

THE SIMPLE TRUTH ABOUT THE GENDER PAY GAP

2020 UPDATE



THE IMPACT OF COVID-19 ON WOMEN'S ECONOMIC SECURITY

The Coronavirus pandemic's disproportionate economic toll on women, most notably women of color, will have economic ramifications for years—compounding the inequities of the existing gender wage gap. Since the start of the pandemic, more women than men have lost jobs, largely because so many women work in industries that have shrunk in 2020, such as the restaurant, retail, hotel and travel sectors.

The challenges of caretaking—exacerbated by virtual schooling, closed daycare centers and isolated seniors—have taken a significant toll on the work life of many women. With women still shouldering the bulk of domestic responsibilities, many have no option other than to reduce their work hours, put off advancement opportunities or quit their jobs altogether.

Because time out of the workforce affects lifetime earnings, and many employers still erroneously rely on previous wages to set salaries, the impact is likely to compound the gender and racial wage gaps, which are persistent contributors to economic inequity.

- Between February and April 2020, women's unemployment rate rose by 12.8%, compared to 9.9% for men.¹
- Between the third quarter of 2019 to the third quarter of 2020, unemployment rose from 5.4% to 12.7% for Black women; 2.5% to 11.6% for Asian women; 4.8% to 12.5% for Latinas; and 3.7% to 8.6% for white women.²
- Mothers of young children have lost jobs at three times the rate of fathers. Moms of children under 12 lost nearly 2.2 million jobs between February and August, a 12% drop: fathers saw a 4% drop of about 870,000 jobs.³
- In the third week of July 2020, 32.1% of unemployed women ages 25 to 44 were not working outside the home due to childcare demands, compared to only 12.1% of men in the same group.⁴

CALCULATING THE GENDER WAGE GAP

The U.S. Census Bureau and the Bureau of Labor Statistics report that overall in 2019 (the most recent data available) women were paid 82 cents for every dollar paid to men.

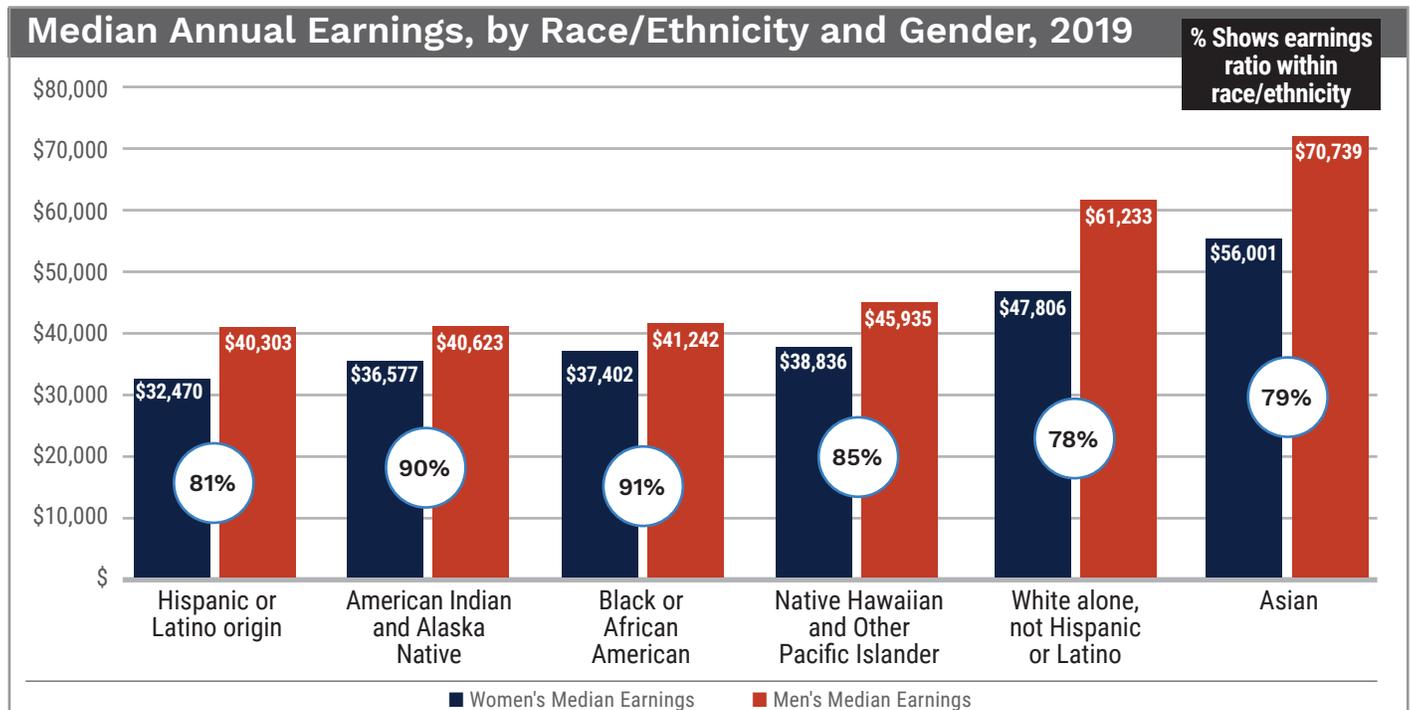
Earnings Ratio= $\frac{\text{Women's median earnings}}{\text{Men's median earnings}}$	Pay Gap= $\frac{[\text{Men's median earning} - \text{Women's median earnings}]}{\text{Men's median earnings}}$
2019 Earnings Ratio= $\frac{\$47,299}{\$57,456} = 82.322 = \mathbf{82\%}$	2019 Pay Gap= $\frac{[\$57,456 - \$47,299]}{\$57,456} = 17.678 = \mathbf{18\%}$

