Breakdown of the Gender Pay Gap

What is the Gender Pay Gap?

The gender pay (or wage) gap is the pay disparity between men and women expressed as a percentage of male earnings. Often the pay gap is presented as the average difference between men and women’s median earnings in a given year. This summary statistic is considered the raw, or unadjusted gender pay gap because it does not account for factors that may affect earnings (e.g. hours worked, age, etc.). The raw figure differs from the adjusted, or “unexplained” gender pay gap, which accounts for these variables.

As of 2014, for American full-time, year round workers

- Gender Earnings Ratio: 79%
- Raw Gender Pay Gap: 21%
- Adjusted Gender Pay Gap: 4.8% - 12.4%

Raw Gender Pay Gap by State in 2014
Part of the raw pay gap can be “explained” by a number of observable (and measurable) differences in the characteristics of males and females. We know that low earnings are reflective of the fact that women often:

1. work less hours than men:
   - women, on average, worked 5.1 hours less per week than men in 2014 (BLS Databook, 2015)

2. engage in part-time employment more than men:
   - on average, 26% of employed women compared to 13% of employed men in 2014 (BLS Databook, 2015)

3. work in characteristically lower-paying professions:
   - 23 of the 30 jobs in the bottom earnings decile are female-dominated (Liner, Third Way, 2016)

4. experience greater labor force disruptions as a result of home/childcare:

*Human capital investment* in the form of education and training is no longer relevant in “explaining” the gap; more females pursue higher education than their male counterparts.

But part of the gender pay gap remains “unexplained” in the form of an adjusted pay gap. Women continue to be paid less for the same job, regardless of similar qualifications and experience. The disparity perseveres across industries, occupations, and educational levels because of:

1. explicit discrimination

2. the devaluation of women’s work

3. traditions, stereotypes and implicit bias

4. unmeasurable structural and social factors that influence life choices

5. intangible or unknown omitted variables in statistical analyses

Some of the “explained” factors mask underlying “unexplained” factors such as discrimination, thereby *underestimating* the size of the adjusted pay gap.
National Gender Pay Gap Trends

An overview of the U.S gender wage gap demonstrates a substantially decreased, but persistent wage gap between women and men. The erosion of the gap is considerable; yet, progress has been nonlinear. Advancements in education, workforce participation and higher-paying occupations, in conjunction with an increasing wage rate among women, have significantly narrowed the gap since the 1970s. Despite these gains, the rate at which the gender wage gap has declined has stalled. Since the early 2000s, the earnings ratio has fluctuated between 79% and 83%.

Gender Earnings Ratio over Time

![Graph showing annual averages of median usual weekly earnings of full-time wage and salary workers (16 years and older)]

How the Gender Pay Gap Affects Women of Different Demographics

In general, the earnings ratio is based on an aggregate of all workers irrespective of factors such as race, age and education. The gender pay gap transforms dramatically when a different reference is applied.

Gender Earnings Ratio by Race

![Graph showing earnings ratios of female full-time and salary workers by race and ethnicity in 2014]

Black and Hispanic/Latina women show the largest gender pay gaps when compared to white men’s earnings, but the smallest pay gaps when compared to men within their own racial categories. Likewise, Asian women show the smallest gender pay gap when compared to white men’s earnings, but the largest pay gap among the racial categories when compared to Asian men’s earnings.
Data indicates that the gender wage gap tends to increase as workers age. Men and women begin employment with similar earnings. Among young cohorts (ages 16 to 34) the pay disparity is narrow—around 5-10%. Many speculate that the gap grows after this point because women’s careers are more likely to be

**Gender Earnings Ratio by Education**

There is a positive relationship between education and earnings for both men and women; more education translates into greater earnings. At every level of educational attainment, women’s median earnings are less relative to men’s median earnings. While education increases earnings, it does not translate into a narrower gender pay gap.