

## WAGE DISPARITIES AND WOMEN OF COLOR

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*As more women become primary wage earners for households across the country, eliminating the pay gap becomes even more crucial to sustaining healthy and prosperous communities.*



**INCLUSION.**

Despite efforts to equalize earnings, a persistent wage gap exists between women and men. Recent Census data indicates that women earn 77 cents for every dollar earned by men. This gap is more pronounced for women of color with Black women earning 61 cents and Hispanic women earning 52 cents for every dollar paid to a white male. The negative impact of the gender-based wage gap is exacerbated for women of color, who face lower lifetime earnings overall, occupational segmentation, and unequal access to assets and other wealth builders.

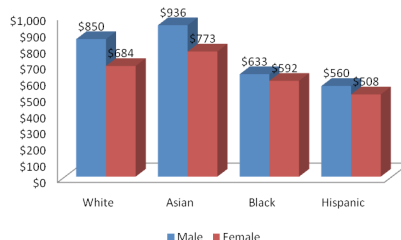
As more women become primary wage earners for households across the country, eliminating the pay gap becomes even more crucial to sustaining healthy and prosperous communities. Aligning the income distribution with the gender composition of the workforce is particularly needed now in these tough economic times to ensure economic security, opportunity, and prosperity for all.

### THE WAGE GAP AND LIFETIME EARNINGS

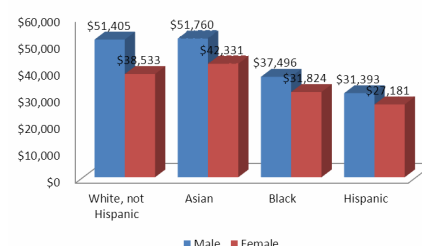
According to Census data, for each dollar a male earns, a female receives only 77 cents. The wage gap is even wider for women of color, with Black and Hispanic women receiving 61 cents and 52 cents, respectively, for every dollar paid to a white male.<sup>1</sup>

Black and Hispanic women report lower weekly and annual earnings than all other groups. In 2010, the discrepancy in median weekly wages between white males and Hispanic women was as great as \$342 (Figure 1). Annually, Black and Hispanic women continue to fall short of the national median income level (\$49,777 in 2009), with Hispanic women earning the lowest median income among all groups at just \$27,181 in 2009, according to the most recent available data (Figure 2).

**Figure 1. Wage Disparities in Median Weekly Earnings by Race and Gender, 2010<sup>2</sup>**



**Figure 2. Annual Median Income Levels by Race and Gender, 2009<sup>3</sup>**



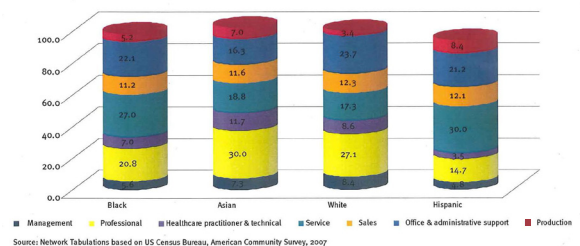
These wage disparities grow exponentially over time and limit the ability of women of color to attain economic security. It is estimated that women overall lose an average of \$434,000 in income over a 40 year career as a result of the gender wage gap. In more than 10 states, the career wage gap exceeds \$500,000.<sup>4</sup> Women who work full time earn less than men in comparable positions and at every educational level.<sup>5</sup> College-educated women earn less than men from the time they enter the workforce through retirement, earning just 80 percent as much as men their very first year out of college. A decade later, the gap widens even more, with college-educated women receiving less than 70 percent of men’s earnings even after controlling for factors such as occupation and parenthood.<sup>6</sup>

**OCCUPATIONAL SEGMENTATION**

Opportunities for women to attain higher earnings have been mired by historic patterns of discrimination and labor segmentation that relegate many women to low-wage positions. Women are three times more likely than men to work in office and administrative support jobs and are overrepresented in the lower-paying occupations of the professional sector, such as education and health care occupations. Less than 15 percent of women are employed in management, business, and financial operations occupations, and only 7 percent of female professionals in 2009 held occupations in the higher-paying engineering or computer fields, compared to 38 percent of male professionals.<sup>7</sup>

The labor segmentation becomes more pronounced in communities of color. Black and Latino women are nearly twice as likely as white women to be employed in the service industry where benefits are few, wages are low and opportunities for advancement are limited.<sup>8</sup> Women of color are also underrepresented in management-level or professional positions and face significant barriers in the transition from low-wage jobs to professional occupations due to low education levels, lack of training and unclear career pathways.