These wage gap figures reflect a very slight narrowing over the previous year's: In 2018, on average women took home 81.6 cents for every dollar paid to men, compared to 82.3 cents in 2019. Black women were paid 62% of white, non-Hispanic men's wages in 2018, compared to 63% in 2019; and Latinas were paid 54% of white, non-Hispanic men's wages in 2018, compared to 55% in 2019. This reflects a hint of movement, but not

enough to make a difference in women's wallets.

What's more, the significant upset to the U.S. economy brought on by the COVID-19 pandemic has magnified existing inequalities and likely widened the wage gap in 2020. So even though these figures may not reflect the current reality, they provide a revealing snapshot of the economic disadvantages faced by American women across all demographic groups.

When broken down in different ways—by race, age, education, physical ability, migration status, sexual orientation and so on—the wage gap varies dramatically. But in each group, women earn less money than their male counterparts.



Source: U.S. Census Bureau (2020). American Community Survey 1-Year Estimates Survey.

WHAT'S BEHIND THE WAGE GAP?

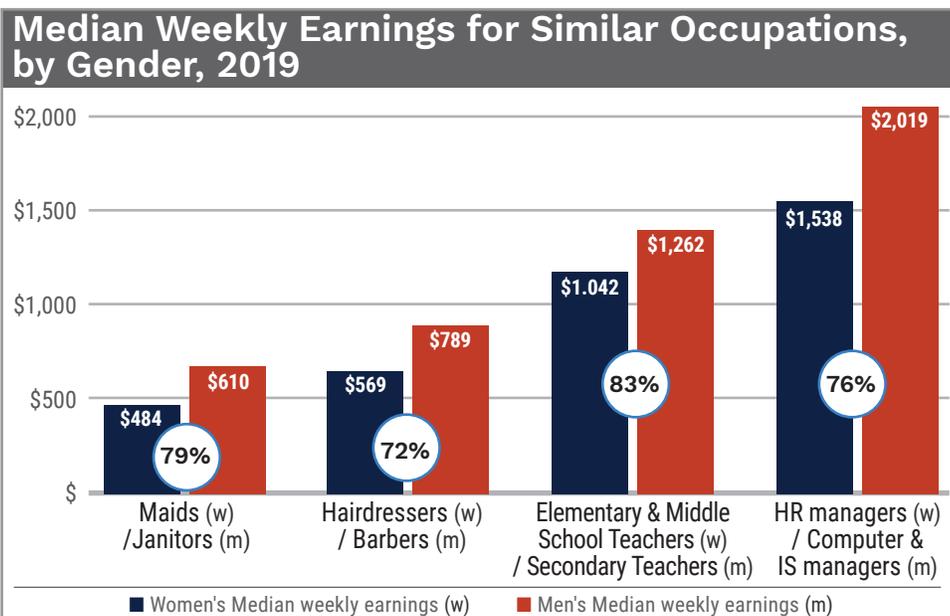
The origins of the pay gap are more complicated than a single cause. The interwoven forces of discrimination, pervasive sexism and systemic racism translate to different genders having different experiences and taking different paths through education and training. This often steers women into particular fields and even specialties within fields. Societal expectations about gender roles also come into play, as do general biases based on outdated stereotypes. Depending on race, ethnicity, socio-economic background, sexual orientation and other factors, many women face additional barriers that limit their opportunities.

