



The Wage Gap: Economic Causes and Prevalence

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MT Dept. of Labor and Industry
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The Raw Wage Gap

Nationally,
Women earn 70.6% of men.

In Montana,
Women earn 66.7% of men.

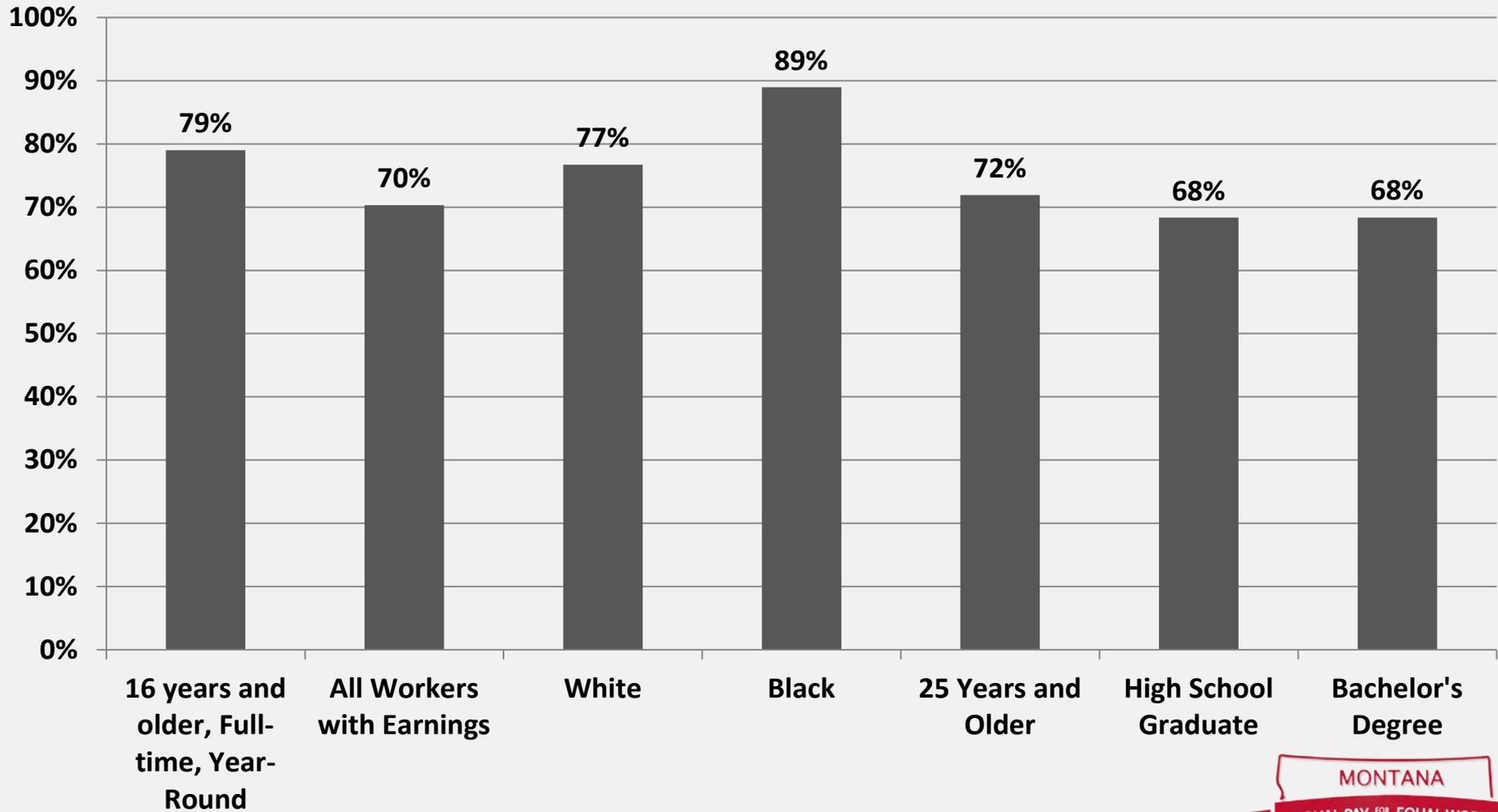
$$\text{Raw Gap} = \frac{\text{median earnings of women}}{\text{median earnings of men}}$$





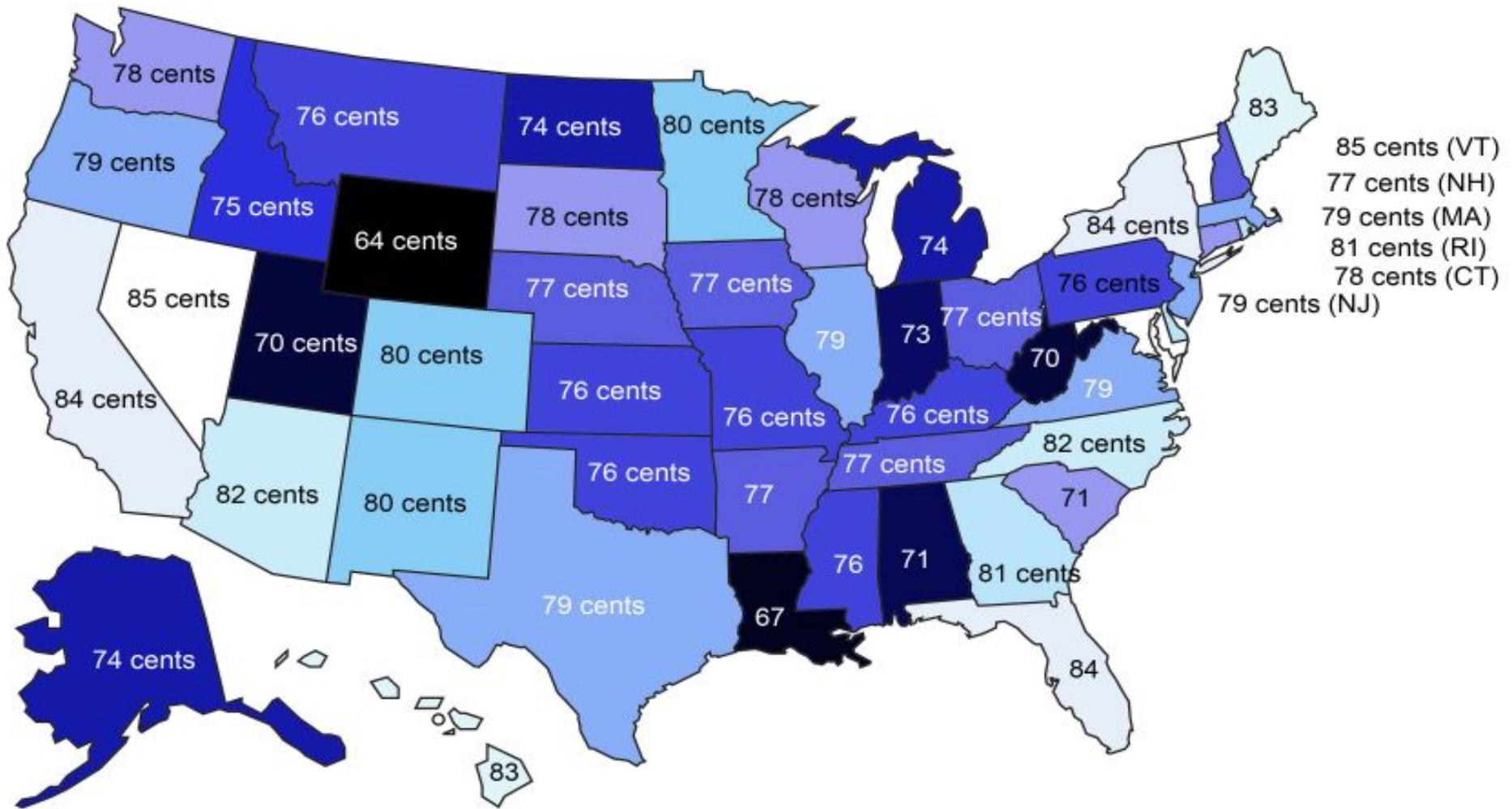
US Women's Earnings as a Percent of Men's

Which number to use?