**Figure 3. Occupations among Women by Race/Ethnicity, 2007**



**UNEQUAL ACCESS TO WEALTH**

Income disparities translate into a wealth gap that falls along the same race and gender lines as the wage gap. Lower earnings result in lower availability of wealth building tools, such as pension plans, offered to women, particularly women of color. The Network recently commissioned a report on wealth disparities and single mothers, At Ropes End, which found that for each dollar of net worth of white Americans, Latinos had 9 cents and African Americans had 7 cents.<sup>9</sup> Furthermore, African-American and Latino single mothers were shown to have a median wealth of zero, whereas white women reported a median wealth of \$6,000.<sup>10</sup> The inability of many women of color to build wealth and assets is directly correlated to their lower lifetime earnings compared to other groups.

Single mothers of color, who hold the highest poverty rates and lowest median income levels by household status and race, face unique challenges to wealth and asset accumulation. The wage gap between mothers and non-mothers is greater than the gap between women and men. Single mothers earn only 77 percent as much as married women with children and only 87 percent as much as single women without children.

## CONCLUSION AND RECOMMENDATIONS: CLOSING THE GAP

The gender-based wage gap is decreasing over time. As seen in Figure 4 below, the overall ratio of all women’s to all men’s median weekly earnings moved from 76.9 percent in 2000 to 81.2 percent in 2010, reaching a historic high that reflects an overall trend towards pay equity (both when comparing women’s earnings to both the earnings of their same-race male counterparts and the earnings of white men). While the overall gap is slowly closing, Hispanic and Black women continue to receive less than 60 percent and 70 percent, respectively, of what white men earn on a weekly basis.

**Figure 4. Ratio of Women’s to Men’s Median Weekly Median Earnings<sup>11</sup>**

RACE/ETHNICITY OF FULL-TIME WORKERS, 16 YEARS OR OLDER	2000		2010	
	FEMALE EARNINGS AS PERCENTAGE OF MALE EARNINGS WITHIN SAME RACE/ETHNICITY	FEMALE EARNINGS AS PERCENTAGE OF WHITE MALE EARNINGS	FEMALE EARNINGS AS PERCENTAGE OF MALE EARNINGS WITHIN SAME RACE/ETHNICITY	FEMALE EARNINGS AS PERCENTAGE OF WHITE MALE EARNINGS
ALL RACES/ETHNICITIES	76.9%	74.5%	81.2%	78.7%
WHITE	75.8%	75.8%	80.5%	80.5%
ASIAN	79.9%	82.6%	82.6%	90.9%
BLACK	84.1%	64.8%	93.5%	69.6%
HISPANIC	87.8%	55.3%	90.7%	59.8%

Recent analysis by the Institute for Women’s Policy Research suggests that it will be another 45 years before women reach earnings parity with men.<sup>12</sup> However, implementing targeted policy solutions can significantly reduce the time before full pay equity is achieved. In particular:

- 1) **PASS THE PAYCHECK FAIRNESS ACT.** Legislation that promotes equitable wages is essential to reducing income disparities between women of color and other groups. In Minnesota, where the 1984 Local Government Pay Equity Act ensures pay equity among all public employees in the state, the gender-based wage gap in the public sector has decreased considerably.<sup>13</sup>
- 2) **SUPPORT EARLY LINKS TO THE LABOR MARKET AND EDUCATIONAL OPPORTUNITIES FOR WOMEN IN LOW-INCOME AND ECONOMICALLY DISADVANTAGED COMMUNITIES.** Training and education programs should focus on long-term outcomes and career opportunities that prepare participants for higher education or vocations/occupations with potential for higher pay and advancement.
- 3) **CREATE AND ENFORCE POLICIES AND LEGISLATION TO COUNTER RACIAL AND GENDER DISCRIMINATION IN THE LABOR MARKET.** In addition to existing antidiscrimination laws, increased support and incentives should be implemented at the federal and state levels to promote diversity and the advancement of racial and ethnic minority women in the workforce.
- 4) **SUPPORT WORKING MOTHERS AND INCREASE WOMEN’S EMPLOYMENT OPPORTUNITIES THROUGH GREATER STATE AND FEDERAL CHILD CARE SUBSIDIES.** The high cost of child care makes it difficult for mothers to make ends meet and invest a portion of their income in wealth-building activities. High child care costs also influence women’s participation in the workforce over the long run.<sup>14</sup>
- 5) **PASS LEGISLATION THAT EXTENDS PAID SICK LEAVE BENEFITS TO MOTHERS AND FAMILIES.** Passing the Healthy Families Act as it was introduced in 111<sup>th</sup> Congress would provide workers with 1 hour of paid sick leave for every 30 hours worked up to seven days a year that could be used to take care of sick children and family members. Requiring all employers to provide paid leave not only provides basic worker rights, it helps diminish gender-based pay disparities by encouraging more men to take leave and not punishing women that take leave to care for family.