Work done by women is undervalued: Occupational segregation—that is, when one sex is overrepresented in a particular sector or field—accounts for as much as 51% of

the difference between women's and men's wages. Workers in female-dominated fields are paid lower salaries than workers in male-dominated fields, even when the jobs require the same level of skill, education and training.

Women with children face discrimination in the form of the "motherhood penalty": Employers are less likely to hire women with children (including those who never left the workforce), and they offer mothers lower salaries and fewer promotions than they offer to women without children. And because caregiving responsibilities still fall disproportionately to mothers, women are more likely to take time out of the workforce, scale back their hours or postpone advancement opportunities. Meanwhile, fathers make 119% of what men without children earn. Taken together, the motherhood penalty and fatherhood bonus result in women with children earning only 73% of what fathers earn.

Women are more likely to work in lower-paying jobs. In fact, they make up about two-thirds of the nation's low-wage workforce.⁵ Not only do these jobs pay poorly, but they are generally less stable and less likely to offer employee benefits, such as sick leave, health insurance and paid time off.



Median Weekly Earnings and Women's Share of Employment in the Ten Lowest-Paid Occupations 2019

Occupation	MEDIAN WEEKLY EARNINGS			Women's share of total employment
	Total	Women	Men	
Dishwashers	453	—	464	19%
Hosts and hostesses, restaurant, lounge, coffee shop	456	441	—	79%
Combined food preparation and serving workers, including fast food workers	462	467	457	66%
Maids and housekeeping cleaners	490	484	520	86%
Laundry and dry-cleaning workers	490	482	—	66%
Childcare workers	495	491	—	92%
Food preparation workers	496	463	532	57%
Cashiers	503	499	510	69%
Waiters and waitresses	511	491	594	70%
Cooks	512	489	535	39%

Source: U.S. Bureau of Labor Statistics (2020). "Median weekly earnings of full-time wage and salary workers by detailed occupation and sex." Available at <https://www.bls.gov/cps/cpsaat39.htm>. Note: Data refers to workers age 16+.

THE WAGE GAP & RACE

America's history of slavery, segregation and exploitation of immigrants has created deep-rooted inequalities that persist today. Consequently, most women of color have not had—nor do they have now—access to the same education and employment opportunities that white people have. For instance, Black women and Latinas are disproportionately working in service, domestic, caregiving and agricultural jobs, which have been systemically undervalued and undercompensated.

THE NET RESULT The wage gap for many women of color is not only wider than the overall gender wage gap, but it is also closing more slowly.

While the gaps for white and Asian women compared to white, non-Hispanic men remain significant, they have narrowed much more over the past 30 years than the gaps for Black women and Latinas.

