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New Report Examines the Causes and Effects of Gender Pay Inequality

*The median woman could lose as much as half a million dollars over her career
Study finds that lower lifetime earnings hit women hard in retirement*

WASHINGTON – Carolyn B. Maloney (D-N.Y.), Ranking Member of the U.S. Congress Joint Economic Committee (JEC), today released a [new report](#) examining the gender pay gap and its long-term effects on women, their families and the economy. The report comes several days in advance of Equal Pay Day, which takes place this year [on Tuesday, April 12th](#).

The study includes the most up-to-date income data, broken down not only by gender, age and race, but also by state and congressional district.

“The cumulative impact of lower wages throughout women’s careers is devastating, costing a woman working full time, year-round close to half a million dollars over the course of her career,” said Joint Economic Committee [Ranking Member Carolyn Maloney](#). “Lower pay throughout their working lives also means that women contribute less to retirement plans, receive lower pensions and lower Social Security benefits. The result is that women have substantially less income than men in retirement and are much more likely to live in poverty as they grow older.”

The new report offers a fresh perspective on the frequently cited fact that women working full time, year-round earn only 79 percent of what men earn, based on median annual earnings. The difference amounts to \$10,800 in a single year, and can approach half a million dollars over the course of a career.

[The report](#) analyzes an aspect of the gender pay gap that is less well understood – lower career earnings cause women to have substantially less retirement income than men. Retirement income for women ages 65 and older is 44 percent less than the median income for men in the same age group. Women 75 years and older are almost twice as likely to live in poverty as men.

[The report](#), prepared by JEC Minority Staff under the direction of [Rep. Carolyn Maloney](#), examines multiple factors contributing to the gender pay gap, especially the high price women pay for becoming mothers and caring for their children and families. In addition, it highlights

that even when various known reasons for differences in pay are taken into account, approximately 40 percent of the gap remains—this may point to lingering discrimination.

“The disparity between men’s and women’s earnings is not inevitable,” said Rep. Maloney. “In many ways, the pay gap is due to obsolete social norms and inequitable workplace policies that make women pay a steep price for becoming mothers and caring for their children.”

In addition, the JEC study also finds that the pay gap between white men and women of color is extremely large; African-American women earn only 60 percent of what their white male counterparts earn, and Hispanic women earn only 55 percent of white men’s earnings. Consequently, poverty rates are particularly high for women of color: among those 65 and older, one in five women of color are poor, and one in three women of color living alone are poor.

The report also finds very large differences between states. For example, the gap between men’s and women’s median earnings in Washington, D.C. is only 10 percent, but it is 35 percent in Louisiana.

Finally, the report makes comparisons between the United States and other countries, describing the policies other countries have implemented that have resulted in smaller gender pay gaps.

KEY POINTS

- A woman working full time, year-round earns \$10,800 less per year than a man, based on median annual earnings. This disparity can add up to nearly a **half million dollars** over a career.
- On a percentage basis, a woman earns only **79 percent** of what a man earns. This is known as the “gender earnings ratio.” The 21-percent difference between men’s and women’s earnings means that women are paid **less than \$4 for every \$5** paid to men.
- Although the gender pay gap has narrowed over time, at the current rate of change, **it will not close until 2059**, according to the Institute for Women’s Policy Research.
- Lower career earnings result in an even greater disparity in retirement income. Income of women ages 65 and older (\$17,400) is **44 percent less** than the median income for men in the same age group (\$31,200). Women 75 years and older are **almost twice as likely** to live in poverty as men.
- The gender pay gap varies widely across states, from a **low of 10 percent** in Washington, DC, to a **high of 35 percent** in Louisiana.
- Women’s median earnings are **lower at every level of education**. In fact, women are often out-earned by men with less education: the typical woman with a graduate degree earns **\$5,000 less** than the typical man with a bachelor’s degree.

- Women of color face even larger gender pay gaps. Compared to white, non-Hispanic men, African-American women, on average, are paid **only 60 cents on the dollar** and Latinas earn **only 55 cents on the dollar**.
- The pay gap typically grows with age. While women ages 18 to 24 earn **88 percent** of what their male counterparts earn, women over age 35 earn only **76 percent**.
- Economists believe that the gender wage gap is caused by complex factors. However, even when all those factors are taken into account, **as much as 40 percent** of the pay gap may be attributed to discrimination.
- American families depend on women's earnings. In the typical (median) household with a mother working outside the home, women contribute nearly **40 percent** of their family's total earnings.
- Women's increased participation in the paid labor force has been a major driver of economic growth in recent decades. According to the Council of Economic Advisers, the U.S. economy is **\$2.0 trillion bigger today** than it would have been if women had not increased their participation and hours since 1970.
- Enacting policies that would narrow the gender pay gap and help more women work full time in the paid labor force would **decrease income inequality** and **lift many women out of poverty**.

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