

**Policy Hackathon
Challenge Brief**

Understanding the Gender Pay Gap

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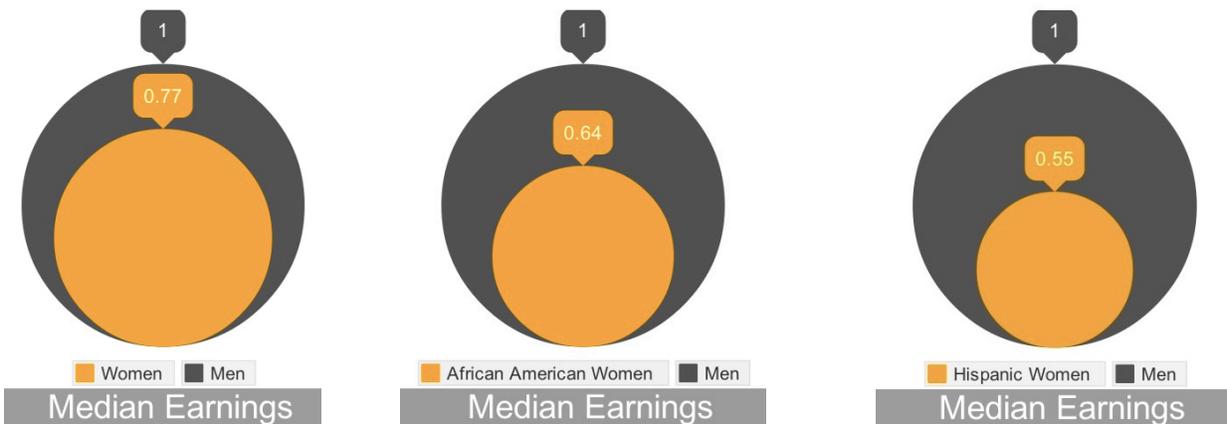
Understanding the Gender Pay Gap

What can be done to ensure that women are paid a fair and equitable wage?

It's been 51 years since President John F. Kennedy signed the Equal Pay Act into law, prohibiting discrimination on the basis of gender in wages and benefits. At the time, the gender pay gap – the difference in the median earnings of men vs. the median earnings of women - was \$0.59.

Fifty years later, the gender pay gap has closed, but still stands at **\$0.77**, a number that has changed little over the past decade. The gap is even worse for women of color:

- for African American women, the gender pay gap is **\$0.64**
- for Hispanic women, the pay gap is **\$0.55**.



Source: 2012 US Census Bureau American Community Survey 1-Year Estimates, Table S2401

The Gender Pay Gap's Impact

For women and their families, the gender pay gap:

- means fewer dollars to pay for a family's everyday expenses.
- can result in a lifetime loss of earnings of as much as \$1 million or more.
- grows as education levels increase.
- exists at the very top of the pay scale and in executive level positions.
- reduces overall economic growth.
- contributes to higher rates of poverty for women.

Why the Gender Pay Gap Matters

The gender pay gap has a real and significant impact on the lives of women and their families – in Ohio and around the world.

Women's reduced earnings mean fewer dollars for their family's everyday expenses.

- Women are now the sole or primary breadwinner in 40% of US households with children under age 18ⁱ. Their reduced earnings, whether they are a single-income household or multi-income household, mean fewer dollars to cover everyday expenses for their families.

The National Partnership for Women and Families has estimated that the average gender pay gap (\$11,000) is equivalent to almost two years' worth (91 weeks) of food expenses, 13 months of rent, or 3,341 gallons of gas (more than 200 fill-ups for the average car).ⁱⁱ

Women's Lost Wages Due to Gender Pay Gap are Equivalent To:		
91 weeks of Food	13 months of Rent	200 fill-ups at the Gas Pump
		

Source: National Partnership for Women and Families

The lifetime loss of earnings for women that results from the gender pay gap can equal \$1 million or moreⁱⁱⁱ

- The lifetime loss of earnings from the gender pay gap – the cumulative loss of income over a woman's career – can exceed \$1 million dollars depending on the education and occupation. The impact of women's lower earnings is compounded by the loss in benefits that are tied to earnings levels, such as retirement benefits.^{iv}

	Man	Woman	Difference
Salaries of MBA grads at age 24	\$110,000	\$100,000	\$10,000
Salaries at age 64 (same annual increase)	\$637,100	\$579,182	\$57,918
Results in a lifetime earnings difference of	\$11,179,095	\$10,162,814	\$1,016,281

The lifetime loss of earnings for women that result from the gender pay gap grows as education levels increase.

- The lifetime loss of earnings actually grows as education levels increase. The career wage gap for women with a high school diploma \$392,000; for women with a bachelor's degree, the average career wage gap is \$713,000.^v

Career Wage Gap



-\$392,000

Lost earnings for women with a high school diploma or GED



-\$713,000

Lost earnings for women with a bachelor's degree

Source: *Lifetime Losses: The Career Wage Gap from 2008 American Community Survey Data 1-Year Estimates*

Higher levels of education only serve to catch women up with their male counterparts.

