

## GENDER AND THE WAGE GAP IN NEW YORK CITY

In recent generations, American women have made tremendous strides toward greater equality in the workforce. In 1900, fewer than 20 percent of women worked outside the home. By 1960, that number had grown to 40 percent, and by 2000, nearly 80 percent.<sup>1</sup>

Alongside that growth in labor force participation has been a narrowing of the wage gap between women and men. When the Equal Pay Act was passed a half-century ago, American women earned an average of 59 cents on the dollar compared to men.<sup>2</sup>

That said, there is still a long way to go. While the Equal Pay Act has had a profound effect on wage equity, the average woman working full-time in New York City today still earns only 82 percent of the average man. In the rest of the country, the gap is even greater.

**Table I. Average Earnings of Men and Women**

	NYC			U.S. outside NYC		
	Male	Female	F/M	Male	Female	F/M
Average Earnings	\$70,889	\$58,207	82.1%	\$64,101	\$46,400	72.4%

Source: 2012 American Community Survey, earnings of non-students working full-time

Indeed, while there are hopeful signs that today's Millennials have achieved a greater level of wage parity than any prior generation, there is also significant concern that young women today, like previous generations, will face a widening gap as they age.

As shown below, today's young women are the first in modern history to start their work lives at near parity with men.<sup>3</sup> In New York City, single, childless women under the age of 35 earn 96 cents for every dollar young men earn, a slightly smaller gap than in the rest of the country.

**Table II. Average Earnings of Single, Childless Men and Women Under 35**

	NYC			U.S. outside NYC		
	Male	Female	F/M	Male	Female	F/M
Average Earnings	\$68,420	\$65,958	96.4%	\$45,641	\$43,477	95.3%

Source: 2012 American Community Survey, unmarried, childless individuals under age 35 working full-time

While the earnings gap is small overall for young, single, childless workers, it still varies considerably by profession and education. Table III below shows the average earnings for the six most common occupational titles in New York City. In most of these jobs, New York City women earn far less than men. For example, female accountants and auditors earn less than 69 cents for every dollar earned by a man.

<sup>1</sup> <http://www.econlib.org/library/Enc/GenderGap.html>. (accessed: 3/31/14)

<sup>2</sup> <http://www.dol.gov/equalpay/>. (accessed: 3/31/14)

<sup>3</sup> <http://www.pewsocialtrends.org/2013/12/11/on-pay-gap-millennial-women-near-parity-for-now/>. (accessed: 3/25/14)

**Table III. Avg. Earnings of Single, Childless Men and Women Under 35, by Occupation**

Profession	NYC			U.S. outside NYC		
	Male	Female	F/M	Male	Female	F/M
Overall	\$68,420	\$65,958	96.4%	\$45,641	\$43,477	95.3%
Accountants and Auditors	\$100,052	\$68,708	68.7%	\$63,365	\$59,121	93.3%
Elementary and Middle School Teachers	\$66,841	\$55,450	83.0%	\$49,851	\$45,320	90.9%
First-line Supervisors of Retail Sales Workers	\$61,927	\$49,199	79.4%	\$40,316	\$37,656	93.4%
Salespersons	\$53,688	\$40,135	74.8%	\$37,948	\$31,942	84.2%
Customer Service Representatives	\$41,826	\$48,414	115.8%	\$32,507	\$32,210	99.1%
Secretaries and Administrative Assistants	\$62,418	\$46,040	73.8%	\$40,284	\$35,746	88.7%

Source: 2012 American Community Survey, unmarried and childless individuals under age 35 working full-time

More worrisome is data showing that the wage gap widens considerably for older women. As shown in Table IV, in New York City, women between the ages of 35-65 earn 78 cents on the dollar compared to men.

**Table IV. Average Earnings of Men and Women, 35+**

	NYC			U.S. outside NYC		
	Male	Female	F/M	Male	Female	F/M
Average Earnings	\$77,283	\$60,324	78.1%	\$72,580	\$50,042	68.9%

Source: 2012 ACS Mean earnings of full-time, full-year employed, non-students residing in NYC vs. outside NYC.

There are a variety of explanations for this trend, including, but not limited to, discrimination in the workplace:

- Many women make the choice or feel pressured to leave the workforce to care for children. The impact of an individual's decision to leave the workforce accumulates over time.
- Upon returning to the workforce, individuals often face a labor market that is unforgiving of periods of unemployment.<sup>4</sup>
- The workforce continues to be characterized by occupational segregation of women and men into different types of jobs. Women remain much more likely to enter occupations where the majority of workers are female, including the healthcare, education, and human services fields.<sup>5</sup> According to the White House's 2013 Equal Pay Task Force Progress Report, "occupational segregation fuels the wage gap because average wages in "female"

<sup>4</sup> <http://www.nydailynews.com/new-york/city-pol-fights-bias-unemployed-employers-screen-jobless-candidates-article-1.965803> (accessed: 3/28/14)

<sup>5</sup> [http://www.whitehouse.gov/sites/default/files/image/image\\_file/equal\\_pay-task\\_force\\_progress\\_report\\_june\\_10\\_2013.pdf](http://www.whitehouse.gov/sites/default/files/image/image_file/equal_pay-task_force_progress_report_june_10_2013.pdf) (accessed: 3/26/14)

occupations are lower, even holding constant other observable characteristics such as education.”<sup>6</sup>

- Older women may have started in the workforce when inequity in pay was more acceptable. As a result, many may have started at a lower salary and never caught up.<sup>7</sup>

## **Conclusion & Recommendations**

The effects of the pay gap are not only felt in the wallets of American women, but also on our nation’s economic competitiveness. By discouraging women from returning to work after having children, employers remove significant talent from the labor market, weakening productivity.<sup>8</sup>

Furthermore, as Professor Michelle Budig of the University of Massachusetts has found, “a significant motherhood penalty” exists even when we take into account the fact that some women choose more “family-friendly”<sup>9</sup> jobs and may have less experience due to interruptions for childbearing.<sup>10</sup>

As a result, a critical part of closing the wage gap is moving away from seeing child care as primarily a female obligation. This starts by embracing paid family leave policies for mothers *and* fathers so that all New Yorkers can achieve a work-life balance that suits them, regardless of family status or household income.