Source: 2011 American Community Survey





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

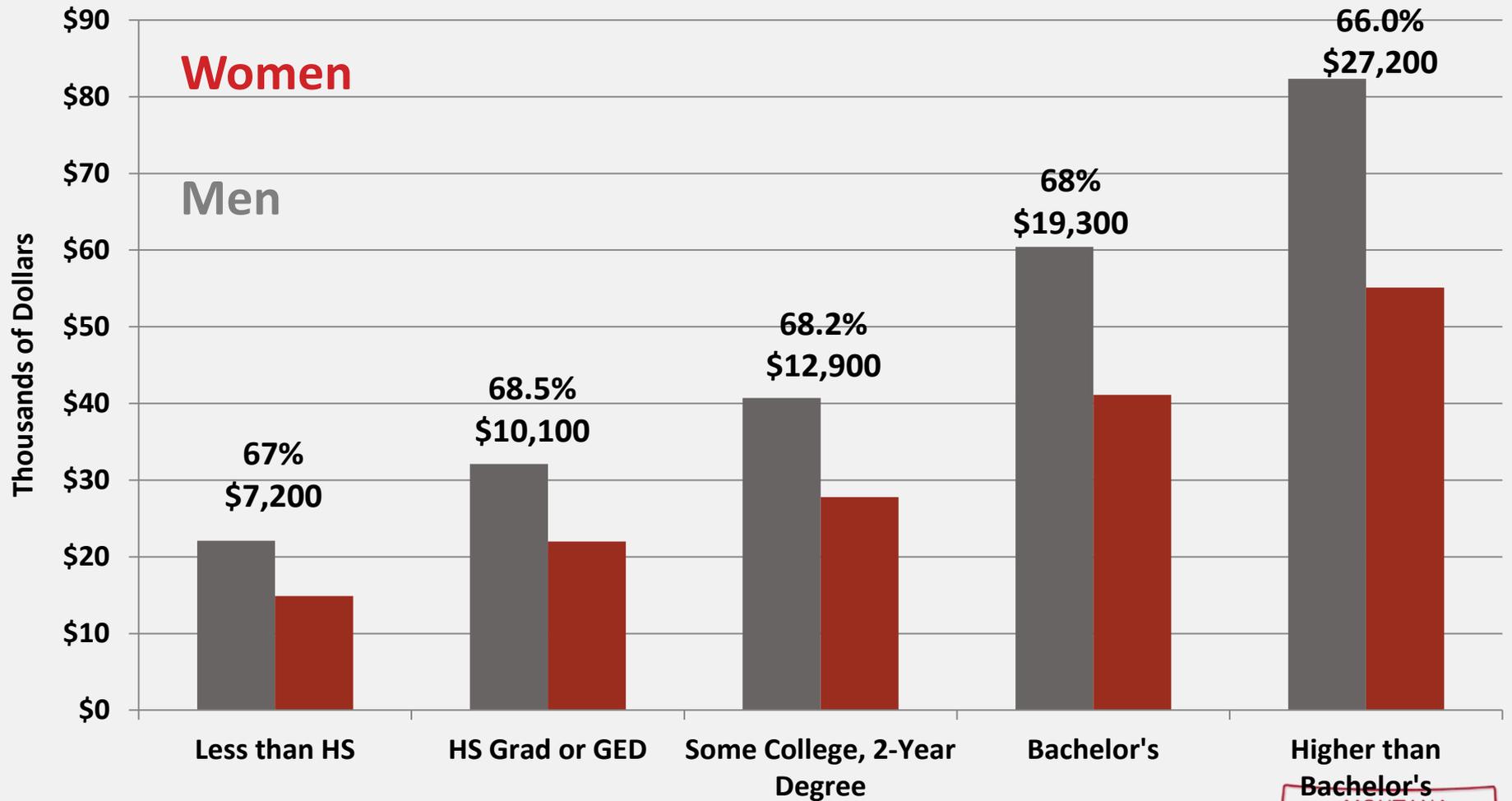
For every dollar men earn, women take home cents. It's worst in Wyoming, best (surprise!) in the City of Sin. Here, by cents on the dollar, the gender pay gap of the 50 states in 2012.

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>



U.S. Median Earnings by Education Category

(25 Years and Older with Earnings)



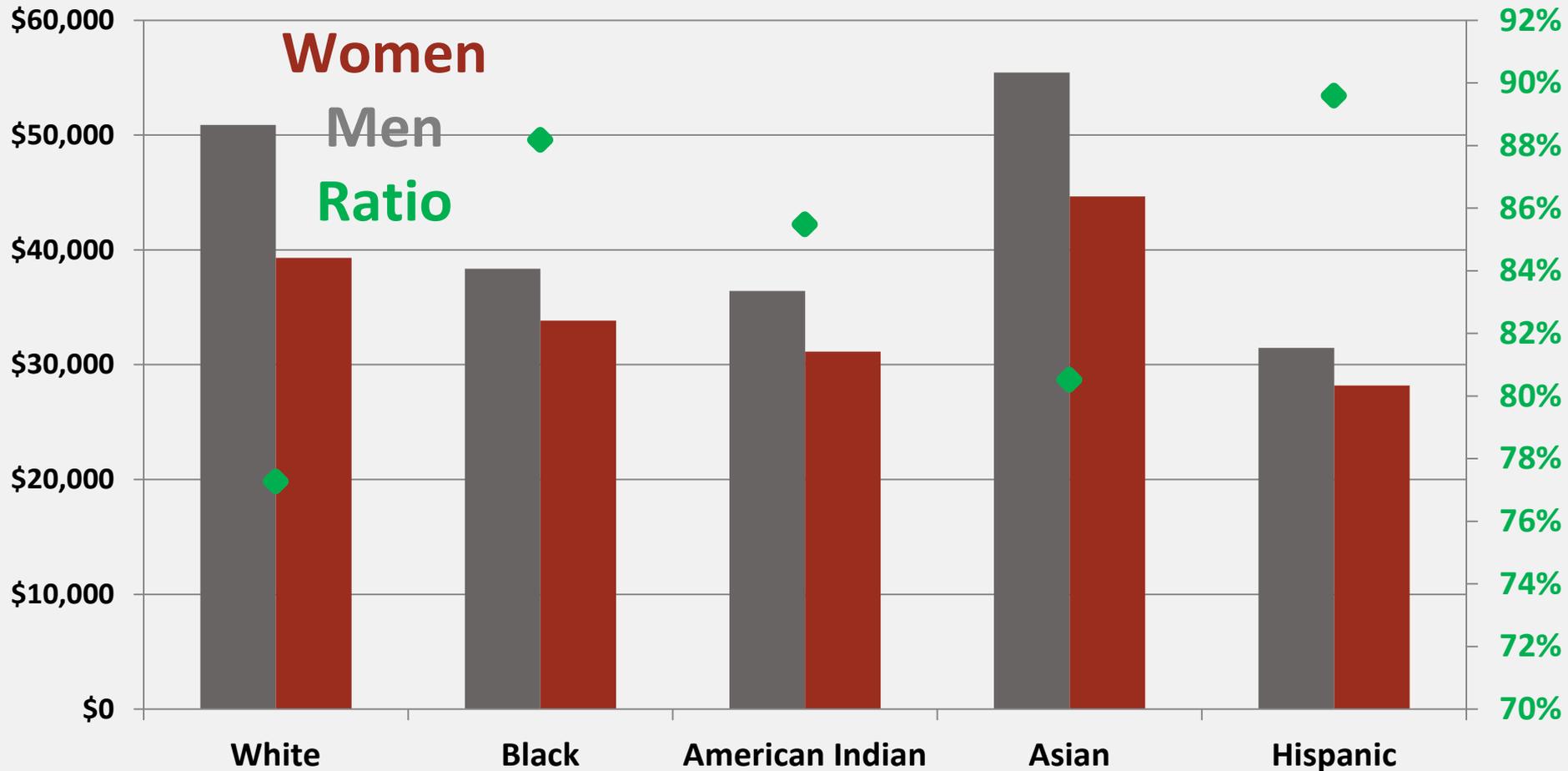
Source: 2012 American Community Survey 3-Year estimates, U.S. Census Bureau





U.S. Median Wage by Race and Gender

(Full-time, Year-Round Workers)

