What is the Wage Gap?

The term *wage gap* refers to the disparity in earnings between women and men. It’s the gap between what men earn and what women earn.

When you hear or read that “a woman earns just 73 cents for every dollar a man earns,” this does not mean that all men in an occupation earn more than all women in that same occupation.

What it means is this:

The median annual income for all full-time year-round adult female workers is 73% of the median annual income for all full-time year-round adult male workers.

(The *median* income is the income that is at the middle of the distribution of incomes.)

Wage Gap Details

The wage gap has varied over time in the U.S. Over the last 50 years it has gone up and down, but has stabilized in the last decade:

- 1955: 64%
- 1970: 60%
- 1980: 60%
- 1990: 72%
- 2000: 73%
- 2001: 76%
- 2002: 77%
- 2003: 76%

The wage gap varies across occupations. In fields where wages and salaries depend mostly on credentials and seniority, the gap is smaller. For example, in teaching, women earn about 90-95% of what men earn. But among managers and administrators, women earn only about 65% of what men earn.

The wage gap also varies from state to state. In North Carolina, women do better (75.2%) than in Louisiana (64.8%) or Wyoming (62.8%).
Occupational Segregation

*Occupational segregation* refers to the practice of channeling women and men into different kinds of jobs. As one result, women vastly outnumber men in some occupations, while men vastly outnumber women in others.

Examples of jobs into which women are often channeled are:

- secretary (98.4%)
- registered nurse (93.1%)
- nursing aide (90%)
- elementary school teachers (82.5%)
- receptionist (96.9%)
- bookkeeper (92.9%)
- hairdresser (90.4%)

**Why Does Occupational Segregation Matter?**

The problem is not simply that occupational segregation produces an imbalance in the proportion of women and men in an occupation.

The problems are that the occupations into which women are customarily channeled . . .

pay less than,
have lower status than,
and offer fewer chances for advancement

. . . than the jobs into which men are customarily channeled.

**Secondary Consequences of Occupational Segregation**

- Higher rates of poverty among female-headed families (the rate is usually about 3 times higher than for male-headed families with similar demographic characteristics)
- Lower retirement incomes for women
- The need for supplemental public aid for female-headed families
- Difficulties for women who are trying to escape abusive relationships

**How Does Occupational Segregation Occur?**

- the *gender typing* of jobs influences the preparation and choices of job seekers
- the *gender typing* of jobs leads employers to discriminate when hiring and promoting
- managers and supervisors tend to hire and promote people like themselves
- men may actively resist women’s entry into male-dominated occupations
NEW GAO REPORT FINDS CONTINUED, UNEXPLAINED GENDER WAGE GAP; WOMEN’S PROGRESS OF 1980s UNMATCHED IN SUBSEQUENT YEARS

(Washington, D.C.) .... The GAO report on women’s earnings released today confirms earlier research in showing that only a portion of the difference between women’s and men’s earnings can be attributed to measurable differences in women’s and men’s characteristics. Analyzing data for the period 1983 to 2000, the GAO finds a wage gap of 44 percent (women earn about 44 percent less than men in any given year of the study, including both women and men who work full-time as well as those who work less than full-time). A statistical model is then employed to identify the factors that contribute to this wage disparity. Looking at work experience, education, occupation and industry of current employment, and other demographic and job characteristics, the model can explain about half of the difference, leaving an unexplained wage gap of approximately 20 percent.

“The report substantiates previous research finding that a substantial part of women’s earnings disadvantage is not related to how many hours they work, whether they are married or have children, or how many years they’ve been in the labor market,” noted Dr. Heidi Hartmann, President of the Institute for Women’s Policy Research. “Discrimination is the most likely explanation for this remaining difference.”

Of the 24-percentage-point difference in earnings that the model does explain, about two-thirds is due to women and men having different characteristics – for example, men work more hours than women (hours of work is the single largest factor explaining earnings differences, not surprisingly). One-third is due to women and men receiving different rewards for the same characteristics. In fact, in the GAO model, most of the difference in rewards is not associated with any specific worker characteristic, but rather with the fact that women and men generally work in different labor markets – they work in different occupations, and the jobs women work in pay less than the jobs men work in, for reasons researchers have yet to fully document.

“Women are often discouraged from entering traditionally male jobs, such as office machine repair, which pay more than female-dominated jobs,” IWPR’s Director of Research Dr. Barbara Gault pointed out. “Once on the job, they may face blatant discrimination or hostile co-workers.”
But going into a traditionally female job often means lower pay now, as well as lower income in retirement.

The report’s analysis of relative earnings by industry documents the importance of public sector employment for women’s earnings equity. Compared to the baseline industry wholesale/retail trade, earnings are 18 percent higher for women in government service. Men in government service have similar earnings to those in trade. Many observers attribute women’s higher earnings in the public sector to lower discrimination there as well as better job protections through civil service regulations and widespread union representation. In addition, there is more public disclosure about pay grades and wages in civil service personnel systems.

