

WAGE DISPARITY: STILL A CONCERN?

In the past 50 years, women's participation in the labor market has grown substantially. While there were only 18.4 million working women in 1950, that number more than tripled to 65 million in 2003. Women represented only 18 percent of the labor force in 1950, but in 2003 women made up nearly half.¹ Although women now represent an equal share of the workforce, women have yet to take home an equal share of the earnings.

On average, women in Tennessee earn \$26,900 annually, compared to \$35,800 for men, which comes to a difference of \$8,900 in earnings each year. Tennessee women earn only 75 cents for every dollar earned by Tennessee men, which is even less than the national average of 76

cents on the male dollar.² Furthermore, at the rate the wage gap is closing, women will not see equal earnings until the year 2050!

Women earn less than men in every occupation—from doctor to dishwasher—even accounting for the same levels of education and experience. In 2003, female physicians and surgeons earned 41 percent less than males in their field. Female college and university teachers earned 21 percent less than their male colleagues.

Female lawyers earned 13 percent less and female computer scientists earned 19 percent less than males working in the same professions.³ Even in the lowest paying occupation, dishwashing, which requires little or no education, males out-earned females by 13 percent.⁴ These stark figures, which represent an earnings gap upon which educational attainment makes little impact, show that real barriers exist for women in the workplace.

In order to better understand the wage gap, it is important to examine contributing factors and to realize its detrimental impact on women and families.

The wage gap exists, in part, because many women and people of color are still segregated into a few low-paying occupations. More than half of all women workers hold sales, clerical, and service jobs.⁵ Jobs that are traditionally female-dominated pay less than jobs in which women do not make up the majority of workers. Whether women are socialized into taking traditionally acceptable "women's jobs" or whether so-called women's jobs pay less because women are doing them, the fact remains that jobs in which women make up the majority are in the lowest-paying occupational groups.

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by Lauren Howard

Furthermore, women's choices are often constrained by family responsibility. Child rearing has been traditionally viewed as female work, and even in today's society men often do not assume an equal share in this task. Many women turn to part-time jobs as a way to manage family responsibilities and work. Thirty-two percent of all women workers worked part-time in 2002, compared to only 10.8 percent of men.⁶ Women's concentration in part-time positions, which generally offer lower wages and less potential for raises, contributes to overall lower earnings for women. Furthermore, outside factors constraining women's choices, such as lack of affordable childcare, a spouse's unwillingness to share family responsibility, lack of job flexibility, and lack of well-paying part-time jobs, cause women to drop out of the workforce for longer periods than men, thus losing their career momentum and years of experience, often ending up in jobs that pay less.

In attempting to explain the wage gap, women's choices are only one piece of the puzzle. Even when other factors are taken into account, there is still a significant unexplained gap in earnings. Compared to men, women with the same career choices and same hours worked still make less. According to the General Accounting Office study, after accounting for differences between male and female work patterns as well as other key factors, women earned, on average, 80 percent of what men earned in 2000. Even after controlling for key variables that affect earnings, the study could not explain the remaining difference in earnings between men and women.⁷ The remaining 20 percent of the wage gap that cannot be explained by accounting for other factors likely represents the portion of the wage gap resulting from discrimination.

The impact of the wage gap on women and their families is tremendous. Married women are increasingly joining the workforce as two-earner families become the norm, and a growing number of single women provide most or all of their families' support. Nearly 72 percent of mothers with children younger than 18 work for pay,⁸ and almost 32 percent of families where children under 18 lived with their mother (with no father present) were below the poverty level in 2002.⁹ Over a working lifetime, wage disparity costs the average American woman and her family an estimated \$523,000 in lost wages.¹⁰ If women in the workforce earned the same as men of the same age and education who worked the same number of hours, their annual family income would rise by about \$4,000, and their poverty rates would be cut by half or more.¹¹ In addition to decreasing poverty, pay equity would help workers become self-sufficient and

reduce their reliance on government assistance programs. A recent study found that nearly 40 percent of poor working women could leave welfare programs if they were to receive pay equity.¹²

Minority women are most greatly affected by wage disparity. In one year, the average African American woman in Tennessee earns \$12,200 less and the average Hispanic woman earns \$17,700 less than the average white man. Also, women of color of all races and ethnicities are more likely than white women to live in poverty and to be single mothers. In 1999, African American and Hispanic single-mother families experienced poverty rates of 35.4 percent and 36.3 percent, respectively, compared to 22.1 percent among whites. Furthermore, while single-mother families represent 15.5 percent of all white families, they represent 49.7 percent of African American families and 31.7 percent of Native American families. Women of color are disproportionately affected by wage disparity due to racial discrimination, occupational segregation, and lower levels of educational attainment, which result in lower earnings and higher poverty rates among minority families.¹³

Wage disparity's detrimental effects come into greater focus for many women later in life. Unmarried women in the workforce today will receive, on average, about \$8,000 per year less in retirement income than their male counterparts. Even controlling for number of years worked and education levels, the pay gap during prime working years plus a career spent in a female-dominated job accounts for two-thirds of that retirement income gap.¹⁴ Vulnerability resulting from the damaging effects of lifelong pay inequity is evident in the 20 percent poverty rate shared by senior citizen women who have been widowed or divorced or have never married.¹⁵

The Tennessee Economic Council on Women, recognizing the impact of wage disparity on Tennessee women, has made it a priority to help women achieve economic autonomy through equal pay, self-sufficient wages, and better jobs. In the fight for fair pay, the council focuses on legislation, research, and awareness to bring positive changes for Tennessee women.