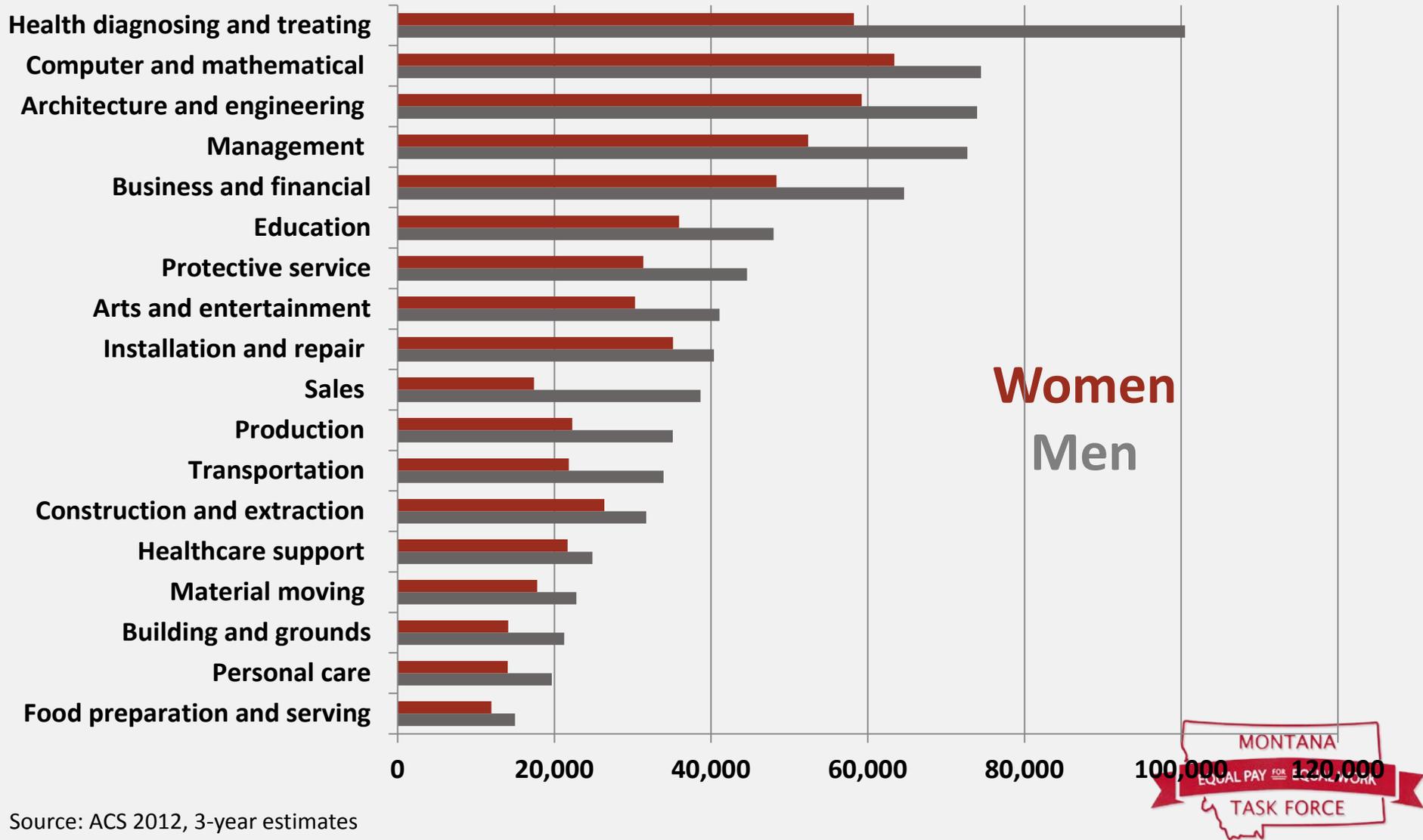


Source: ACS 2012, 3-year estimates, U.S. Census Bureau





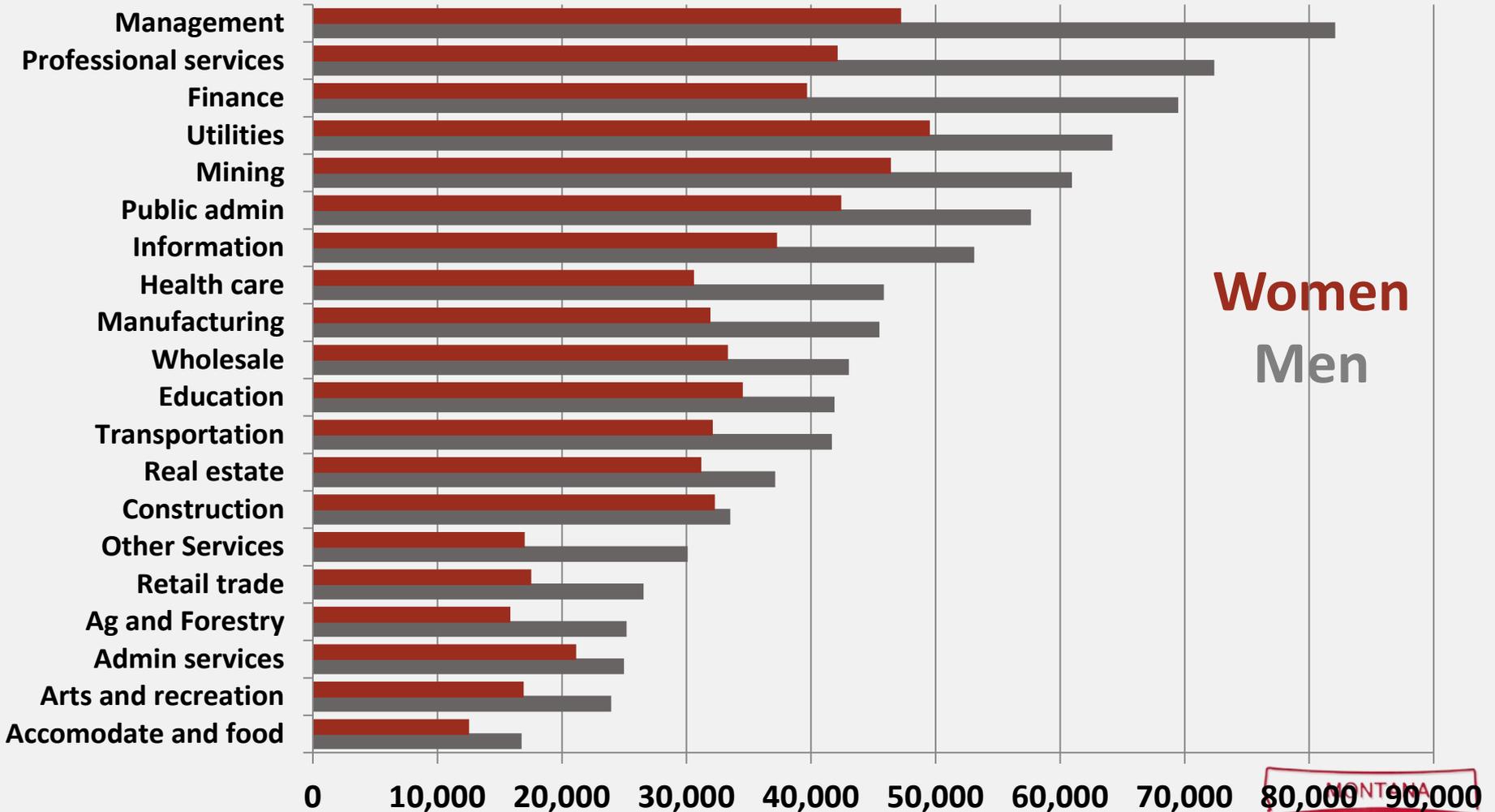
U.S. Median Wage by Selected Occupations and Gender