A new Fact Sheet titled “The Gender Wage Gap: Progress of the 1980s Fails to Carry Through” released today by the Institute for Women’s Policy Research analyzes trends in the gender wage gap over the last forty years. While substantial progress in closing the gap was made over the 1980s, little has been achieved since then. Dr. Hartmann characterized the period since 1993 as “a disaster” for recent graduates (workers aged 16 to 24). Hispanic women have experienced virtually no progress in wage equity with white men since 1981.

Dr. Vicky Lovell, a Study Director at the Institute, suggested that policy changes are necessary to end wage discrimination. “New federal legislation is needed to make it easier for women to pursue legitimate wage discrimination claims, by increasing transparency in companies’ wage policies. Wage adjustments should also be undertaken to ensure that jobs requiring similar skills, effort, and responsibility in similar working conditions are paid equitably, whether they are usually performed by women or by men.”
The Gender Wage Ratio: Women’s and Men’s Earnings

The gender wage ratio, which had remained virtually constant from 1955 through the 1970s, began to increase in the 1980s. For full-time year-round workers, the ratio of women’s median annual earnings to men’s rose from 60.7 in 1960, reaching 71.6 in 1990. Over the 1990s, the wage ratio grew modestly. An all-time high of 76.6 was reached in 2002, but the ratio fell back in 2003, to 75.5.

The ratio of women’s to men’s median weekly earnings rose steadily from 62.3 in 1970 to 76.8 in 1993. It did not exceed that until 2002, reaching 77.9 that year. In 2003, the weekly wage ratio was 79.4.

<table>
<thead>
<tr>
<th>Year</th>
<th>Median Annual Earnings, Year-Round Workers</th>
<th>Median Weekly Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955</td>
<td>63.9</td>
<td></td>
</tr>
<tr>
<td>1960</td>
<td>60.7</td>
<td></td>
</tr>
<tr>
<td>1965</td>
<td>59.9</td>
<td></td>
</tr>
<tr>
<td>1970</td>
<td>59.4</td>
<td>62.3</td>
</tr>
<tr>
<td>1975</td>
<td>58.8</td>
<td>62.0</td>
</tr>
<tr>
<td>1980</td>
<td>60.2</td>
<td>64.4</td>
</tr>
<tr>
<td>1981</td>
<td>59.2</td>
<td>64.6</td>
</tr>
<tr>
<td>1982</td>
<td>61.7</td>
<td>65.4</td>
</tr>
<tr>
<td>1983</td>
<td>63.6</td>
<td>66.7</td>
</tr>
<tr>
<td>1984</td>
<td>63.7</td>
<td>67.8</td>
</tr>
<tr>
<td>1985</td>
<td>64.6</td>
<td>68.2</td>
</tr>
<tr>
<td>1986</td>
<td>64.3</td>
<td>69.2</td>
</tr>
<tr>
<td>1987</td>
<td>65.2</td>
<td>70.0</td>
</tr>
<tr>
<td>1988</td>
<td>66.0</td>
<td>70.2</td>
</tr>
<tr>
<td>1989</td>
<td>68.7</td>
<td>70.1</td>
</tr>
<tr>
<td>1990</td>
<td>71.6</td>
<td>71.8</td>
</tr>
<tr>
<td>1991</td>
<td>69.9</td>
<td>74.0</td>
</tr>
<tr>
<td>1992</td>
<td>70.8</td>
<td>75.6</td>
</tr>
<tr>
<td>1993</td>
<td>71.5</td>
<td>76.8</td>
</tr>
<tr>
<td>1994</td>
<td>72.0</td>
<td>76.4</td>
</tr>
<tr>
<td>1995</td>
<td>71.4</td>
<td>75.4</td>
</tr>
<tr>
<td>1996</td>
<td>73.8</td>
<td>75.0</td>
</tr>
<tr>
<td>1997</td>
<td>74.2</td>
<td>74.4</td>
</tr>
<tr>
<td>1998</td>
<td>73.2</td>
<td>76.3</td>
</tr>
<tr>
<td>1999</td>
<td>72.2</td>
<td>76.5</td>
</tr>
<tr>
<td>2000</td>
<td>73.3</td>
<td>76.0</td>
</tr>
<tr>
<td>2001</td>
<td>76.3</td>
<td>76.0</td>
</tr>
<tr>
<td>2002</td>
<td>76.6</td>
<td>77.9</td>
</tr>
<tr>
<td>2003</td>
<td>75.5</td>
<td>79.4</td>
</tr>
</tbody>
</table>
Notes: Annual wage ratio data include self-employed workers; weekly data are for wage and salary workers only. The median annual wage ratio is for workers aged 14 and older through 1979 and workers 15 and older from 1980 through 2003; median weekly earnings are for workers aged 16 and older and are not restricted to full-year workers.


