

Large Gender Pay Gap for Older Workers Threatens Economic Security of Older Women

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Report by the U.S. Congress Joint Economic Committee
Representative Carolyn B. Maloney, Chair

Much is often made about the significant narrowing of the gender pay gap over the past three decades. However, in 2009, full-time working women 50 and older earned only three-fourths of what full-time working men the same age earned. The wage penalty paid by older women is often overlooked because of the improvement in the overall gender wage gap. This sizable gender pay gap for older workers threatens the retirement security of our country's older women and families that depend on their earnings for their well-being.

The wage gap is larger for older workers than for younger workers. In 2009, women 50 and older working full-time earned only 75 percent of their male counterparts' earnings, leaving a 25 percent gap (see chart and table). For full-time workers 16 and older, women's median weekly earnings were 80 percent of their male counterparts', leaving a 20 percent gap between women's and men's earnings. According to the Bureau of Labor Statistics, the gender wage gap for workers ages 45-54 years narrowed between 1979 and 2009. For workers 65 and older the gap was essentially flat over that period, despite some fluctuations.¹

Employment patterns, including industry, occupation and career interruptions, affect the gender pay gap. Researchers have documented several sources of the greater earnings disparity for older men and women. First, women have historically been more likely to be employed in lower-paying industries such as the health care and education industries.² Second, across industries, women tend to be employed in lower-paying occupations. For example, 23 percent of women working full-time in 2009 were employed in office and administrative support occupations, compared to only 7 percent of men working full-time.³ Occupational segregation has repercussions for women's economic security. Jobs traditionally held by women have long been undervalued by society and are therefore paid less than jobs typically held by men. Third, women are more likely than men to work part-time or temporarily exit the labor force at some point during their careers, often to raise children. Such interruptions over one's career can result in lower earnings growth over time.⁴

Persistent discrimination over the course of women's careers would exacerbate the gender wage gap in older workers. Across myriad studies, a portion of the wage gap remains unexplained and could be caused by persistent gender-based discrimination.⁵ Discrimination-based wage differences early in women's careers would be compounded over time and could explain the larger pay gap for older women. A lifetime of lower earnings leaves older women more likely to live in poverty than men.

The size of the gender pay gap for older workers varies by state. State-by-state analysis conducted by the Joint Economic Committee reveals that there is a wide range in the gender pay gap for older workers across states, ranging from a gap of 13 percent in Arkansas to a gap of 37 percent in Kentucky (see table). In nearly all states, the gender pay gap for older workers is larger than the overall gender pay gap within the state. States where the gender pay gap for older workers is substantially larger (more than nine percentage points greater) than the overall gender pay gap include Colorado, Kentucky, Maryland, Massachusetts, Mississippi, Nevada, North Carolina, Oklahoma, and Wisconsin. The difference is less than two percentage points in Arkansas, Connecticut, Georgia, Louisiana, New Mexico, Nebraska, Oregon, and Utah. Individual

state data was not available on the median weekly earnings of older workers in states with smaller populations.

Addressing the gender wage gap for older workers is critical for women's retirement security. Families depend on women's earnings for economic security, including during retirement. The gap between women's and men's earnings translates into lower income for women in retirement. Lower earnings over a woman's career would result in smaller private savings to draw upon in retirement, smaller contributions to employer-sponsored retirement plans, smaller Social Security benefits, and smaller paychecks for those women who continue to work later in life. Furthermore, a steep increase in the number of female-headed households in the late 1980s means that a larger number of women are preparing to enter retirement without a spouse's income to rely on.⁶ In 2009, 5.7 million older women without a spouse were in the labor force.⁷