Source: ACS 2012, 3-year estimates



U.S. Median Wage by Gender and Industry



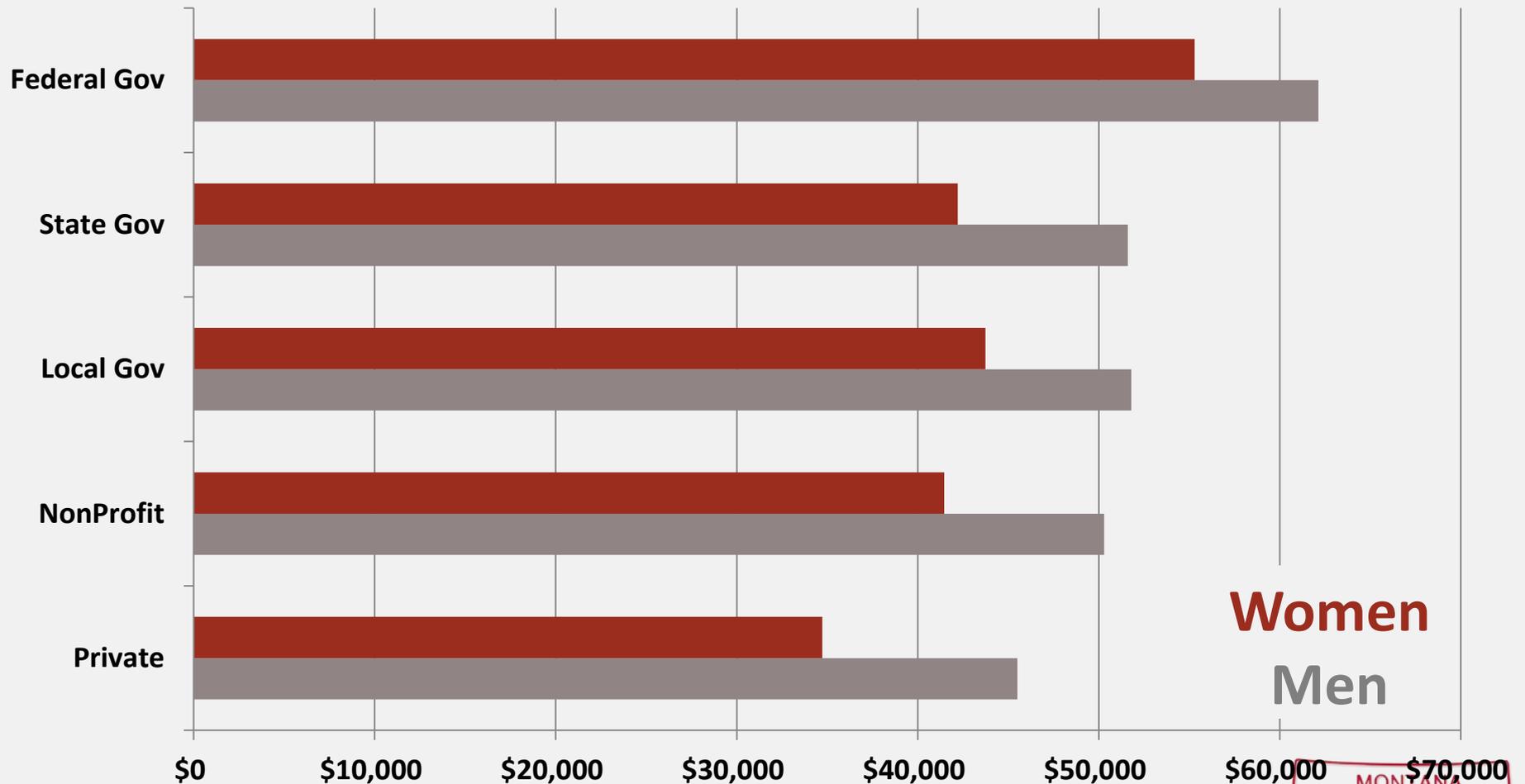
Women
Men



Source: ACS 2012, 3-year estimates



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

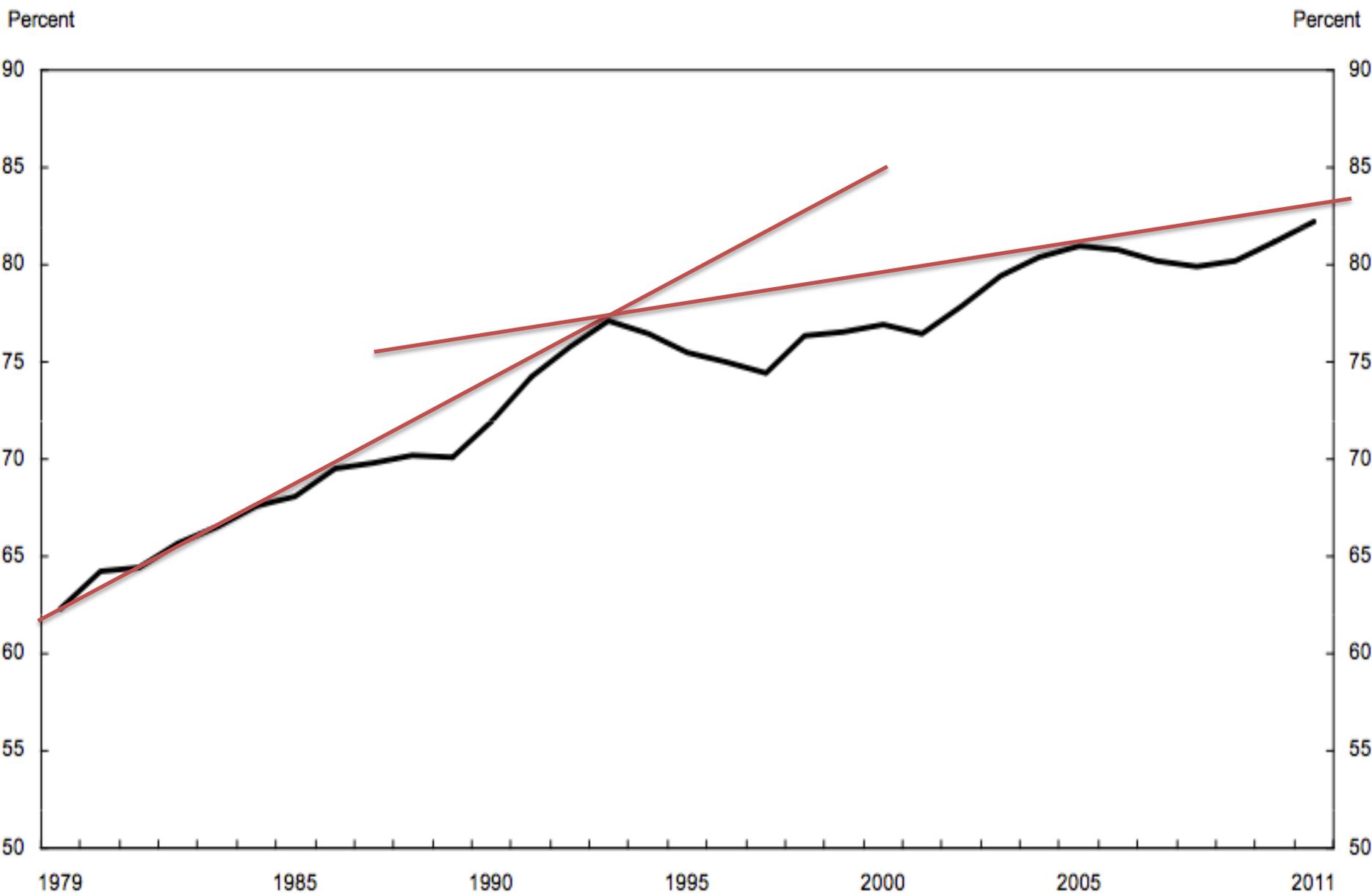


Women
Men



Source: ACS 2011, 3-year estimates

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.



Take Away Points

- Gap exists across
 - Most occupations (there are a few where 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 improved over time.





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
 - Union status
- Other factors that influence the size of the wage gap
 - Race -- Other factors
 - Age

Some of these factors may be influenced by discrimination.





Occupation and Industry Choice

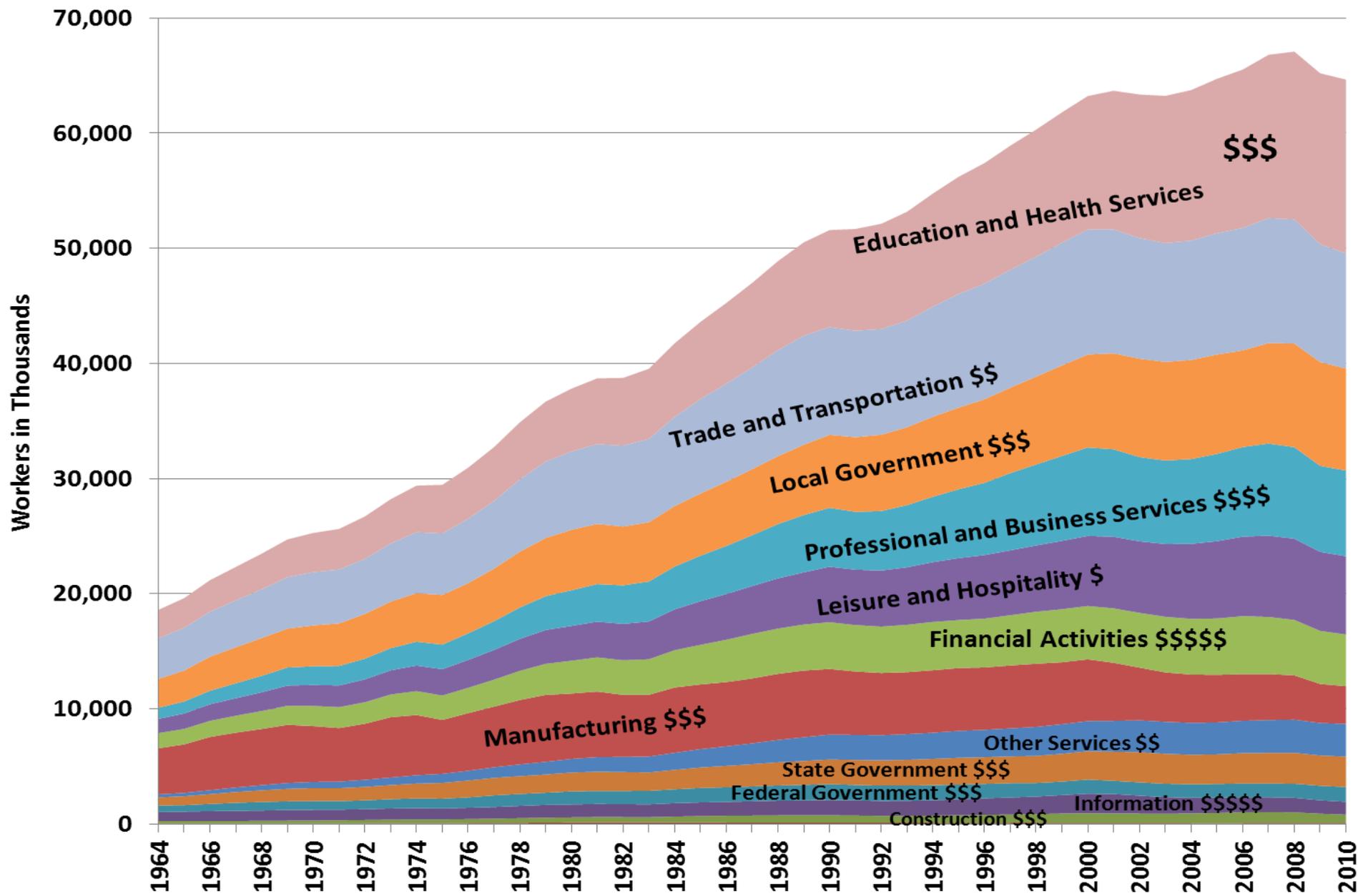
Women 'choose' to work in low-paying occupations

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



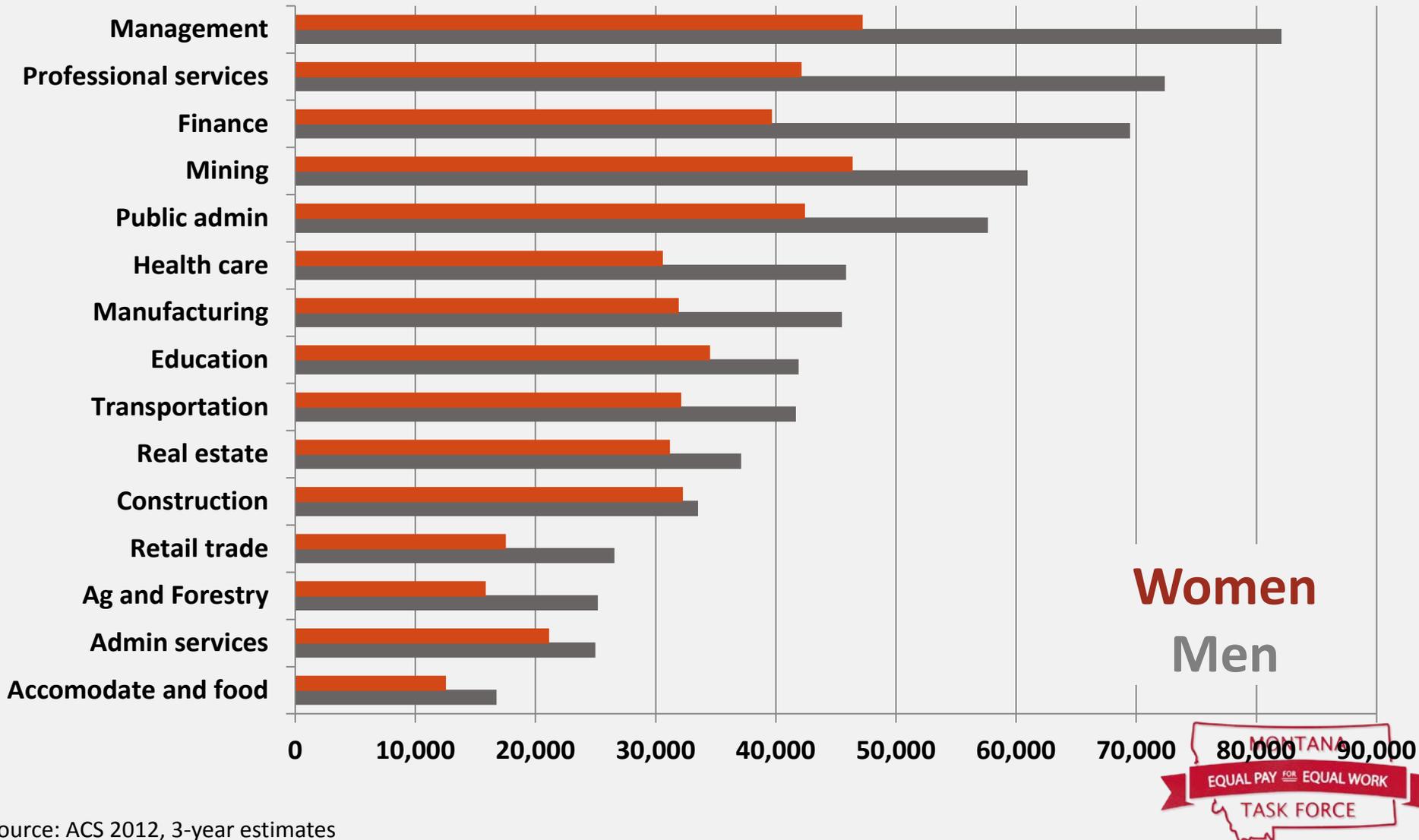
- Only 4 of the top 20 jobs for men and the top 20 jobs for women overlap
- Traditional men's jobs pay more than traditional women's jobs
- Explains up to ½ wage gap, depending on study.

