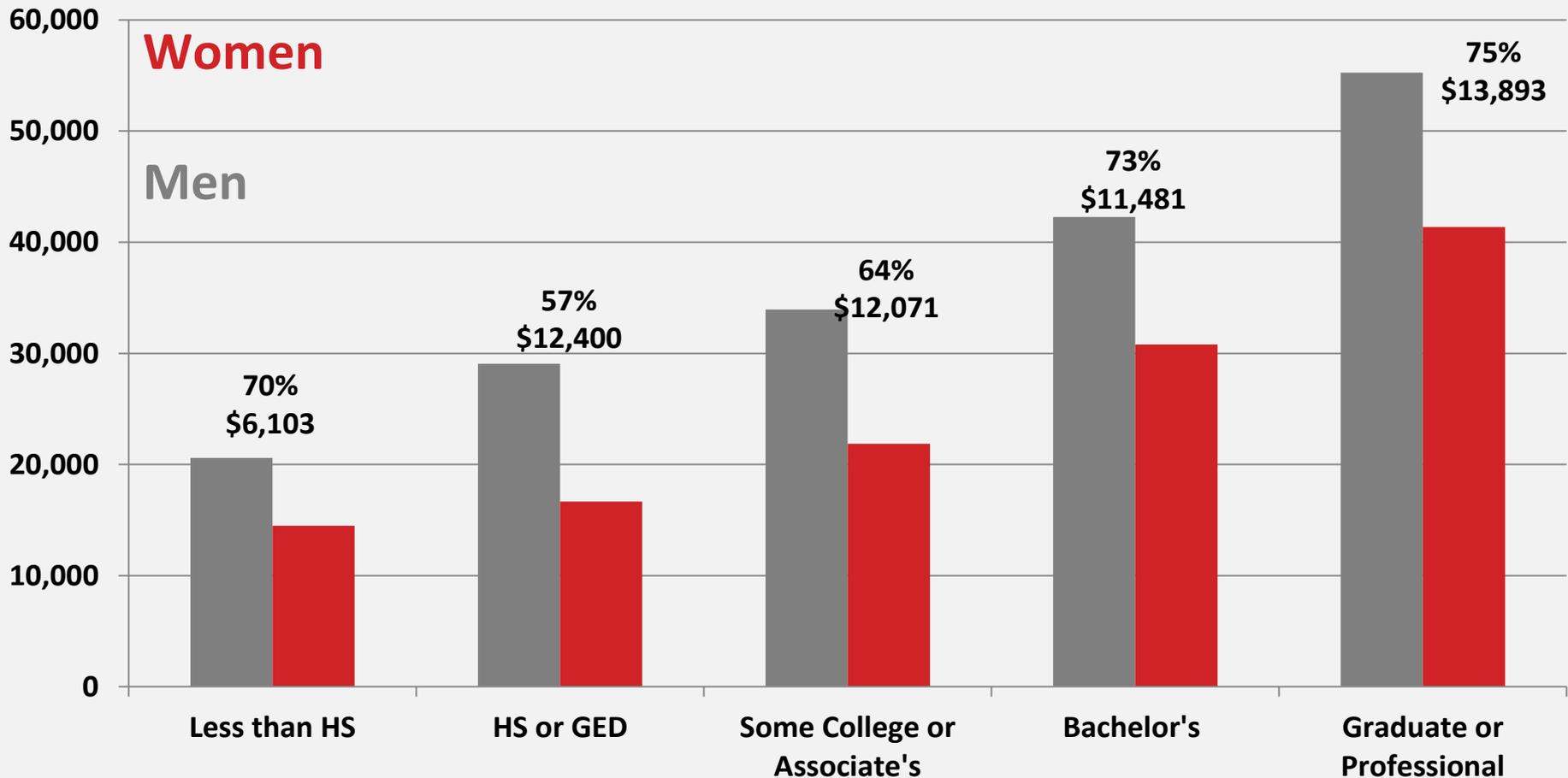
(Percentage of Adults 19 and Older, 1970 and 2009)



Source: National Center for Education Statistics



Montana Median Earnings by Education Category



Source: 2011 American Community Survey 1-Year Estimates





What do studies show?

- Women have *more* education and slightly *higher grades* than men
 - Do women stay in school longer because they perform well?
- Different college majors
 - Even among students with the same major and equal school performance, men out-earn women
 - Significant attention to recruiting women into STEM degrees





Factors Influencing Pay and the Gender Gap

- Occupation choice
- Industry choice
- Education
- Experience
- Part-time work/ flexible scheduling
- Time out of workforce for family care



Experience and Part-Time Work



Women are more likely to care for children and family.

