

# THE NOT SO SIMPLE TRUTH

## About the Gender Pay Gap

### 2025 Update

The gender pay gap is still sizable. It's even worse for women of color, and it's not going away on its own.



**Despite pay discrimination being illegal for over half a century, the gender pay gap remains a glaring inequity, undermining both workers' livelihoods and the strength of our economy.**

In 2023, women working full-time year-round earned just **83%** of the median annual salary paid to men — \$55,240 compared to \$66,790<sup>1</sup> — leaving women and their families at a persistent financial disadvantage.

The earnings ratio shrinks to **75%** when all working women, including women who work less than 35 hours a week or in seasonal jobs, are included in the calculation (Figure 1). **These gaps cannot simply be attributed to differences in education, occupation, or time out of the workforce.**

Many women do not work full-time during a portion of their lives due to caregiving responsibilities. In 2023, women were twice as likely to work part-time than their male counterparts.<sup>2</sup> When we include women who work less than 35 hours a week or in seasonal jobs in the analysis it reveals that there is not just one gender pay gap, but rather many gaps — resulting in losses in earnings, benefits, and wealth.



The challenges grow even more complex for women of color, LGBTQ+ women, and women with disabilities, who face compounded inequities. Once in the workplace, pervasive biases and discriminatory practices further cement these disparities.

Underpaying and undervaluing women's work not only financially hurts women and families — **it weakens the entire U.S. economy.** Advancing comprehensive and inclusive strategies to address this multifaceted issue will support economic opportunity for all.

## What Is the Pay Gap?

The pay gap is the difference in men's and women's median earnings, usually reported as the earnings ratio between men and women. The median value is the middle value (50th percentile), with equal numbers of full-time workers earning more and earning less.

$$\text{Earnings Ratio} = \frac{\text{Women's median earnings}}{\text{Men's median earnings}}$$

$$\text{2023 Earnings Ratio for Full-time, Year-round Workers} = \frac{\$55,240}{\$66,790} = 83\%$$

## Impact of the Pay Gap

- **Reduced Workforce Returns and Retention:** Mothers have 28% less lifetime earnings than women without children, and their earnings decrease by 3% with each additional child.<sup>3</sup> Caregiving responsibilities and high cost of childcare, were cited as reasons for 79% of women who exited the workforce in 2021.<sup>4</sup>
- **Increased Financial Vulnerability and Dependency on Safety Nets:** Reduced lifetime earnings for women result in the loss of Social Security retirement benefits, with mothers receiving 16% less retirement benefits than women without children.<sup>5</sup>
- **Loss of Economic Productivity:** Closing the gender pay gap could add billions of dollars to the U.S. economy annually. From 1967 to 2021, the pay gap has cumulatively cost women \$61 trillion in lost wages.<sup>6</sup>



## Race and the Pay Gap

As white, non-Hispanic men are the largest and most advantaged demographic group in the labor force, they are used as a benchmark for the earnings of women of different races and ethnicities. Whether comparing full-time, year-round workers or all workers, there is no racial group of women who bring home equal wages to white, non-Hispanic men.

**Figure 1 – Women’s Earnings Ratio Based on Median Annual Earnings, by Race/Ethnicity, 2023**  
 (% earned by women for every dollar earned by white, non-Hispanic men)

Women’s Race/Ethnicity	Working Full-time, Year-round (%)	All workers (%) (Including Full-time, Part-time, and Seasonal Workers)
Latina	58	51
Native American	58	52
Native Hawaiian and Pacific Islander	65	61
Black	66	64
White, non-Hispanic	80	73
Asian American	94	83
All women VS. all men	83	75

Percentages were calculated by comparing the “white, non-Hispanic men” demographic as the base group. How to read the table: “Latina women made 58% of every dollar made by white, non-Hispanic men in 2023.” Source: AAUW calculations based on data from U.S. Census Bureau.<sup>7</sup>

Race is an important facet impacting these disparities. America’s history of slavery, segregation, and immigration policies has created deeply rooted systemic inequalities that persist today. Consequently, most women of color have not had 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.