U.S. Women Workers by Industry





U.S. Median Earnings by Gender and Industry



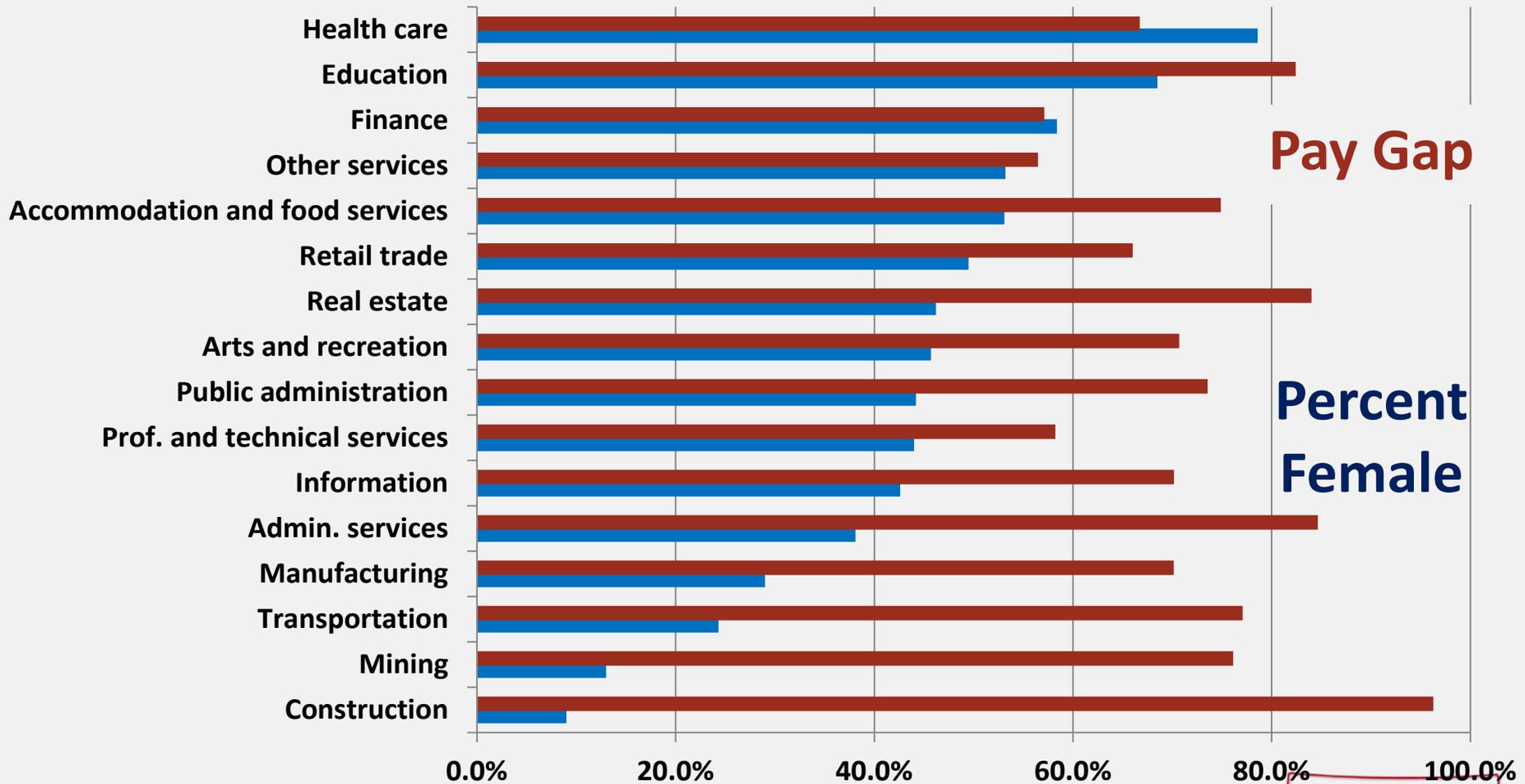
Women
Men



Source: ACS 2012, 3-year estimates

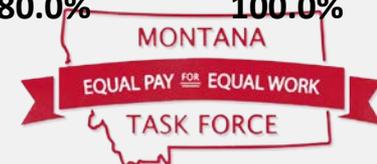


Percent Female and Wage Gap by U.S. Industry



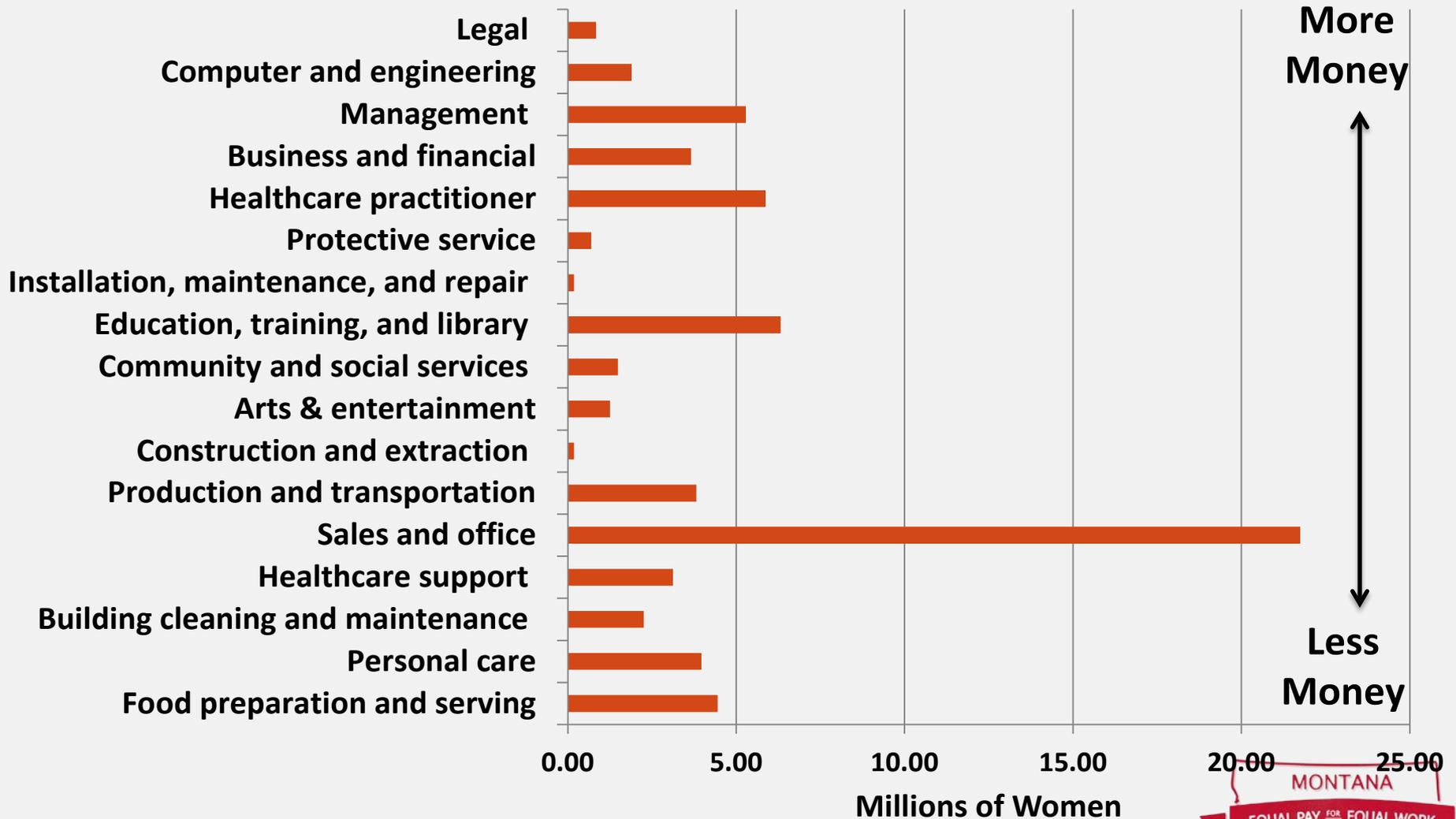
Pay Gap

Percent Female





U.S. Occupations where Women Work



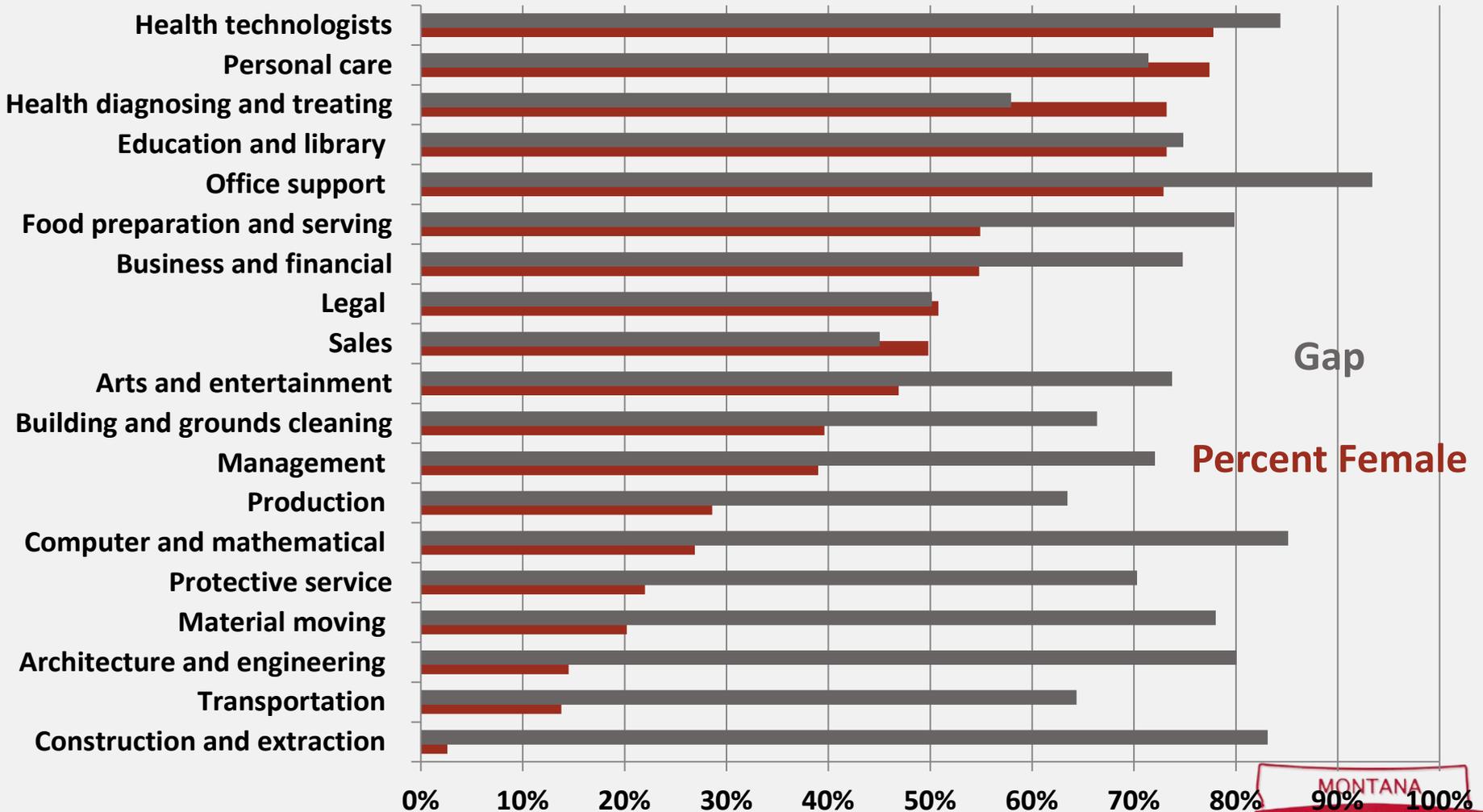
Source: ACS, 2012 3-Year Estimates





Occupation and Industry Choice

Women choose to work in low-paying occupations