## (ENDNOTES)

- <sup>1</sup> “Table PINC-05. Work Experience in 2008—People 15 Years Old and Over by Total Money Earnings in 2008, Age, Race, Hispanic Origin, and Sex.” U.S. Census Bureau, Current Population Survey: 2009 Annual Social and Economic Supplement <[http://www.census.gov/hhes/www/cpstables/032009/perinc/new05\\_000.htm](http://www.census.gov/hhes/www/cpstables/032009/perinc/new05_000.htm)>
- <sup>2</sup> Women of Color Policy Network tabulations of Bureau of Labor Statistics, 2010 Current Population Survey Labor Force Statistics, retrieved April 10, 2011 <<http://www.bls.gov/webapps/legacy/cpswktab2.htm>>
- <sup>3</sup> Women of Color Policy Network tabulations of Bureau of Labor Statistics, 2009 Current Population Survey Labor Force Statistics, as cited in Women of Color Policy Network, *Income and Poverty in Communities of Color: A Reflection on the 2009 U.S. Census Bureau Data*, September 2010 <<http://wagner.nyu.edu/wocpn/publications/files/IncomeAndPovertyInCommunitiesofColor.pdf>>
- <sup>4</sup> Center for American Progress, *Interactive Map: The Persistent Career Wage Gap*, April 2010 <[http://www.americanprogress.org/issues/2010/04/gender\\_wage\\_gap.html](http://www.americanprogress.org/issues/2010/04/gender_wage_gap.html)>
- <sup>5</sup> Center for American Progress Action Fund, *Lifetime Losses: The Career Wage Gap*, December 2008 <[http://www.americanprogressaction.org/issues/2008/pdf/equal\\_pay.pdf](http://www.americanprogressaction.org/issues/2008/pdf/equal_pay.pdf)>
- <sup>6</sup> American Association of University Women (AAUW) Educational Foundation, *Behind the Pay Gap*, April 2007 <<http://www.aauw.org/learn/research/upload/behindPayGap.pdf>>
- <sup>7</sup> White House Council on Women and Girls, *Women in America: Indicators of Social and Economic Well-Being*, March 2011 <[http://www.whitehouse.gov/sites/default/files/rss\\_viewer/Women\\_in\\_America.pdf](http://www.whitehouse.gov/sites/default/files/rss_viewer/Women_in_America.pdf)>
- <sup>8</sup> U.S. Census Bureau, 2007 American Community Survey, as cited in Women of Color Policy Network, *Race, Gender, and the Recession: Job Creation and Employment*, May 2009 <[http://wagner.nyu.edu/wocpn/reports/Race\\_Gender\\_and\\_the\\_Recession\\_Job\\_Creation](http://wagner.nyu.edu/wocpn/reports/Race_Gender_and_the_Recession_Job_Creation)>
- <sup>9</sup> Women of Color Policy Network, *At Rope’s End: Single Women Mothers, Wealth, and Assets in the U.S.*, October 2010 <<http://wagner.nyu.edu/wocpn/publications/files/AtRopesEnd.pdf>>
- <sup>10</sup> Ibid
- <sup>11</sup> Women of Color Policy Network tabulations of Bureau of Labor Statistics, 2010 Current Population Survey Labor Force Statistics, retrieved April 10, 2011 <<http://www.bls.gov/webapps/legacy/cpswktab2.htm>>
- <sup>12</sup> Institute for Women’s Policy Research (IWPR), *On 100th Anniversary of International Women’s Day, 45 More Years Needed to Close Gender Wage Gap in the U.S.*, March 2011 <<http://www.iwpr.org/press-room/press-releases/on-100th-anniversary-of-international-women2019s-day-45-more-years-needed-to-close-gender-wage-gap-in-the-u.s>>
- <sup>13</sup> League of Women Voters of New York State, *Call to Action: A Pay Equity Resource Guide*, June 2010 <<http://www.lwvny.org/advocacy/payEquity/PayEquityGuide061510.pdf>>
- <sup>14</sup> Insight Center for Community Economic Development, *Lifting as we Climb: Women of Color, Wealth, and America’s Future*, Spring 2010 <<http://www.insightccd.org/uploads/CRWG/LiftingAsWeClimb-WomenWealth-Report-InsightCenter-Spring2010.pdf>>