While Asian women appear to fare better in terms of the wage gap than any other group of women, the numbers obscure the economic realities and experiences of women of different Asian ethnicities.



## Education and the Pay Gap

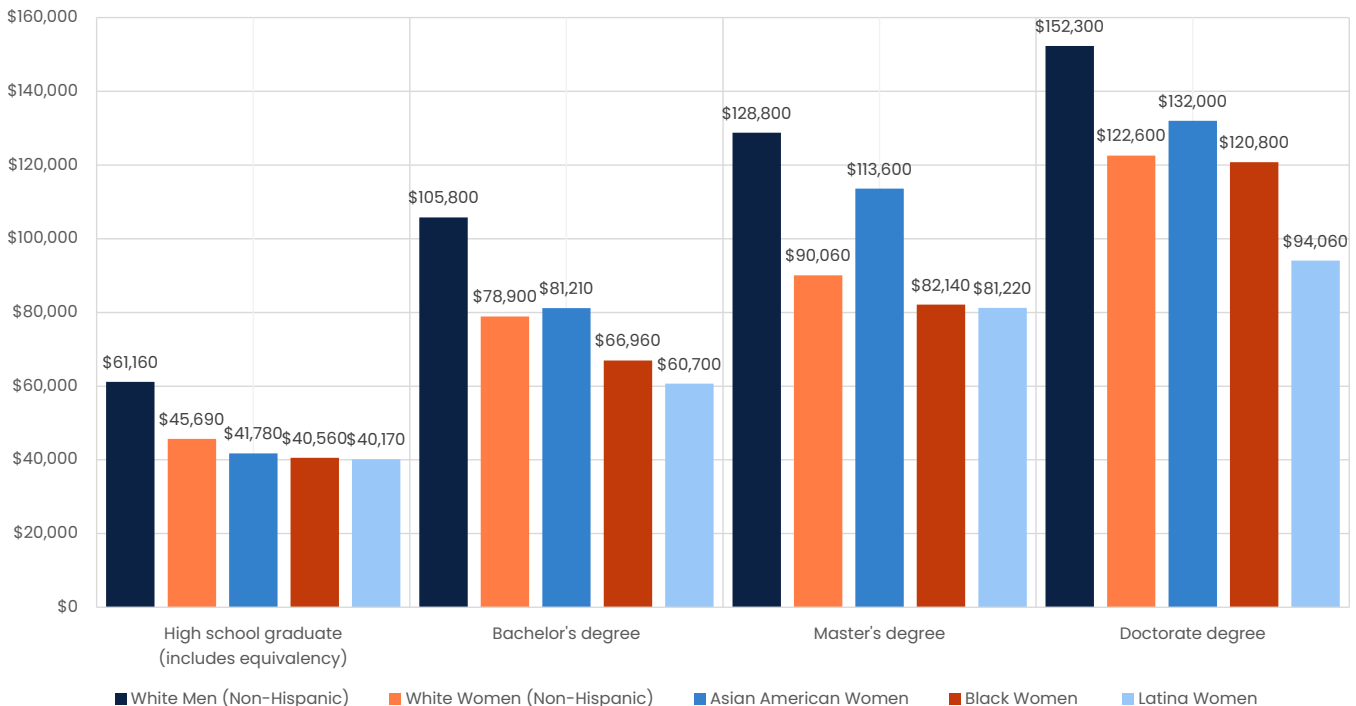
As a rule, earnings increase as educational attainment increases for both men and women. Women are more likely than men to enroll in and earn college degrees, hence, women’s higher levels of education help to narrow the gender pay gap and increase long-term financial security.

Yet, at every level of education, women earn considerably less than men. AAUW’s analysis of wages, controlling for education, found that earnings at different education levels are affected by race and ethnicity, as well as gender (Figure 2).

Recent research from the U.S. Census Bureau also shows the pay gap persists between men and women with the same level and quality of education.<sup>8</sup> These discrepancies could not be explained by differences in field of study, occupation, industry, or hours or weeks worked.