Since
1988

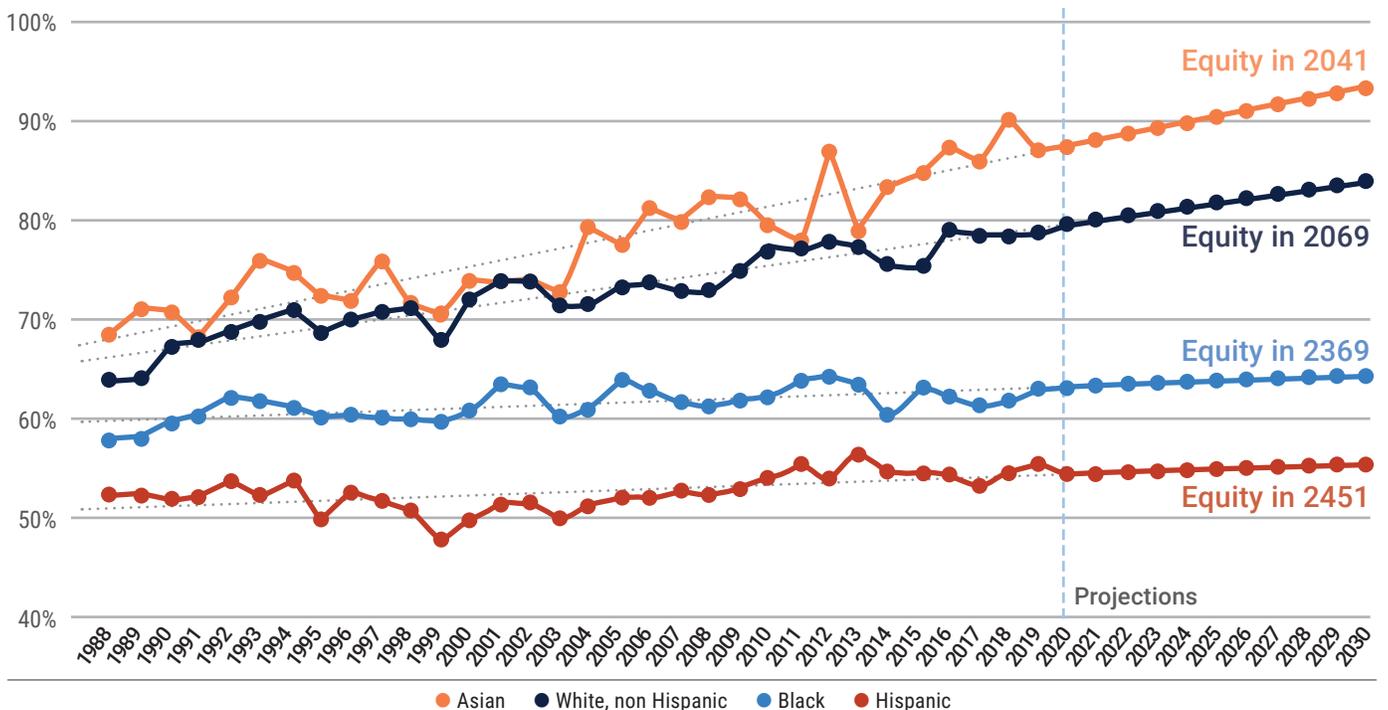
Asian women's earnings ratio changed from 69% to 87%—a 26% difference. The gap is projected to close in 22 years (in 2041).

White women's earnings ratio changed from 64% to 79%—a 23% difference. The gap is projected to close in 50 years (in 2069).

Black women's earnings ratio changed from 59% to only 63%—a 7% difference. At this rate, the gap will not close for 350 years (in 2369).

Latina earnings ratio changed from 53% to 55%—only a 4% difference. At this rate, the gap will not close for 432 years (in 2451).

Women's Median Annual Earnings as a % of White, non-Hispanic Men's for Full-time, Year-round Workers, 1988-2019 and Projections using the 1988-2019 Trends



Source: Earnings data from U.S. Census Bureau (2020), Current Population Survey, 2020 Annual Social and Economic Supplement. Wage projections based on calculations done by AAUW.

Even as women of color earn bachelor's and graduate degrees, their wage gaps compared to white, non-Hispanic men have remained the same or increased.

