

## The Claim:

“I don’t think I am letting you in on a secret when I say way too many women earn less than men on the job.”<sup>1</sup>

**HILLARY CLINTON**

## The Reality:

When women are compared with men in the same jobs, with the same credentials, and the same job tenure, the wage gap practically disappears.

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## Reality Check

Progressives often claim that women earn 77 cents for every dollar that men earn. But this statistic looks only at raw averages and does not take into account factors such as education, skills, and hours worked. After controlling for other factors, the gender pay gap practically disappears. Indeed, among single, childless workers under 30, women earn *more* than men. Legislation to close the gender “wage gap” is misguided: in reality, there is no gap to close.

## Key Findings

- The education that women pursue, the jobs that they take, and the career paths that they follow vary significantly from those of men.
  - ◆ Men generally work longer hours. Among individuals working exactly 40 hours per week, women earn 89 percent of what men earn.
  - ◆ Nine of the ten lowest-paying college majors are dominated by women, while men are disproportionately represented in the ten highest-paying college majors.
  - ◆ Men are more likely to enter dangerous professions, which typically pay more to compensate for the greater risk: after controlling for hours worked, men are nine times more likely to die on the job than women.
- Apples-to-apples comparisons show that women earn 94 cents–97 cents on the dollar compared with men.
  - ◆ The remaining 3 cents–6 cents pay gap may be due to discrimination against women—or it may be due to factors that have not been controlled for.
  - ◆ Single, childless female workers under 30 earn \$1.08 for every dollar earned by their respective male counterparts.
- Proposed solutions to the wage gap will create more problems than they will solve.
  - ◆ The Paycheck Fairness Act, for instance, would make it easier to sue employers for pay differences, thereby discouraging hiring. Lawyers, not female employees, would benefit from such wage-gap legislation.

## On the Record

“The causes of the wage gap are readily visible. In college, women tend to major in the humanities rather than in math, engineering, and science. After graduation, more women than men work for nonprofits, which pay less. Among full-time workers, women tend to work fewer hours and are more likely to take time off to raise families. As such, most pay disparities don’t reflect discrimination; they reflect choices that women should be free to make.”

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## Unequal Pay for Unequal Work

On Equal Pay Day—which this year falls on April 12—President Obama will likely lament the fact that American women make 77 percent of what American men make.<sup>2</sup> Alas, this 77 percent figure is both inaccurate and misleading. Start with the former. The latest U.S. Department of Labor (DOL) data show that women working full-time make 81 percent—not 77 percent—of full-time men’s wages.<sup>3</sup> Likewise, President Obama’s 77 percent claim is misleading because it averages earnings for all full-time women—no matter their education, profession, experience, or hours worked—and earnings for all full-time men. As such, it is not an apples-to-apples comparison.

Consider the following. The DOL classifies “full-time” work as any workweek of more than 35 hours; but men typically work more hours than women. Among full-time workers, men work 43 hours per week, on average, and women, 41 hours per week.<sup>4</sup> Women who work exactly 40 hours per week earn 89 percent of what their respective male peers earn.<sup>5</sup> (When unmarried, childless workers under 30 are compared, a “reverse wage gap” appears, with women earning \$1.08 for every dollar earned by comparable men.)<sup>6</sup>

The causes of the remaining 11 percent wage gap are numerous. Take men’s and women’s field of study in college. Men outnumber women in nine of the ten highest-paying majors, while women outnumber men in nine of the ten lowest-paying majors.<sup>7</sup> According to the Georgetown University Center on Education and the Workforce, women make up a statistically insignificant share of petroleum-engineering majors and only 7 percent of electrical-engineering majors—degrees that open the door to lucrative professions. On the other hand, women account for 59 percent of studio-art majors, 56 percent of drama majors, and 88 percent of elementary-education majors—degrees that lead to relatively low-paying careers.<sup>8</sup>

Employers often pay more for employees with strong quantitative skills. And, according to the American Community Survey, majors that require high SAT math scores are more likely to lead to higher salaries; yet for various reasons, women are less likely to choose such majors.<sup>9</sup> After graduation, more women than men work for nonprofits, which pay less: according to the DOL, of the 9.3 million U.S. workers in the private, nonprofit sector in 2015, 6.3 million were female.<sup>10</sup> Women are also more likely to leave the labor force temporarily to raise children, which contributes to the work-experience gap between men and women.<sup>11</sup> (According to the Kaiser Family Foundation, 97 percent of adults who identify as “homemakers” are women.)<sup>12</sup> In a 2016 paper, Francine Blau and Lawrence Kahn of Cornell University find that “recent research suggests a continued and especially important role for work force interruptions and shorter hours in explaining gender wage gaps in high skilled occupations.”<sup>13</sup>