**Figure 2 – Women’s Median Annual Earnings by Race/Ethnicity and Educational Attainment, as Compared to White, Non-Hispanic Men, 2023**



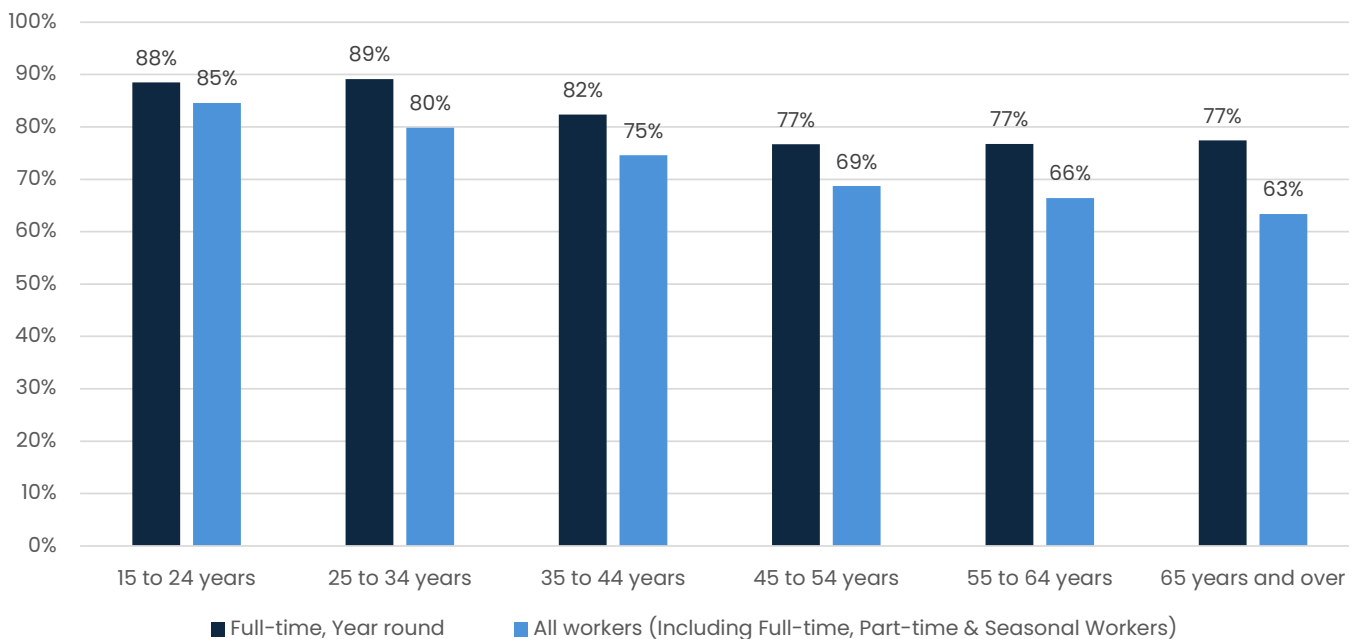
Source: AAUW calculations based on data from U.S. Census Bureau.<sup>9</sup>



## Age and the Pay Gap

Earnings for both women and men working full-time tend to increase with age, though earnings increase more slowly after age 35 and even decrease after age 50 for women. AAUW's analysis shows older workers are burdened with a larger gender wage gap than their younger counterparts.

**Figure 3 - Women's Earnings Ratio Based on Median Annual Earnings, by Age, 2023**



Source: AAUW calculations based on data from U.S. Census Bureau.<sup>10</sup>

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## Factors Contributing to the Pay Gap