- Women must have a bachelor's degree to raise their median earnings to a level that exceeds the median earnings of men with just a high school diploma.^{vi}

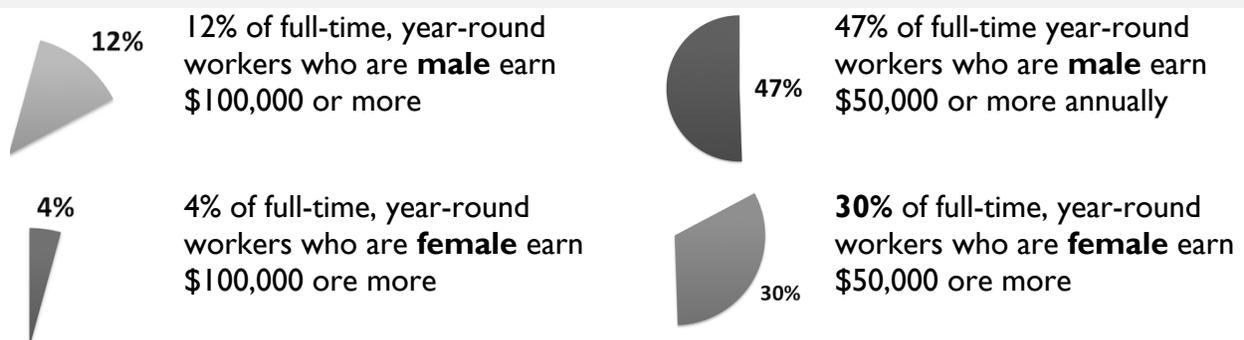
Median Earnings by Education Level - Ohio	Women	Men
High School Diploma	\$21,414	\$33,054
Bachelor's Degree	\$38,886	\$57,701

Source: *2012 US Census Bureau American Community Survey 3-Year Estimates*

The gender pay gap also exists at the very top - of the pay scale and in executive level positions.

- Women are only **20%** of the roughly 300,000 Ohioans who earn six figures or better.^{vii}
- And while nearly **half** of male workers earn \$50,000 or more annually, less than **one-third** of women earn at that level.^{viii}

Comparing Wages at the Top in Ohio



Source: *2012 US Census Bureau American Community Survey 1-Year Estimates*

- Recent analysis of data for nearly 9000 top compensated executives in the largest companies in the US shows a gender pay gap of \$0.70 to \$0.79 on median compensation. Only 7.6% of the top compensated executives are female.^{ix}

The gender pay gap reduces overall economic growth.

- The gender pay gap also results in reduced economic growth, which impacts everyone. The Institute for Women’s Policy Research has estimated that closing the pay gap would grow the US economy by three to four percentage points (in comparison: the impact of the 2009 economic stimulus package is estimated at 1.5%)^x

The gender pay gap contributes to higher rates of poverty for women.

Poverty Rates in Ohio		
64%	of female single-head of household, no spouse present, with children under the age of 5 live in poverty.	For single men with young children, the rate of poverty is 36% .
15%	of women with a high school diploma (or GED) live in poverty.	For men with a high school education the poverty rate is 11%
11%	of women age 65 and older live in poverty.	For men in that same age group, the poverty rate is 6% .

Source: 2012 American Community Survey 3-Year Estimates

Does the Gender Pay Gap Really Exist?

Attempts are made to explain away the gender pay gap by blaming the wage differences on the career choices women make and their family responsibilities. Yet the pay gap between women and men exists in every occupation and it starts at the very first job - long before family concerns can be used to justify differences in pay.^{xi}

Median Earnings for Men and Women in Selected Occupations - Ohio	Median Earnings- Men	Median Earnings - Women
Management occupations	\$68,620	\$47,203
Education, training, & library occupations	\$45,649	\$35,855
Food preparation & serving related occupations	\$11,084	\$10,357
Computer & mathematical occupations	\$65,536	\$57,358
Business & financial operations occupations	\$60,639	\$43,744
Health diagnosing, treating practitioners & other technical occupations	\$90,774	\$52,343
Legal occupations	\$82,921	\$46,490
Fire fighting & prevention, & other protective service workers	\$35,048	\$18,682
Sales & related occupations	\$37,873	\$15,299

Source: U.S. Census Bureau, 2012 American Community Survey 1-Year Estimates, Table S2401

ⁱ <http://www.pewsocialtrends.org/2013/05/29/breadwinner-moms/>

also see NYTimes coverage: <http://www.nytimes.com/2013/05/30/business/economy/women-as-family-breadwinner-on-the-rise-study-says.html>

ⁱⁱ <http://www.nationalpartnership.org/research-library/workplace-fairness/fair-pay/americas-women-and-the-wage-gap.pdf>

ⁱⁱⁱ Lifetime Losses: The Career Wage Gap

http://cdn.americanprogressaction.org/wp-content/uploads/issues/2008/pdf/equal_pay.pdf

^{iv} Ibid.

^v Ibid.

^{vi} Author's analysis of US Census Bureau 2012 American Community Survey 3-Year Estimates, Table B20004, for Ohio

^{vii} Author's analysis of US Census Bureau, 2008-2012 American Community Survey 5-Year Estimates, Table B20005, for Ohio

^{viii} Ibid.

^{ix} Author's analysis of 2013 compensation data for the Russell 3000 companies headquartered in the United States for top five compensated officers, based on data from SEC filings by individual companies from GMI Ratings.

^x http://www.huffingtonpost.com/2012/10/24/gender-wage-gap-economic-stimulus_n_2007588.html

^{xi} Myth-busting the Gender Pay Gap: <http://social.dol.gov/blog/myth-busting-the-pay-gap/>