The Family and Medical Leave Act of 1993 provides unpaid, job-protected leave for serious health related events. However, only about half of the workforce qualifies for this unpaid leave,<sup>11</sup> and many more simply cannot afford to take it.<sup>12</sup>

Last year, Senator Kristen Gillibrand proposed the “Family and Medical Insurance Leave Act,”<sup>13</sup> which would create a fund within the Social Security Administration to collect fees and provide benefits. It would be paid for through employee and employer contributions of 0.2% of wages, respectively, and is modeled after successful state programs in New Jersey and California and is an idea that Congress should embrace nationwide.

Closer to home, the New York State legislature should:

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<sup>6</sup> [http://www.whitehouse.gov/sites/default/files/image/image\\_file/equal\\_pay-task\\_force\\_progress\\_report\\_june\\_10\\_2013.pdf](http://www.whitehouse.gov/sites/default/files/image/image_file/equal_pay-task_force_progress_report_june_10_2013.pdf) (accessed: 3/26/14)

<sup>7</sup> <http://economix.blogs.nytimes.com/2010/07/08/for-younger-women-a-smaller-wage-gap/>; see also *Ledbetter v. Goodyear Tire & Rubber Co.*, 550 U.S. 618, 643 (2007) (noting that over time, Lily Ledbetter’s “pay slipped in comparison to the pay of male area managers with equal or less seniority”)(Ginsburg, J., dissenting). (accessed: 3/31/14)

<sup>8</sup> <http://www.oecd.org/gender/Executive%20Summary.pdf> (accessed: 3/28/14)

<sup>9</sup> Hegewich, et al. “The Gender Wage Gap in New York State and its Solutions” *Institute for Women’s Policy Research*. December 12, 2011. (accessed: 3/24/14)

<sup>10</sup> <http://thehill.com/blogs/congress-blog/economy-a-budget/121869-parenthood-exacerbates-the-gender-pay-gap> (accessed: 3/24/14)

<sup>11</sup> <http://www.dol.gov/whd/reg/statutes/fmla.htm> (accessed: 3/24/14)

<sup>12</sup> <https://www.gillibrand.senate.gov/agenda/the-american-opportunity-agenda> (accessed: 3/26/14)

<sup>13</sup> <http://beta.congress.gov/bill/113th-congress/house-bill/3712> (accessed: 3/28/14)

- Allow municipalities, including New York City, to set their own minimum wages above the current state minimum. This would increase the income of over 800,000<sup>14</sup> working poor individuals in NYC, including over 400,000 women.<sup>15</sup>
- Pass the “Women’s Equality Act” which would strengthen laws that require equal pay, expand sexual harassment protections, prevent discrimination against parents in the workplace, and require employers to provide reasonable accommodation to pregnant workers, among other things.<sup>16</sup>

Beyond legislation, both the public and private sector can improve upon public education regarding the importance of equal employment opportunity, equal pay, and the value of entering non-traditional fields. The Institute for Women’s Policy Research asserts that further training can be provided to career counselors, teachers, and others to ensure that students of all ages are exposed to a wider range of career opportunities, including those that are non-traditional for their gender. State-funded job training and educational programs can help encourage women to develop the skills needed to thrive in non-traditional fields that pay higher wages.<sup>17</sup>

Furthermore, instead of closing the door to parents who seek to re-enter the workforce, companies should encourage women and men to return by creating return-to-work programs. Many New York City companies are already employing such programs, boosting diversity and improving their bottom lines.<sup>18,19,20</sup>

Lastly, policies like flexible scheduling, universal pre-kindergarten, and access to affordable child care are all essential tools in closing the wage gap.

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<sup>14</sup> <http://www.brooklynagle.com/articles/opinion-raising-nyc%E2%80%99s-minimum-wage-call-action-2014-02-19-133000> (accessed: 4/1/14)

<sup>15</sup> <http://www.theatlantic.com/education/archive/2014/03/studying-us-families-men-are-where-women-were-30-years-ago/284515/>; Professor Stephanie Coontz asserts that “our gender gap is wider because our gap between high and low wages is wider,” and raising our minimum wage would help to remedy that disparity.

<sup>16</sup> <http://nywomensequality.org/10-point-plan/> (accessed: 3/31/14)

<sup>17</sup> Hegewich, et al. “The Gender Wage Gap in New York State and its Solutions” *Institute for Women’s Policy Research*. December 12, 2011. (accessed: 3/24/14)

<sup>18</sup> <http://www.nytimes.com/2014/03/18/education/helping-women-get-back-in-the-game.html> (accessed: 3/31/14)

<sup>19</sup> <http://www.crainsnewyork.com/article/20140313/ECONOMY/140319924/moms-get-back-to-business-on-wall-street> (accessed: 3/31/14)

<sup>20</sup> <http://blogs.hbr.org/2014/02/the-40-year-old-intern-goes-to-wall-street/> (accessed: 3/31/14)