- **Job Segregation:** Workers in women-dominated fields are paid lower salaries than workers in fields dominated by men, even when the jobs require the same level of skill, education, and training. These jobs are also less likely to offer benefits like paid time off, health insurance, and retirement plans. Black and Latina women are more likely to be employed in lower-paying occupations, even after accounting for factors such as education, skills, and experience. For example, 39% of Latina women in the workforce were in jobs making less than \$700 per week in 2022.<sup>11</sup>
- **Motherhood Penalty:** Becoming a parent produces very different professional outcomes for women and men. Mothers are perceived to be less committed to their jobs and six times less likely to be recommended for hire than women without children.<sup>12</sup> Because caregiving responsibilities fall disproportionately on to mothers, women are more likely to take time out of the workforce or scale back their hours which can limit or postpone career advancement and corresponding pay increases.
- **Employer Practices:** The use of prior salary history in setting current pay, prohibiting employees from discussing their wages, lack of salary transparency, and retaliation against workers for discussing or disclosing wages contribute to the problem. Using salary histories, which may have been tainted by bias, allow discriminatory pay to follow workers wherever they go, regardless of their capabilities. Women in the public sector<sup>13</sup> and in unions<sup>14</sup> tend to experience smaller pay gaps in part due to increased pay transparency.
- **Direct Gender and Racial Discrimination:** Direct discrimination and bias against women in the workplace are also culprits in the pay gap. Each year, the Equal Employment Opportunity Commission (EEOC) receives thousands of sex, race, disability, and other pay discrimination complaints.<sup>15</sup> Many of these are decided or resolved in favor of the person who filed the charge.



# Gender Pay Gap in the States

State differences in the gender pay gap can be influenced by variations in pay transparency, other labor laws, access to affordable, union presence, education levels, paid leave, and job segregation.

**Figure 4 – Women’s Earning Ratio and Median Annual Earnings for Full-Time, Year-Round Workers, By State and Gender, 2023**

Rank	States	Earnings Ratio	Women (2023)	Men (2023)	Rank	States	Earnings Ratio	Women (2023)	Men (2023)
1	Rhode Island	89.0%	\$62,573	\$70,269	26	Georgia	82.4%	\$49,871	\$60,507
2	Vermont	87.7%	\$55,765	\$63,565	27	Texas	81.8%	\$50,077	\$61,202
3	Hawaii	87.5%	\$54,478	\$62,229	28	Kentucky	81.8%	\$45,857	\$56,088
4	California	87.4%	\$61,447	\$70,315	29	Michigan	81.7%	\$50,990	\$62,426
5	New York	87.4%	\$62,019	\$70,976	30	Arkansas	81.7%	\$42,297	\$51,798
6	Delaware	87.0%	\$54,740	\$62,894	31	Illinois	81.6%	\$55,956	\$68,599
7	North Carolina	86.9%	\$50,254	\$57,845	32	South Carolina	81.3%	\$46,593	\$57,279
8	Maryland	86.0%	\$65,593	\$76,246	33	Virginia	80.9%	\$57,991	\$71,646
9	Alaska	86.0%	\$57,585	\$66,974	34	Pennsylvania	80.9%	\$52,407	\$64,775
10	Massachusetts	85.9%	\$70,792	\$82,386	35	Iowa	80.8%	\$49,500	\$61,232
11	Washington D.C.	85.7%	\$92,898	\$108,448	36	Kansas	80.6%	\$47,272	\$58,633
12	Maine	85.4%	\$52,365	\$61,324	37	South Dakota	80.5%	\$48,222	\$59,884
13	Minnesota	85.2%	\$59,608	\$70,007	38	Missouri	80.0%	\$48,533	\$60,680
14	Florida	84.9%	\$48,034	\$56,557	39	Washington	79.2%	\$62,811	\$79,279
15	Oregon	84.9%	\$56,804	\$66,891	40	Indiana	78.4%	\$47,699	\$60,859
16	Nevada	84.7%	\$48,602	\$57,351	41	West Virginia	78.2%	\$44,388	\$56,766
17	Connecticut	83.9%	\$64,180	\$76,477	42	Oklahoma	78.1%	\$43,098	\$55,167
18	Arizona	83.8%	\$51,532	\$61,531	43	Mississippi	77.6%	\$40,518	\$52,194
19	Colorado	83.7%	\$60,630	\$72,460	44	Montana	76.5%	\$46,776	\$61,178
20	New Mexico	83.7%	\$45,826	\$54,786	45	North Dakota	76.1%	\$50,463	\$66,287
21	Wisconsin	82.8%	\$51,518	\$62,208	46	New Hampshire	75.8%	\$57,240	\$75,512
22	Ohio	82.8%	\$50,981	\$61,570	47	Idaho	75.7%	\$45,745	\$60,399
23	Tennessee	82.7%	\$47,836	\$57,829	48	Alabama	74.1%	\$42,981	\$58,026
	United States	82.7%	\$55,240	\$66,790	49	Wyoming	73.9%	\$45,684	\$61,838
24	New Jersey	82.7%	\$65,181	\$78,841	50	Utah	72.9%	\$50,801	\$69,679
25	Nebraska	82.7%	\$50,325	\$60,879	51	Louisiana	71.0%	\$42,739	\$60,170