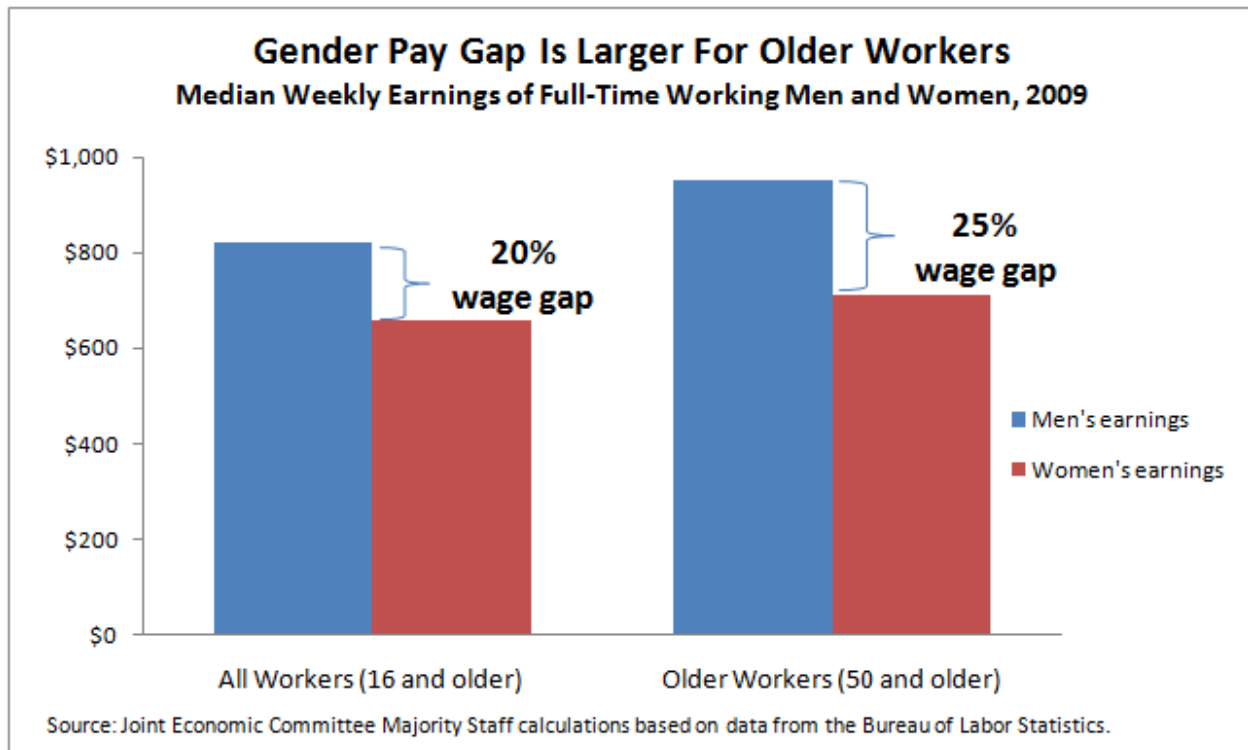


Table: Median Weekly Earnings by Age and Sex, 2009

State	Full-Time Workers 16 Years and Older				Full-Time Workers 50 Years and Older			
	Women's Median Weekly Earnings (Dollars)	Men's Median Weekly Earnings (Dollars)	Ratio, Women's Earnings to Men's Earnings	Gender Wage Gap for Workers 16 and older	Women's Median Weekly Earnings (Dollars)	Men's Median Weekly Earnings (Dollars)	Ratio, Women's Earnings to Men's Earnings	Gender Wage Gap for Workers 50 and older
Alabama	596	800	74.5%	25.5%	610	909	67.1%	32.9%
Alaska	729	1009	72.2%	27.8%	n.a.	n.a.	n.a.	n.a.
Arizona	654	860	76.0%	24.0%	667	919	72.6%	27.4%
Arkansas	547	620	88.2%	11.8%	654	752	87.0%	13.0%
California	753	849	88.7%	11.3%	856	1007	85.0%	15.0%
Colorado	723	873	82.8%	17.2%	773	1060	72.9%	27.1%
Connecticut	824	1099	75.0%	25.0%	891	1198	74.4%	25.6%
Delaware	699	825	84.7%	15.3%	n.a.	n.a.	n.a.	n.a.
District of Columbia	938	972	96.5%	3.5%	n.a.	n.a.	n.a.	n.a.
Florida	626	772	81.1%	18.9%	692	899	77.0%	23.0%
Georgia	664	789	84.2%	15.8%	727	870	83.6%	16.4%
Hawaii	620	761	81.5%	18.5%	673	890	75.6%	24.4%
Idaho	578	724	79.8%	20.2%	612	805	76.0%	24.0%
Illinois	636	851	74.7%	25.3%	673	963	69.9%	30.1%
Indiana	627	796	78.8%	21.2%	644	893	72.1%	27.9%
Iowa	625	777	80.4%	19.6%	656	861	76.2%	23.8%
Kansas	591	786	75.2%	24.8%	624	898	69.5%	30.5%
Kentucky	567	728	77.9%	22.1%	568	904	62.8%	37.2%
Louisiana	518	797	65.0%	35.0%	605	919	65.8%	34.2%
Maine	623	798	78.1%	21.9%	676	914	74.0%	26.0%
Maryland	797	913	87.3%	12.7%	843	1142	73.8%	26.2%
Massachusetts	797	1044	76.3%	23.7%	791	1234	64.1%	35.9%
Michigan	658	895	73.5%	26.5%	707	1041	67.9%	32.1%
Minnesota	733	877	83.6%	16.4%	758	1008	75.2%	24.8%
Mississippi	521	655	79.5%	20.5%	573	848	67.6%	32.4%
Missouri	596	773	77.1%	22.9%	614	893	68.8%	31.2%
Montana	549	710	77.3%	22.7%	n.a.	n.a.	n.a.	n.a.
Nebraska	607	752	80.7%	19.3%	692	879	78.7%	21.3%
Nevada	635	787	80.7%	19.3%	645	905	71.3%	28.7%
New Hampshire	716	966	74.1%	25.9%	746	1067	69.9%	30.1%
New Jersey	761	994	76.6%	23.4%	868	1214	71.5%	28.5%
New Mexico	618	793	77.9%	22.1%	701	921	76.1%	23.9%
New York	720	858	83.9%	16.1%	738	949	77.8%	22.2%
North Carolina	617	698	88.4%	11.6%	625	864	72.3%	27.7%
North Dakota	570	757	75.3%	24.7%	n.a.	n.a.	n.a.	n.a.