- Time out of workforce for childbearing
- Choose part-time work or relaxed occupations to allow for work and family



Average Hours Per Day, Civilian Population

	Men	Women
Household Activities	1.29	2.17
Caring for Household Members	0.35	0.66
Working	4.17	2.94
Civic Activities	0.26	0.38



What do studies show?

- Mothers earn less than other women

Median Weekly Earnings	
Women with Children Under 18	\$669
Women Without Children	\$692

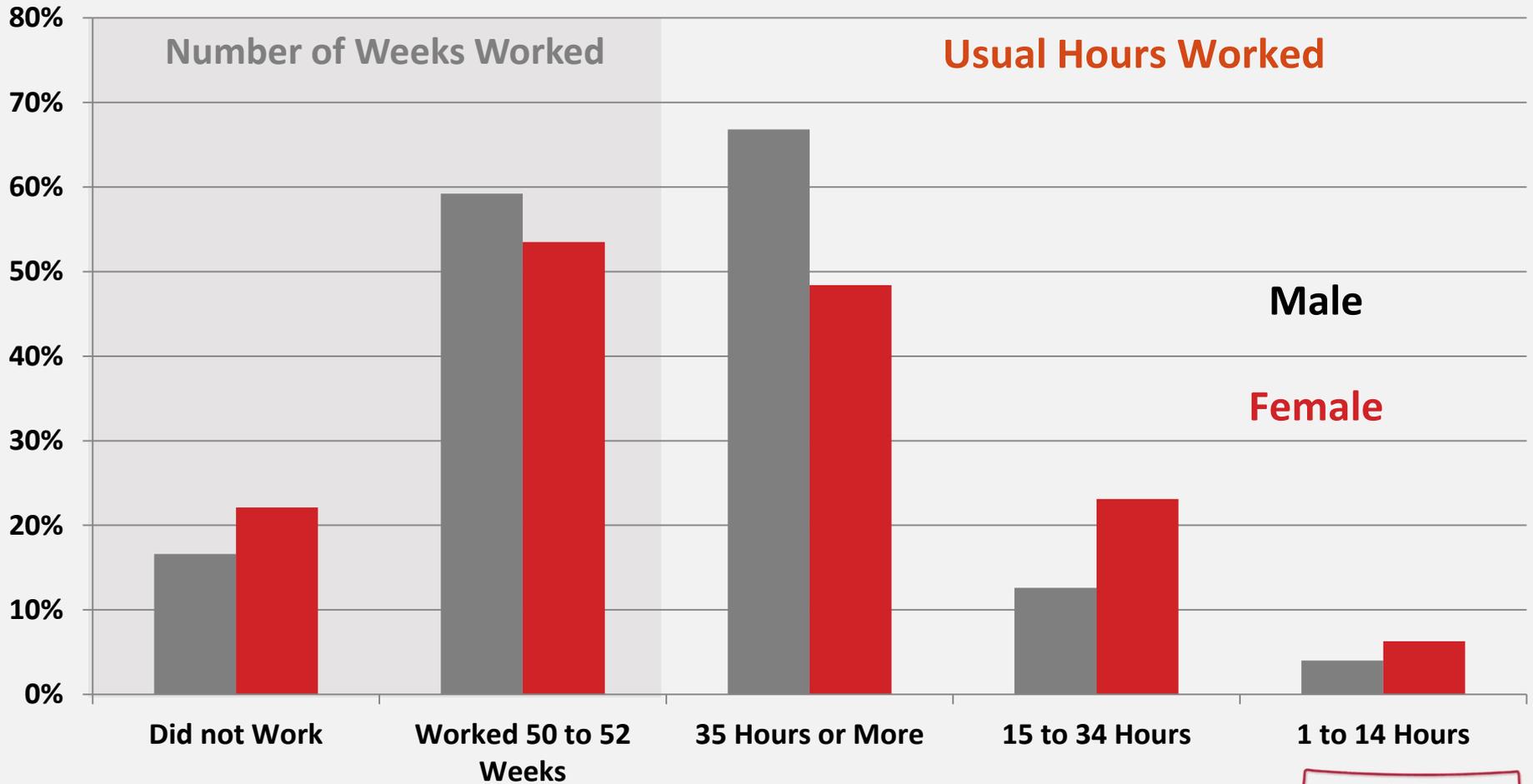
- Taking leave
 - Men are slightly more likely to have access to paid leave.
 - Women more likely to take paid leave (among those that have it).
 - Men and women roughly equally likely to have access to flexible scheduling.
 - Some studies suggest men more likely to have flexible scheduling approved.
- Women more likely to work multiple jobs and part-time.