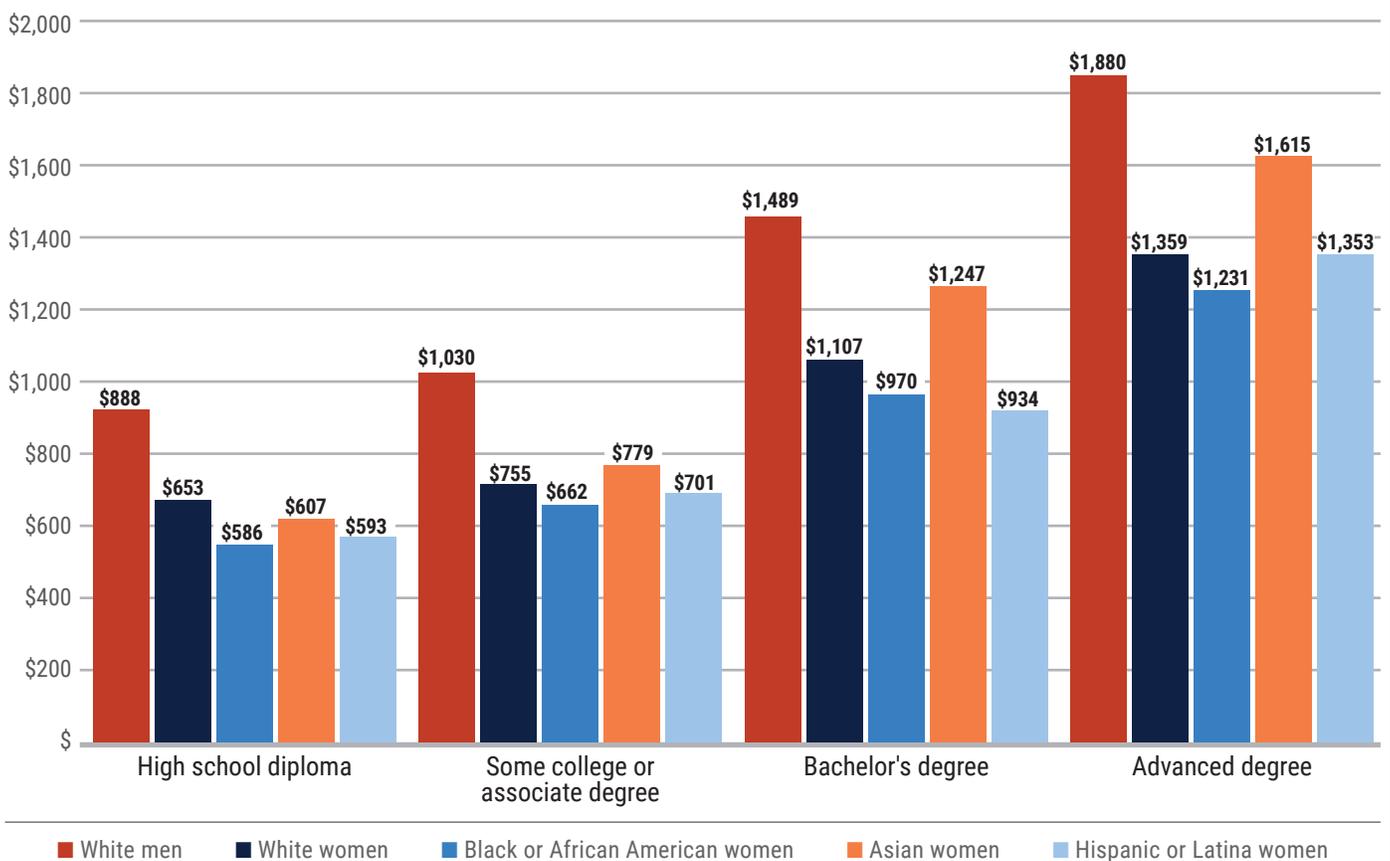
■ **Black women** who graduated high school earned 65.99% of what similarly educated white, non-Hispanic men earned. When they completed a bachelor's degree, that earnings ratio dropped to 65.14%.

■ **Latinas** who graduated high school earned 66.78% of what white, non-Hispanic male high school graduates earned—a number that dropped to 62.73% upon graduating with their bachelor's degree.

■ **Native American women** who earned a high school diploma earned 66.7% of what their white, non-Hispanic male counterparts earned. That number fell to 59.2% for Native American women with a bachelor's degree.

■ **White women** do not face these same issues: their wage gap compared to white, non-Hispanic men decreases with increased education.

Women's Median Weekly Earnings by Race/Ethnicity and Educational Attainment, as Compared to White non-Hispanic Men, 2019



Source: U.S. Bureau of Labor Statistics (2020). Usual weekly earnings of wage and salary workers, Table 9. Note: Based on median weekly earnings for full-time, year-round workers

Asian women appear to fare better in terms of the wage gap than any other group of women, but numbers can be deceiving. Asian women's experiences differ greatly depending on their subgroup. A previous analysis has shown that while women who report Indian or Chinese ethnicity or ancestry earn nearly as much as white men, women who identify as Filipina, Vietnamese and Korean are paid much less.⁶ And all are subjected to the model minority myth, which erases ethnic subgroups' diverse experiences as well as racism against Asian Americans as a whole.