Occupation and Industry Choice

Is this problematic?

- Why it might not be:
 - Women are choosing these occupations and industries
 - Benefits, flexibility, time off
- Why it might be:
 - Occupational Crowding
 - Premarket Discrimination
 - Cultural Differences
 - Skill Monopolies
- Even within industry/ occupations, there are wage gaps





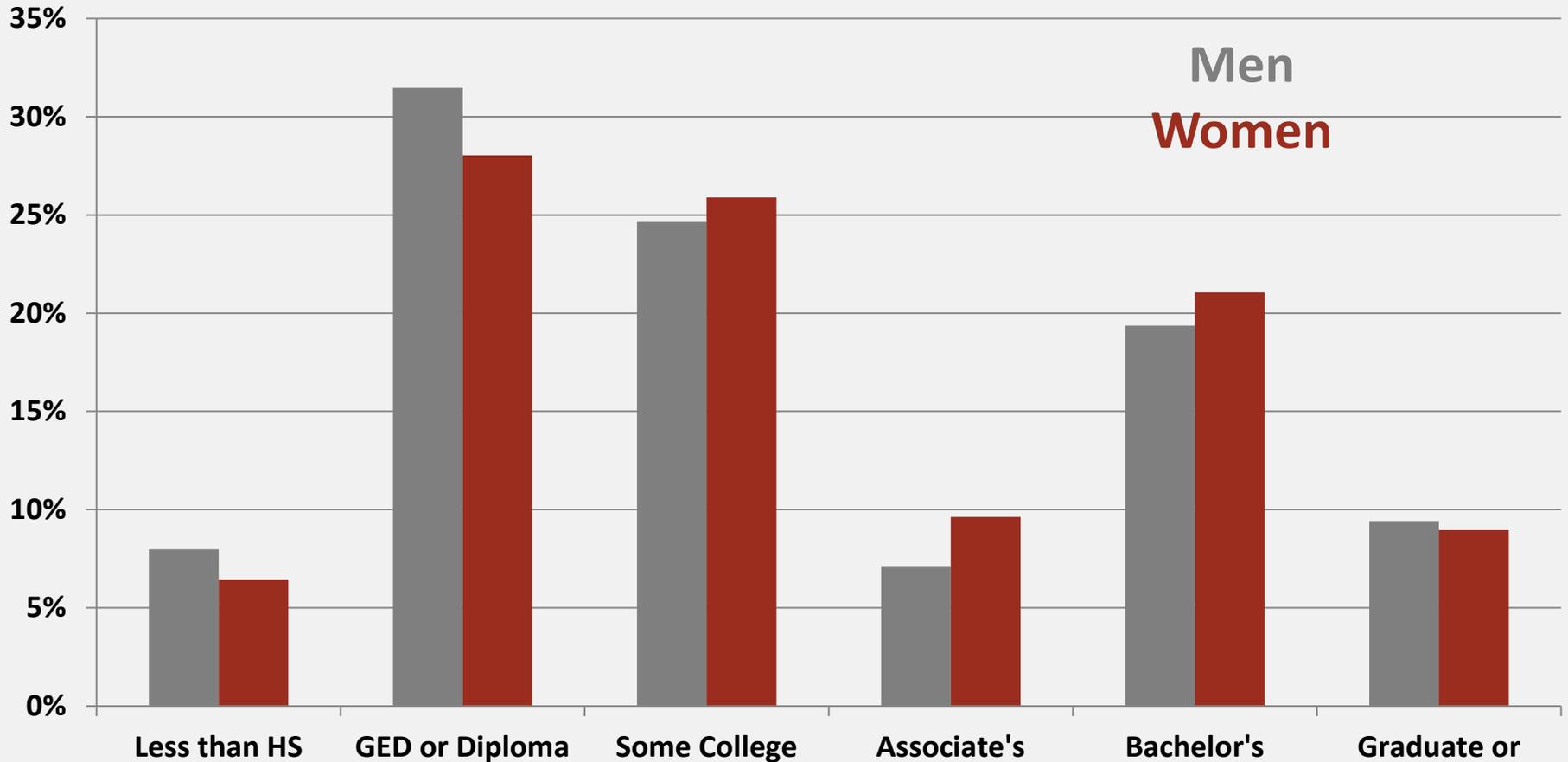
Factors Influencing Pay and the Gender Gap

- 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)