Source: Access to and use of paid leave from American Time Use Survey, Bureau of Labor Statistics (BLS), 2011 annual. Access to flexible scheduling from McMenemy, Terence. Monthly Labor Review, BLS, Dec. 2007. For studies on approval of flexible scheduling, see Brescoll, Glass, and Sedlovskaya, Journal of Social Issues, June 2013. Median weekly earnings from BLS. Highlights of Women's Earnings in 2011.





Experience: Part-Time Status



Source: American Community Survey, 2011, 1-year Estimates





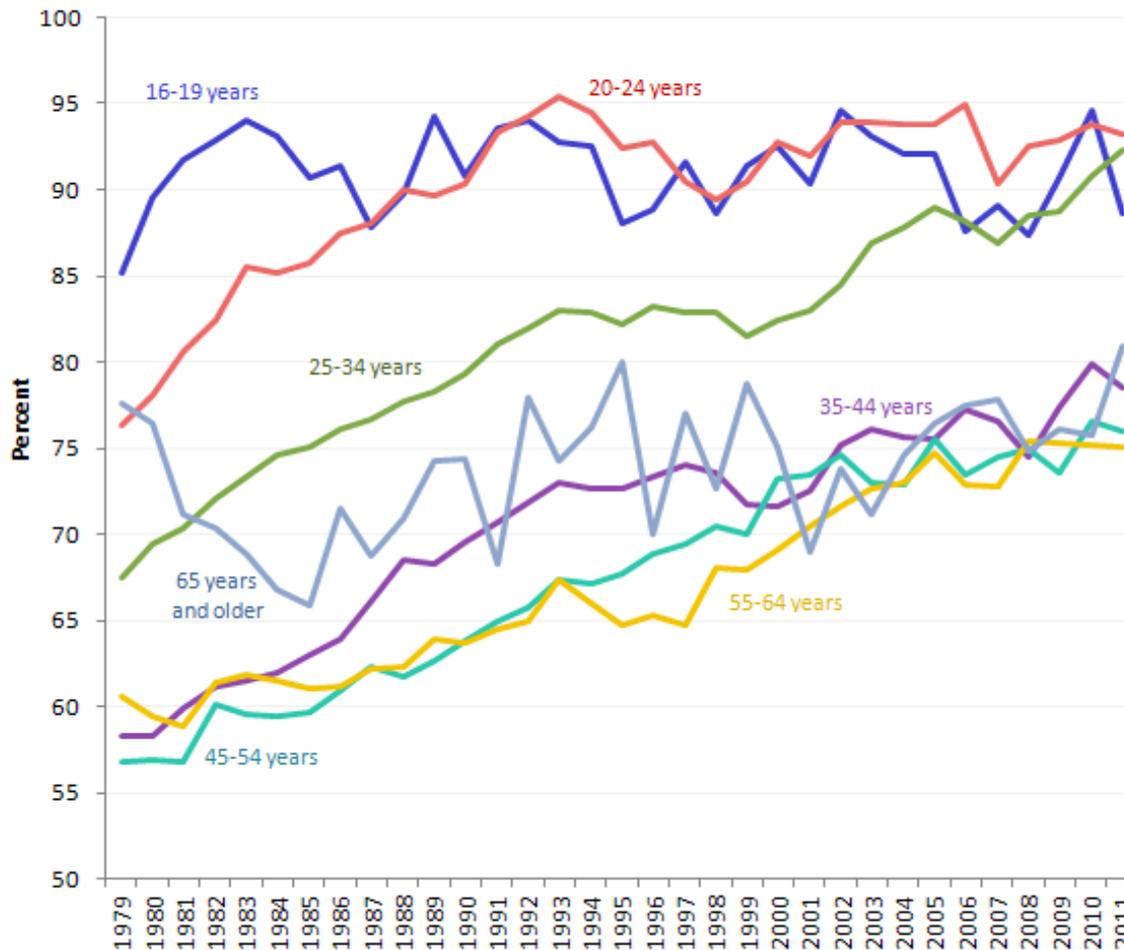
Because of Part-Time Work and Motherhood, Women have Less Experience. Is this problematic?