**□ National Pay Gap average**

National data include workers ages 15 and older and are based on the Current Population Survey. State-level statistics include workers ages 16 and older are based on the American Community Survey.<sup>16</sup>

## Where Does the Data Come From?

The Current Population Survey (CPS) and the American Community Survey (ACS) are jointly conducted by the U.S. Census Bureau and the Bureau of Labor Statistics. CPS is the primary source of labor force data as it has more detailed income questions compared to ACS covered under its Annual Social and Economic Supplement (ASEC). **Researchers use CPS ASEC to derive national level pay data.** ACS is the largest household survey in the United States and is particularly useful for analyzing median income for smaller racial and ethnic groups and for congressional district level data. Due to its ability to provide information at many levels of geography, **ACS is used for state-level pay data by researchers.**

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## Policy Recommendations

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

- **Equal Pay Laws:** Rigorous enforcement and strengthening of the Equal Pay Act, reinstatement of pay data collection by the U.S. Equal Employment Opportunity Commission (EEOC), and advancing state pay equity laws will go a long way to ensuring women, particularly women of color, are paid equitably. Policymakers should require employers to provide equal pay for jobs of equivalent value to help reduce the impact of occupational segregation.
- **Higher Education Support:** Reducing barriers to obtaining a degree will make higher education more affordable, increase earning potential, and lower risk of unemployment for women. Policymakers should protect and expand Pell Grants and Work Study programs for lower-income students, support income-driven student loan repayment options, and allow for expanded public service loan forgiveness programs.
- **Paid Leave:** Implementing paid family and medical leave initiatives will mitigate challenges faced by women who are disproportionately responsible for caregiving. Women being able to take paid time off when pregnant and taking care of family members or self without sacrificing their earnings will prolong their workforce participation, increase mental health benefits, increase loyalty towards their employers, and protect their social security retirement benefits.
- **Childcare Access:** Making high-quality childcare more affordable will increase women's workforce participation, allowing families more income that can be used for other needs and future savings.
- **Reproductive Health:** Improving access to reproductive care such as contraceptives and abortion care will allow women to have more autonomy by increasing their ability to pursue higher education, participate fully in the labor force, and choose when or if they want to have children.



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## Call to Action

To achieve true pay equity, policymakers, employers, and individuals must address systemic barriers and biases in the workplace. By addressing gender and racial pay gaps, the U.S. economy can become more dynamic and foster an environment where all individuals can thrive based on their skills and contributions.



## ENDNOTES

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11. AAUW calculations using data from IPUMS's ACS 2022 and U.S. Bureau of Labor Statistics. "Median Weekly Earnings of Fulltime Wage and Salary Workers by Detailed Occupation and Sex." Labor Force Statistics from the Current Population Survey. U.S. Bureau of Labor Statistics. Accessed January 14, 2025. <https://www.bls.gov/cps/cpsaat39.htm>. Bottom 40 low-paying jobs (<\$700 weekly earnings) were selected to calculate the reported percentages.
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## AAUW: EMPOWERING WOMEN

- AAUW members and advocates are able to make their voices heard on legislation regarding education, economic security, and civil rights through AAUW's Action Network.
- AAUW provides salary negotiation and financial literacy training for our members to help provide the tools and knowledge needed to negotiate better salaries, enhance their careers, and achieve financial independence. AAUW salary negotiation programs have trained more than 190,000 women to negotiate their salary and benefits.
- AAUW funds women's education through fellowships, grants, and awards. Since 1888, AAUW has been one of the largest funders of women's graduate education, investing in women who go on to change the world.

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