CLOSING THE GAP

Pay inequity is a structural problem that demands structural solutions. Policymakers and employers must take the lead in closing the wage gap.

■ Congress should pass the Paycheck Fairness Act, which would update and strengthen the Equal Pay Act of 1963; the Pay Equity for All Act, which would prohibit employers from using salary history to set pay; and the Fair Pay Act, which would require employers to provide equal pay for jobs of equivalent value to help reduce the impact of occupational segregation.

■ Congress should pass the Family and Medical Insurance Leave (FAMILY) Act, which would create a national paid family and medical leave insurance program for all workers, and the Healthy Families Act, which would guarantee paid sick leave. Congress should also invest in affordable childcare.

■ Policymakers should also protect and expand Pell grants for low-income students, champion tuition- and debt-free

options for students, support income-driven repayment options and allow for expanded public interest loan forgiveness programs.

■ The U.S. Equal Employment Opportunity Commission's (EEOC) pay data collection through the EEO-1 form—a useful tool for identifying trends in pay disparities based on sex, race and ethnicity—should be reinstated.

■ As states wait for Congressional action, they should enact or reform their own pay equity laws. Nearly every state has a law prohibiting employers from paying workers differently based solely on their gender. But many of these laws are limited in scope or are not enforced. Every state has room to make its pay equity laws stronger.

■ Employers should conduct regular pay audits, post salary ranges for jobs, eliminate

the use of salary history in setting wages and prohibit retaliation against employees for discussing, disclosing, or inquiring about their wages.

■ As workers battle the pandemic, they need support. Adequate paid leave and reliable childcare are paramount, but to battle economic insecurity they also need expanded unemployment compensation, a higher minimum wage, nutrition and food assistance programs, housing assistance, and relief from crushing student debt. Front-line workers are risking their lives, the least we can do is ensure that they are adequately and fairly compensated for their work.

■ Individuals can help to negotiate their own financial futures by taking an AAUW Work Smart salary negotiation course in-person or online.

SALARY HISTORY BANS HELP

State and federal efforts to eliminate the use of salary history in the hiring process are working: Employers in states with a salary history ban are advertising salaries more, and workers who changed jobs in these states saw significant increases in average pay compared to similar workers in states without bans. Moreover, those increases were driven by Black workers and women who changed jobs.⁷ Given these compelling findings, legislators should continue to enact such bans and employers should take this important action on their own.

¹Titan Alon et al., "This Time It's Different: The Role of Women's Employment in a Pandemic Recession," *NBER Working Paper Series* Working Paper 27660 (n.d.): 12, <https://www.nber.org/papers/w27660.pdf>.

²"E-16. Unemployment Rates by Age, Sex, Race, and Hispanic or Latino Ethnicity," Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey, accessed October 14, 2020, https://www.bls.gov/web/empsit/cpsee_e16.htm.

³Tim Henderson, "Mothers Are Three Times More Likely Than Fathers to Have Lost Jobs in Pandemic," Pew Stateline, September 28, 2020, <https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2020/09/28/mothers-are-3-times-more-likely-than-fathers-to-have-lost-jobs-in-pandemic>.

⁴Misty L. Heggeness and Jason M. Fields, "Parents Juggle Work

and Child Care During Pandemic," Census.gov, August 18, 2020, <https://www.census.gov/library/stories/2020/08/parents-juggle-work-and-child-care-during-pandemic.html>.

⁵"Women in the Low-Wage Workforce by State," National Women's Law Center, June 2018, <https://nwlc.org/wp-content/uploads/2018/06/women-in-low-wage-workforce-by-state-2018-2.pdf>.

⁶"Asian American and Pacific Islander Women and the Wage Gap," National Partnership for Women and Families, February 2020, <https://www.nationalpartnership.org/our-work/resources/economic-justice/fair-pay/asian-women-and-the-wage-gap.pdf>.

⁷James E. Bessen, Chen Meng, and Erich Denk, "Perpetuating Inequality: What Salary History Bans Reveal About Wages," *SSRN*, June 2020, <https://dx.doi.org/10.2139/ssrn.3628729>.