- Caveats
 - Women out of college more likely to have experience than men. Still earn less.
 - Part-time work generally comes with fewer benefits.
- Why it might not be:
 - Less experienced workers are less productive and therefore earn less.
 - Women may choose to work part-time or take longer parental leave time for family care.
- Why it might be:
 - Discrimination causes men to earn higher wages, so families decide women should stay home.
 - Cultural pressure to work at home.
 - Discrimination in hiring.
 - Expectation of motherhood and early “leaning out.”



Small Earnings Gap Builds Over Time

Women's earnings as percent of men's, median usual weekly earnings of full-time wage and salary workers, in current dollars, by age, 1979–2011 annual averages



Source: U.S. Bureau of Labor Statistics

The Game of WAGES

Over the course of her lifetime, the average female, full-time worker will make less than her male counterpart, even when controlling for occupation, level of education, and work experience. Here are the fictional stories of Moly and Michael, two friends from similar backgrounds with nearly identical interests and abilities who made almost indistinguishable life choices. But one difference persists: Moly has consistently been paid less than Mike despite doing nearly identical work. And it's only gotten worse over the years.

CLICK ON THESE SPACES FOR ADDITIONAL INFORMATION

GRADUATION

Earns a slightly higher GPA in college, but is offered less than Mike's job as a financial analyst (not competitive for higher pay).

Gets a job at a well-known hospital for a slightly starting salary.

PAY DAY

Takes on a low job central to Mike's, but soon promotions and wages are even.

Gets a 10 percent raise on her job.

GET MARRIED

Starts a family. Continues to work full time, but many of her colleagues decide to work part time to raise children full time.

Gets a 19 percent to 24 percent raise on her job in hospital.

GET MARRIED

Gets a 19 percent to 24 percent raise on her job in hospital. Married men tend to earn more than unmarried men.

23

The wage gap between U.S. workers.

PAY DAY

Takes 12 weeks of unpaid maternity leave and returns to a similar job as a financial analyst. Her average salary is \$100,000, but women who work full time with children between the ages of 0 and 14 spend 10 percent of their work.

Gets another 10 percent raise on her job. Chooses to take fewer maternity leave than Mike's in hospital.

PAY DAY

Gets a 10 percent raise on her job in hospital.

PAY DAY

Works 40 hours per week and spends almost twice as much time on child care and household labor as her husband.

Works 49 hours, to part because the wife will be home to care for their kids.

PAY DAY

Gets a 10 percent raise on her job in hospital.

PAY DAY

Kids graduate. Now takes the responsibility of taking time from work to care for her own parents. Her work is more likely to take on than men's.

Works 48 hours per week since she cannot get maternity leave and the gap only grows.

PAY DAY

Gets a 10 percent raise on her job in hospital.

RETIREMENT

Just before retirement, Mike will have made \$1,000,000 on his \$100,000 job more than twice the amount of their careers.

PAY DAY

Gets a 10 percent raise on her job in hospital.

Center for American Progress



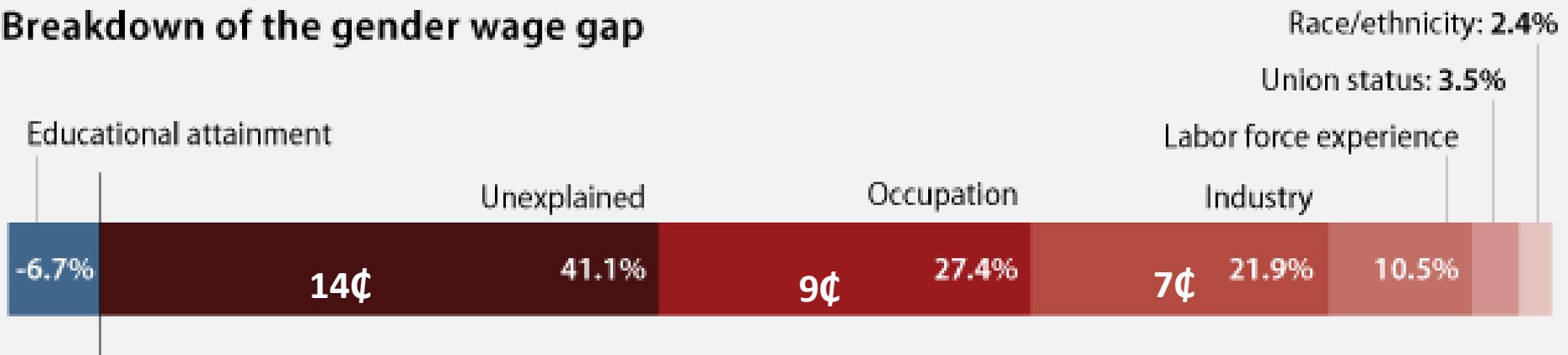
Factors Influencing Pay and the Gender Gap