During the 2004 legislative session, the council advocated the passage of the Equal Pay Remedies and Reinforcement Act, signed into law by Governor Phil Bredesen on June 17, 2004. The Equal Pay Act increases employee protection by setting up a graduated system of damages for repeated willful discrimination offenses. A willful violation now costs the employer damages of up to double the amount of unpaid wages due the employee for the sec-

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earn only 75 cents
for every dollar
earned by
Tennessee men,
even less than the
national average of
76 cents.**

ond offense and up to triple this amount for the third offense. This groundbreaking legislation makes Tennessee the only state that increases the damages paid to affected employees for each repeated act of willful discrimination. Through strengthened legislation protecting women's right to equal pay, Tennessee women will enjoy increased equity in the workplace.

In addition, this legislation called for the council to conduct an equal pay study to assess causes of wage disparity in Tennessee and to recommend solutions to this problem.

In the study the council will examine wage disparities between men and women and between minorities and nonminorities as well as factors contributing to these disparities and the consequences of wage disparities on families and the economy. Through detailed research the council will be able to get

to the bottom of the pay equity problem and find solutions that will make a difference for Tennessee's women and minorities. The council is collecting data for this study, which will be presented to members of the General Assembly as a resource for further legislative action.

The council recently published "A Report on the Status of Job Training for Women in Tennessee," which examines Career Centers throughout the state and presents relevant research on job opportunities in Tennessee. The report recommends that women be encouraged to enter training and educational programs for placement in high-demand, nontraditional jobs, which pay higher wages than traditionally female-dominated jobs. This report has been distributed to government officials, legislators, and Career Centers in Tennessee to raise awareness and influence policy on this issue.

A second report, the "Status of Women in Tennessee Counties," published in this issue, assesses the status of women in each of Tennessee's 95 counties according to indicators in two categories: employment and earnings and economic autonomy. It includes statistics on annual earnings, the wage gap, labor force participation, and poverty rates. This study allows citizens in each county to see a profile of where women stand at the local level and what issues are of greatest concern to women in their area. This report is designed to raise awareness on the economic status of women in Tennessee and to be a resource for policymakers, advocates, and citizens across the state.

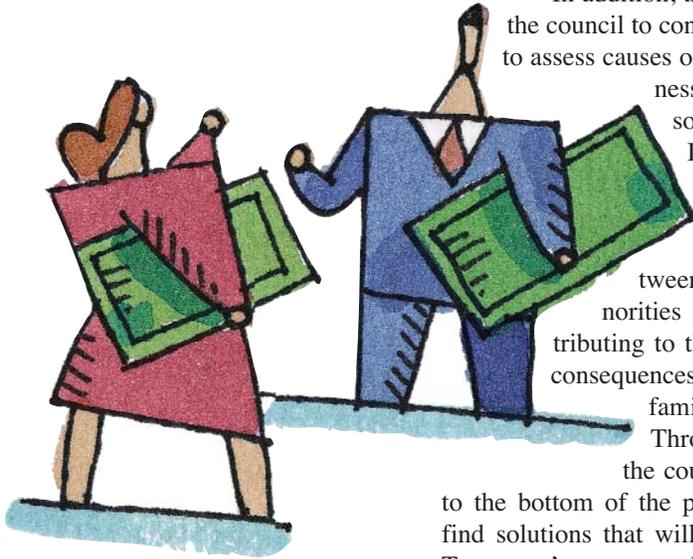
Finally, the council takes the campaign against wage disparity to a personal level through career mentoring and financial literacy programs for teen women across the state. Through career mentoring, the council encourages young women to enter nontraditional occupations in science, engineering, and technology as well as healthcare occupations, which are in high demand and offer self-sufficient wages. Also, through financial literacy programs, the council teaches high school age girls how to have successful futures by managing their finances, selecting careers that offer self-sufficient wages, and reaching their goals through effective decision making. These initiatives, which have reached more than 1,000 participants in the past two years, teach young women how to gain economic autonomy.

Wage disparity is a serious problem with very real consequences for women in Tennessee. Women, advocates, and concerned citizens must join together to raise awareness and bring about change to win the fight for pay equity. It's time to put an equal paycheck in the pocketbooks of women and families across the state! ■

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Notes

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14. AARP, *The Impact of Pay Inequality, Occupational Segregation, and Lifetime Work Experience on the Retirement Income of Women and Minorities*, 1999.
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