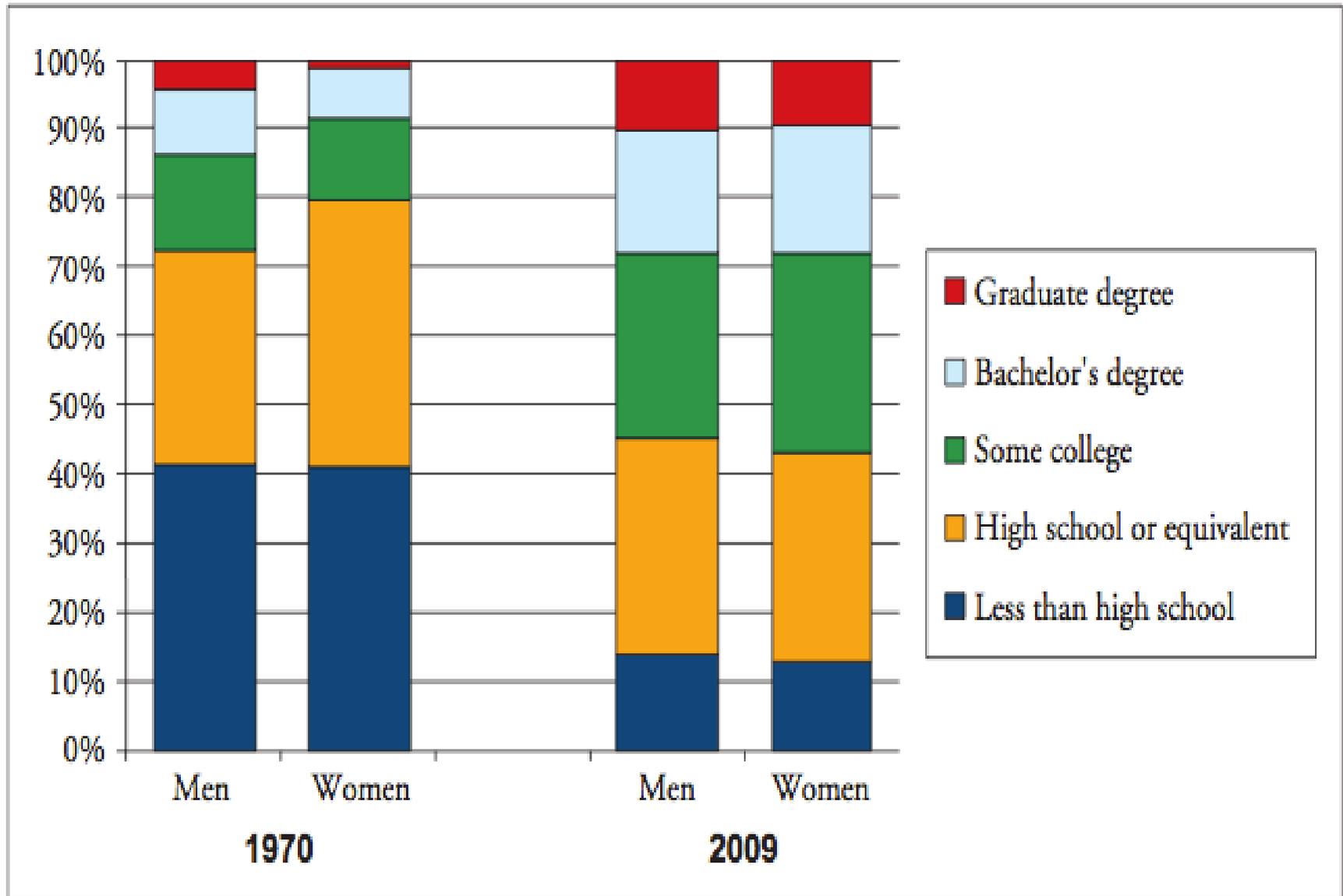
Men
Women

Source: American Community Survey 1-Year Estimates 2012



Levels of Educational Attainment

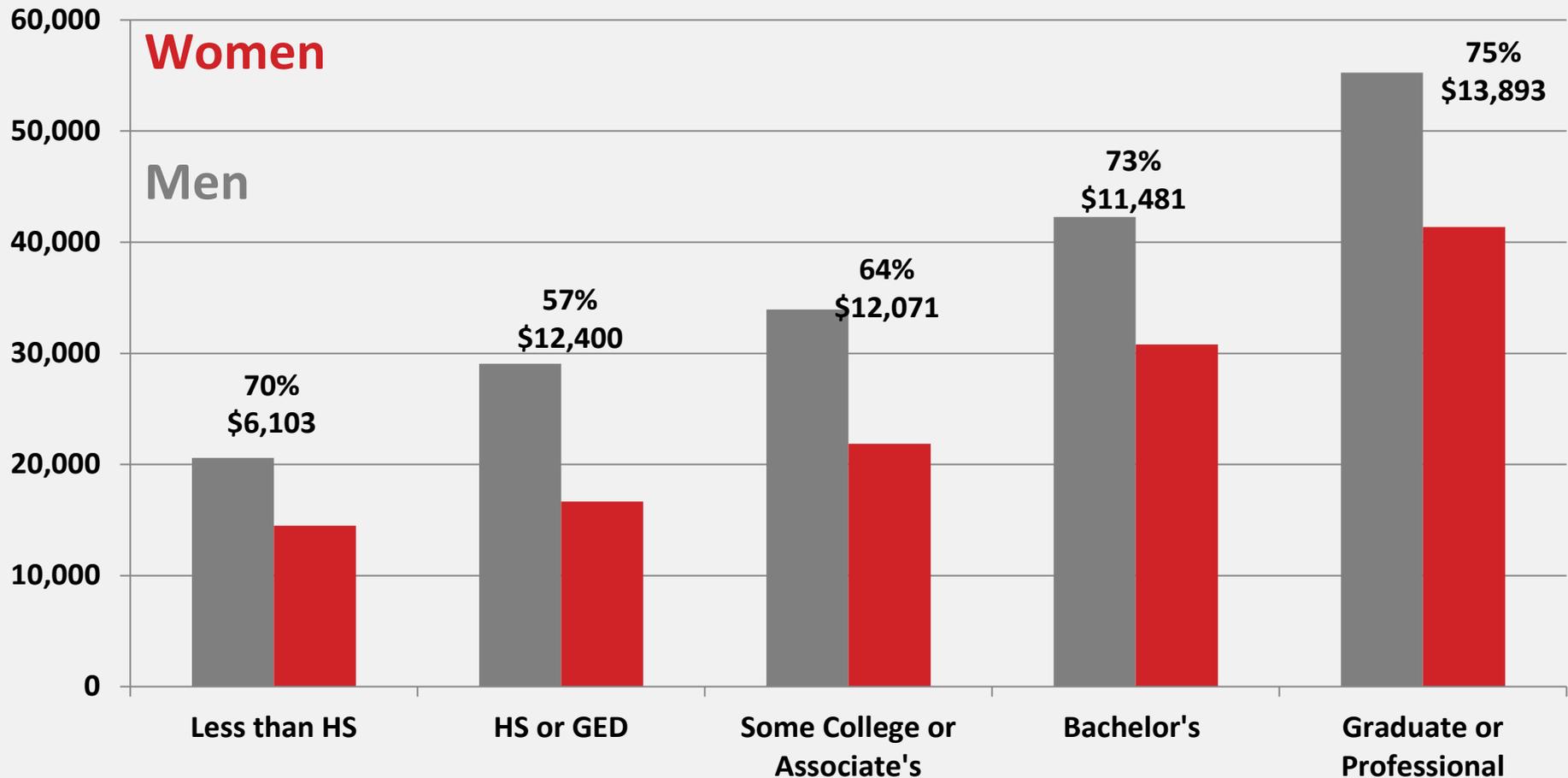
(Percentage of Adults 19 and Older, 1970 and 2009)



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



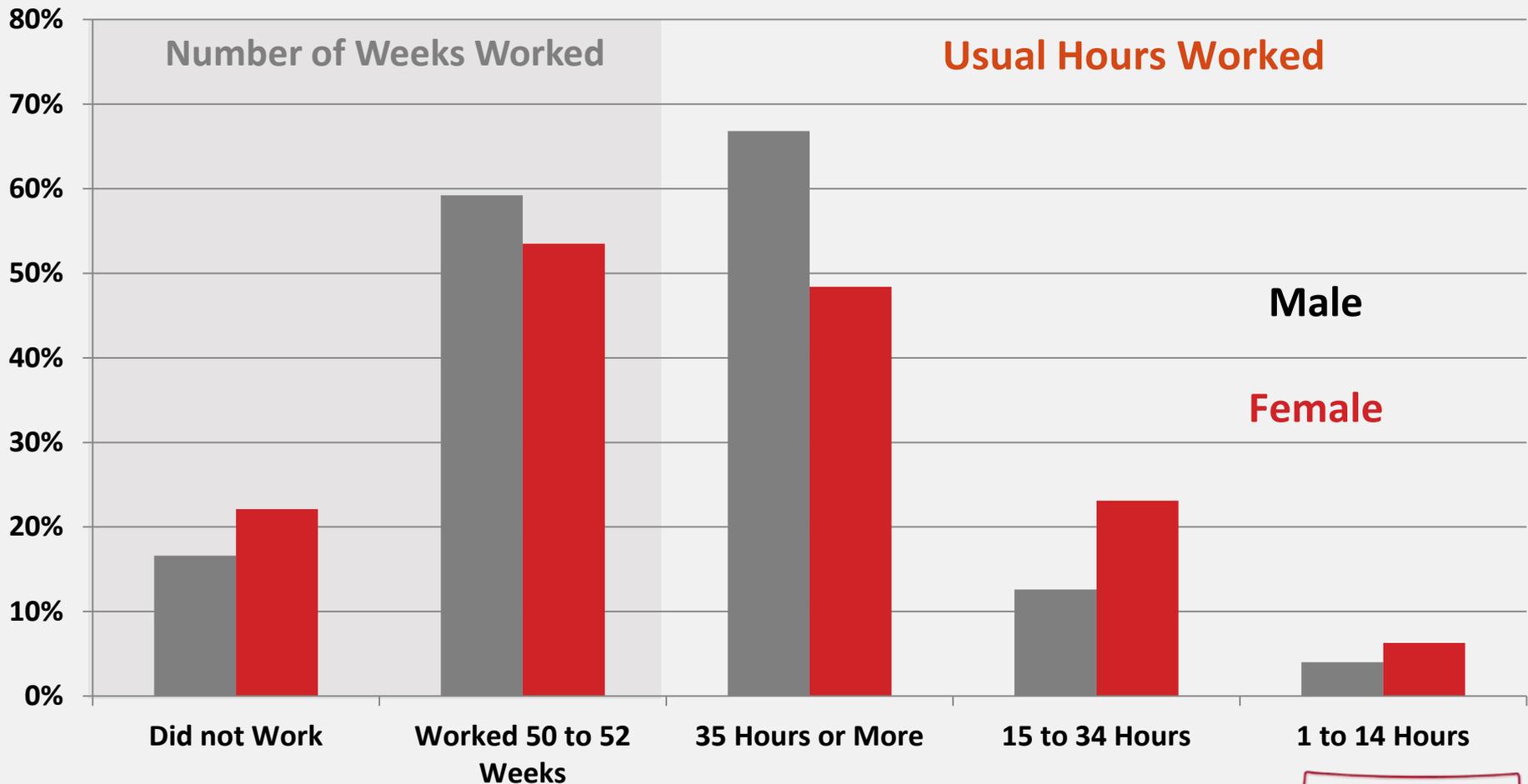
Factors Influencing Pay and the Gender Gap

- Occupation choice
- Industry choice
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Experience: Part-Time Status



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





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



Do women choose leave over pay?

- 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.

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.





The Motherhood Penalty

- Mothers earn less than other women.

Median Weekly Earnings	Women	Men
With Children Under 18	\$680	\$799
Without Children	\$697	\$946

- Fathers earn more than other men.
 - Even after controlling for other factors.
- Motherhood penalty greater than pay loss for long-term unemployed workers