- Occupation choice
- Education
- Industry choice
- Experience

← Montana Gap = \$0.33 →

FIGURE 1

Breakdown of the gender wage gap



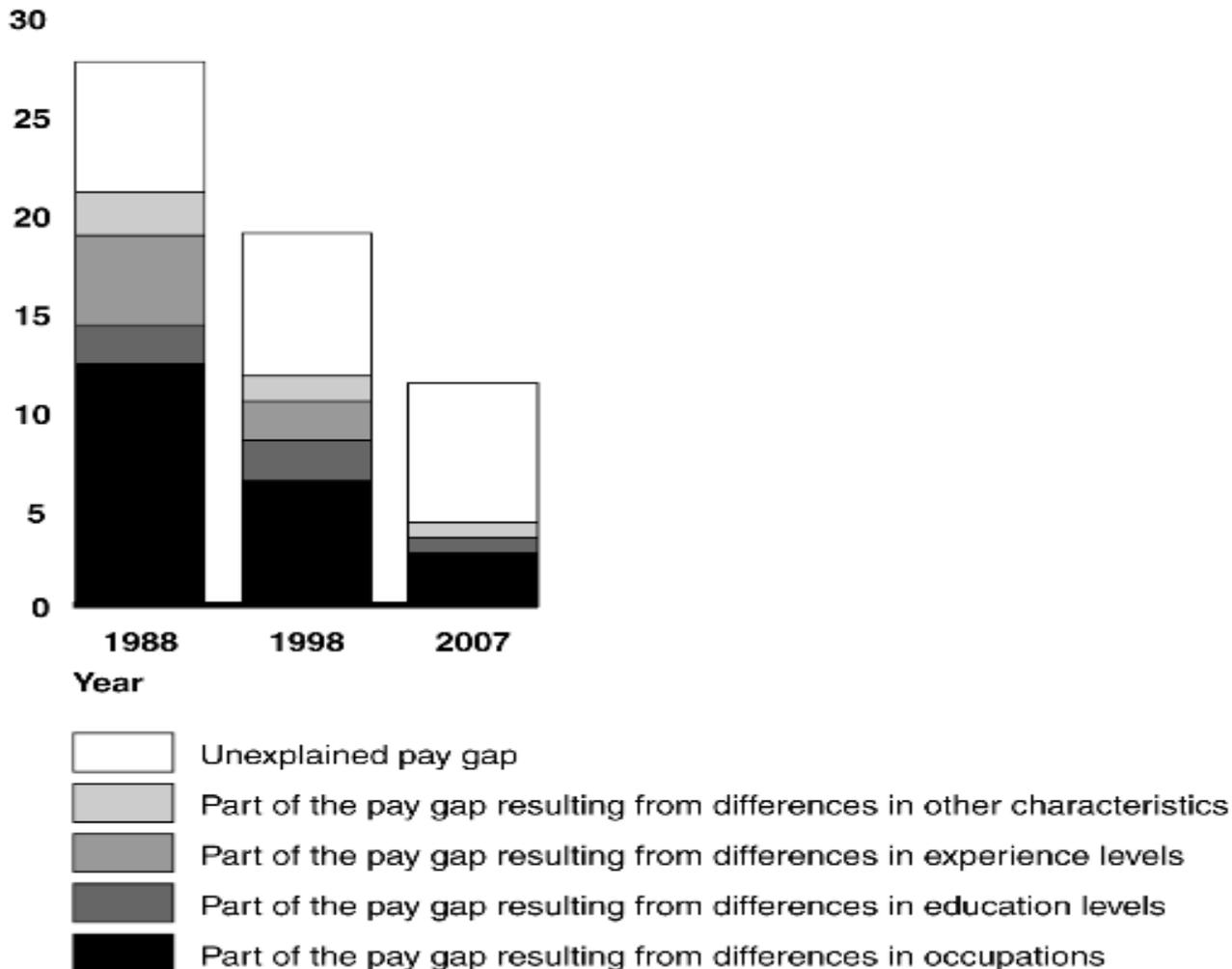
Source: Francine Blau and Lawrence Kahn, "The Gender Pay Gap: Have Women Gone as Far as They Can?", *Academy of Management Perspectives*, February 2007, pp. 7–23.



Has the unexplained wage gap changed over time?

Federal Workers: Proportion of Pay Gap Due to Differences in Measurable Factors between Men and Women

Pay Gap between men and women (in cents)





QUESTIONS