---

For more information on IWPR reports or membership please call (202) 785-5100, or visit our website at http://www.iwpr.org.

The Institute for Women’s Policy Research (IWPR) is a public policy research organization dedicated to informing and stimulating debate on public policy issues of critical importance to women and their families. The Institute works with policymakers, scholars, and public interest groups around the country to design, execute, and disseminate research that illuminates economic and social policy issues affecting women and families, and to build a network of individuals and organizations that conduct and use women-oriented policy research. IWPR’s work is supported by foundation grants, government grants and contracts, donations from individuals, and contributions from organizations and corporations. Members and affiliates of IWPR’s Information Network receive reports and information on a regular basis. IWPR is a 501(c)(3) tax-exempt organization.
Memo to John Roberts: The Gender Wage Gap is Real

Equal pay and the wage gap have become central issues in discussions of John Roberts’ nomination to the Supreme Court. Roberts authored documents in 1983 and 1984 suggesting he did not believe that that there was a gender pay gap or that women experienced pay discrimination, and voicing opposition to proposed actions to promote pay equity, including the Equal Rights Amendment and comparable worth remedies. For example, one memo referred to “the purported gender gap,” while another discussed “perceived problems” of gender bias, and another called comparable worth policies “highly objectionable” and “staggeringly pernicious.” Census Bureau data show that the gender pay gap was quite real in the 1980’s, and persists today, even among men and women with comparable education levels.

Figure A
Average Cumulative Losses From the Gender Wage Gap for A College-Educated Woman Who Was Between Ages 25 and 29 in 1984

Source: Author’s and Economic Policy Institute’s analysis of Current Population Survey data.

Figure A presents an estimate of the cumulative loss over time, due to the gender wage gap, for the average college-educated woman since Judge Roberts dismissed the wage gap in 1984. The typical female college graduate in 1984, who is now in her mid 40s, has lost a total of $440,743 dollars in the years between 1984 and 2004. The total cumulative loss is estimated by comparing earnings of women and men who worked full-time, year-round at five points in time (1984, 1989, 1994, 1999, and 2004) using Current Population Survey data (and grouping women and men in five-year age ranges to calculate the average earnings gaps).

Women in their mid-40s today can tell you what their half a million lost dollars could have bought: a graduate education for themselves, top-notch college education for several children, a house, nursing home expenses for an elderly parent, or a retirement portfolio, among other possibilities. Sex-based wage inequality is not just “perceived” --- it is painfully real and leads to substantial differences in opportunity and security for college-educated women compared to their equally educated male counterparts.

Figure B shows the average earnings for women and men at the five time points, for college-educated full-time year-round workers who were 25-29 years old in 1984. The gap grows larger as women and men age. By 2004, college-educated women aged 45-49 earn $36,842 (or 38 percent) less per year than their college-educated male counterparts. In their 20s, the gap was $11,001 or 25 percent.

We also calculated the total losses for all young, college-educated women who entered the work force between 1984 and 2004. When the earnings gaps for

Figure B

Average Earnings of College-Educated Men and Women Employed Full-Time/Year-Round

![Graph showing average earnings comparison between men and women across different age groups and years]

Source: Author’s and Economic Policy Institute’s analysis of Current Population Survey data.

---

2 The average earnings gaps in these five years were also used to estimate the earnings gap over the full 21 years from 1984-2004 (to do so the gap in earnings in 1984 and 2004 were multiplied by three while the gap in 1989, 1994, and 1999 were multiplied by five).

3 While women and men have somewhat different college majors, research shows the gender gap is larger than can be explained by differences in college majors (Catherine J. Weinberger, "Race and Gender Wage Gaps in the Market for Recent College Graduates," Industrial Relations v37 (January 1998): 67-84).

Memo to John Roberts: The Gender Wage Gap is Real
each group of women are calculated and multiplied by the number of women workers in each cohort, the sum total lost to women is a staggering $1.7 trillion.

This total represents a huge loss to the overall economy, in unrealized potential consumption and investment as well as reduced tax revenues to governments at all levels. The portion of the gap that results from discrimination (usually estimated at 1/4 to 1/2 of the total gap)\(^4\), represents the productivity and output lost because women workers were denied the jobs and wages that would have best used and rewarded their skills and talents.

These losses are only those that accrued to women college graduates who entered the labor force in their twenties since John Roberts made his remarks. No woman who was older than age 29 in 1984 is included in this estimate. If older women were also included in the calculation, the estimated losses to earnings and Gross Domestic Product would be much larger.

For further information on the gender wage gap see www.iwpr.org/pdf/C350.pdf.


This Fact Sheet was prepared by Heidi Hartmann, Barbara Gault, and Erica Williams of the Institute for Women’s Policy Research, with data analysis by the Economic Policy Institute.