Women Earn Less Due to Less Experience

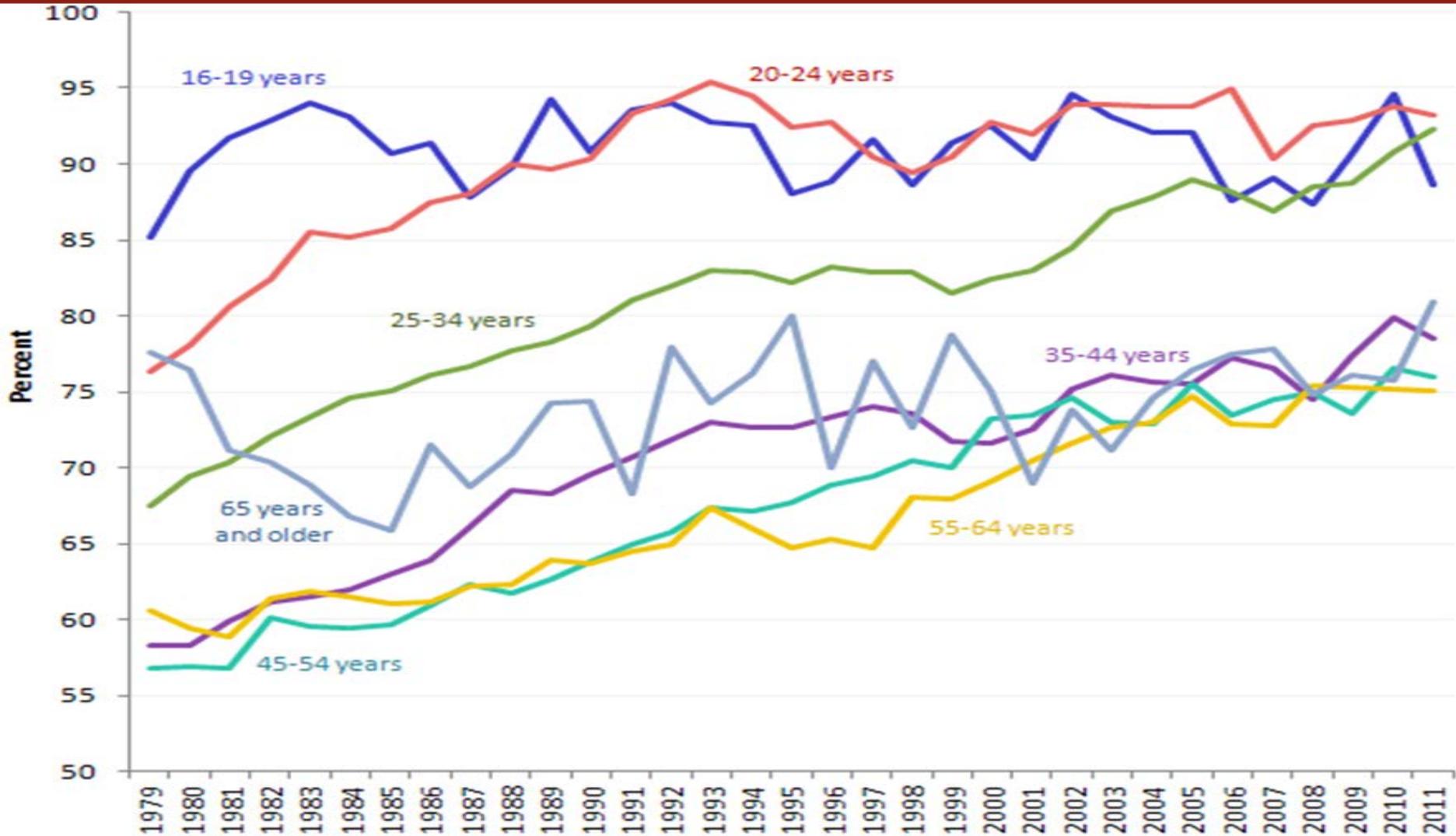
CAVEATS

- Teenage women earn less than teenage men in their first jobs.
- Women out of college more likely to have experience than men. Still earn less.
- Part-time work generally comes with fewer benefits.
- Significant evidence that employers 'discount' women's credentials.
 - Resume studies





Pay Gap over Time by Age Group





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

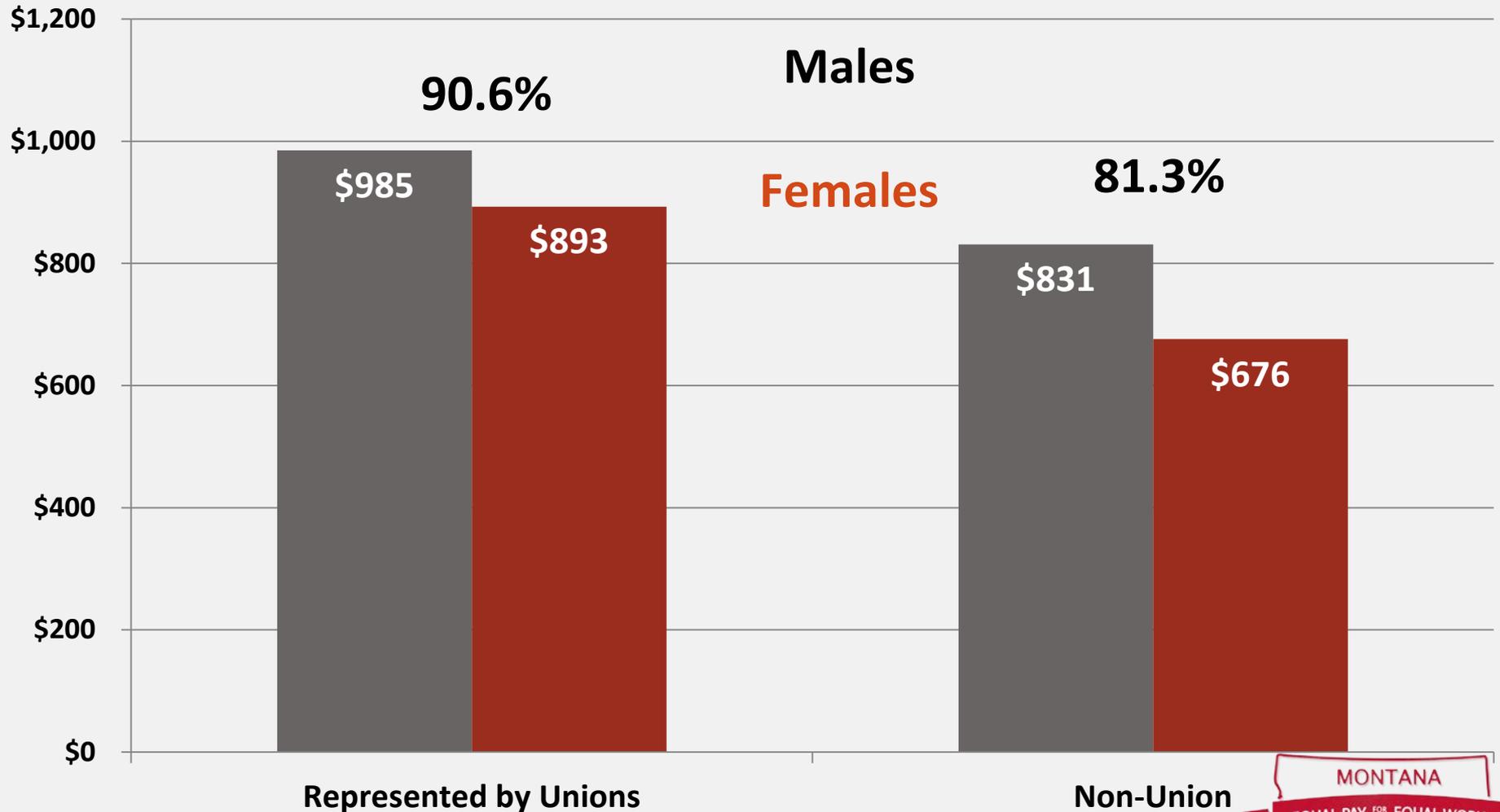
- Why it might not be:
 - Women may choose to work part-time or take longer parental leave time for family care.
- Why it might be:
 - Discrimination causes men to earn higher wages, so families decide women should stay home. What about dads?
 - Cultural pressure to work at home or fulfill motherly duties
 - Discrimination in hiring practices
 - Expectation of motherhood and early “leaning out”





Union Representation Narrows Gap

Median Weekly Earnings by Union Status and Gender



Source: Bureau of Labor Statistics, Current Population Survey.



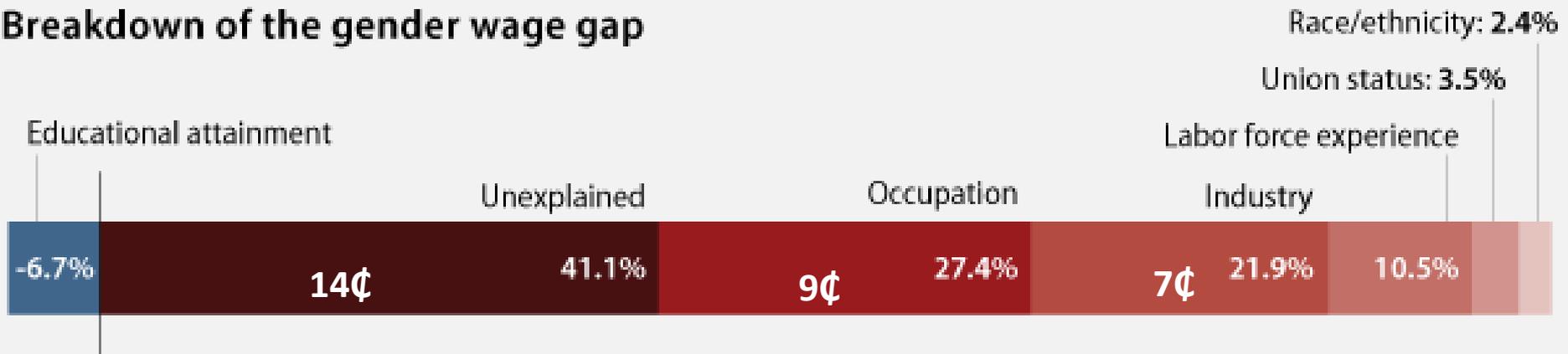
Factors Influencing Pay and the Gender Gap

- 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.

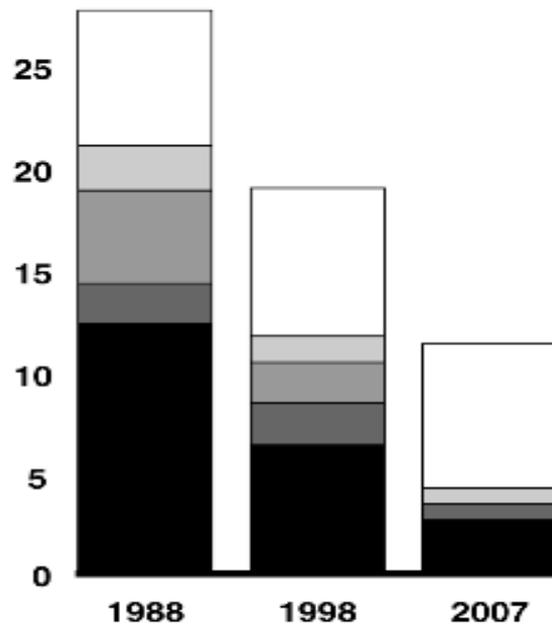


Has the unexplained wage gap changed over time?

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

Pay Gap between men and women (in cents)

30



Year

- Unexplained pay gap
- Part of the pay gap resulting from differences in other characteristics
- Part of the pay gap resulting from differences in experience levels
- Part of the pay gap resulting from differences in education levels
- Part of the pay gap resulting from differences in occupations





Conclusions

- Much of the wage gap can be explained by human capital factors
- There remains a gap
- Economics traits that seem to help
 - Knowledge jobs over muscle jobs
 - Centralized pay decisions
 - Wage compression
 - Changing cultural norms





QUESTIONS

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Smith College