Ohio	623	784	79.5%	20.5%	656	902	72.7%	27.3%
Oklahoma	591	678	87.2%	12.8%	635	858	74.0%	26.0%
Oregon	652	849	76.8%	23.2%	727	956	76.0%	24.0%
Pennsylvania	654	825	79.3%	20.7%	689	923	74.6%	25.4%
Rhode Island	701	901	77.8%	22.2%	n.a.	1025	n.a.	n.a.
South Carolina	581	724	80.2%	19.8%	595	795	74.8%	25.2%
South Dakota	567	698	81.2%	18.8%	n.a.	n.a.	n.a.	n.a.
Tennessee	580	735	78.9%	21.1%	636	854	74.5%	25.5%
Texas	596	732	81.4%	18.6%	671	896	74.9%	25.1%
Utah	608	809	75.2%	24.8%	696	888	78.4%	21.6%
Vermont	668	816	81.9%	18.1%	n.a.	n.a.	n.a.	n.a.
Virginia	705	877	80.4%	19.6%	782	1083	72.2%	27.8%
Washington	726	959	75.7%	24.3%	831	1151	72.2%	27.8%
West Virginia	603	753	80.1%	19.9%	660	894	73.8%	26.2%
Wisconsin	660	831	79.4%	20.6%	675	965	69.9%	30.1%
Wyoming	616	917	67.2%	32.8%	n.a.	n.a.	n.a.	n.a.
United States	657	819	80.2%	19.8%	713	953	74.8%	25.2%

n.a. = Data is not available due to a small sample size.

Source: Joint Economic Committee Majority Staff based on data from the Bureau of Labor Statistics (BLS). Data for full-time workers 16 and older was published in BLS Report 1025, *Highlights of Women's Earnings in 2009*, Table 3 (June 2010). Data for full-time workers 50 and older has not been previously published.

¹ Bureau of Labor Statistics. *Highlights of Women's Earnings in 2009*. June 2010.

² See Joint Economic Committee. *Women and the Economy 2010: 25 Years of Progress But Challenges Remain*. August 2010.

³ Bureau of Labor Statistics. *Highlights of Women's Earnings in 2009*. June 2010. Table 2.

⁴ CONSAD Research Corporation. *An Analysis of the Reasons for the Disparity in Wages Between Men and Women: Final Report*. Prepared for U.S. Department of Labor, Employment Standards Administration. January 12, 2009. <http://www.consad.com/content/reports/Gender%20Wage%20Gap%20Final%20Report.pdf>

⁵ For example, and a summary of other relevant work, see Blau, Francine D. and Lawrence M. Kahn, 2006. "The U.S. Gender Pay Gap in the 1990s: Slowing Convergence." *Industrial and Labor Relations Review*. 60(1): 45-66. <http://www.nber.org/papers/w10853.pdf>.

⁶ See Joint Economic Committee. *Women and the Economy 2010: 25 Years of Progress But Challenges Remain*. August 2010.

⁷ Bureau of Labor Statistics. Current Population Survey. 2009 Annual Averages.