Women are more likely to work part-time, too: in 2015, 25 percent of women worked part-time, compared with 12 percent of men.<sup>14</sup>

(However, when part-time workers are compared in apples-to-apples fashion, the wage gap is reversed: women earn \$1.03 for every dollar earned by comparable men.)<sup>15</sup> It is also true that men work in more dangerous jobs, which often pay more to compensate for the greater risk: in 2014, men experienced 92 percent of fatal injuries on the job, despite working 57 percent of total hours.<sup>16</sup> Men, in other words, are roughly nine times more likely to die from work-related injuries. Employers cannot be blamed for the fact that men are vastly more likely to enter professions that kill or severely maim them.

## Nonsolutions to a Nonproblem

Various academic studies have found that, when American women are compared with men in the same jobs, the same credentials, and the same job tenure—true apples-to-apples comparisons—the wage gap narrows to 3 cents–7 cents on the dollar.<sup>17</sup> This small remaining wage gap may be due to discrimination or to factors that have not yet been measured. To correct this alleged injustice, congressional Democrats introduced the Paycheck Fairness Act (PFA).<sup>18</sup> But despite President Obama’s enthusiastic support, the PFA failed to pass a Democratic-controlled Congress; under the current Republican-controlled Congress, it has no chance of becoming law.

However, if the PFA were to become law, the increased threat of litigation over pay differences between men and women, as well as between certain minorities and whites, would undoubtedly raise the cost of employment, thereby discouraging hiring. Under the PFA, workers would be included in class-action lawsuits against employers unless they specifically opted out, raising the cost of litigation regardless of whether the Equal Employment Opportunity Commission ruled in favor of the plaintiffs. Employers found guilty of wage discrimination would be required to pay uncapped punitive damages, as well as back pay—with at least a quarter of the total likely going to plaintiffs’ lawyers.

Further, the PFA would allow employers to defend differences in pay—resulting from education, training, and experience—between men and women only if such factors could be justified, in court, on the grounds of “business necessity.” And employers would be prohibited from using fewer hours worked, less education, or lower productivity to justify salary differences.

American women who believe that they are victims of wage discrimination have legal avenues for redress. Indeed, since 1963, it has been illegal to pay women less than men for the same work.<sup>19</sup> Isolated incidents of discrimination no doubt exist and may never be stomped out entirely. But when all the factors behind divergent pay numbers are accounted for, men and women earn roughly the same. America’s equal-pay-for-equal-work crusaders have already won.

## Endnotes

- <sup>1</sup> Dan Mercia, "Hillary Clinton Baites Republicans on Equal Pay," May 27, 2015. <http://www.cnn.com/2015/05/27/politics/hillary-clinton-equal-pay-south-carolina>.
- <sup>2</sup> WhiteHouse.gov, "Your Right to Equal Pay." <https://www.whitehouse.gov/issues/equal-pay>. Ironically, in 2015, female White House staffers made 84 percent of what male White House staffers made. See Mark J. Perry. "Glass Ceiling at the White House: Female Staffers Earn \$12,350 (and 15.8%) Less than Their Male Counterparts," American Enterprise Institute, July 1, 2015. <https://www.aei.org/publication/glass-ceiling-at-the-white-house-female-staffers-earn-12350-and-15-8-less-than-their-male-counterparts>.
- <sup>3</sup> U.S. Department of Labor, "Labor Force Statistics from the Current Population Survey: Household Data Annual Averages, 39—Median Weekly Earnings of Full-Time Wage and Salary Workers by Detailed Occupation and Sex, 2015." <http://www.bls.gov/cps/cpsaat39.htm>.
- <sup>4</sup> U.S. Department of Labor, "Labor Force Statistics from the Current Population Survey: Household Data Annual Averages, 22—Persons at Work in Nonagricultural Industries by Age, Sex, Race, Hispanic or Latino Ethnicity, Marital Status, and Usual Full- or Part-Time Status, 2015." <http://www.bls.gov/cps/cpsaat22.htm>.
- <sup>5</sup> U.S. Department of Labor, "BLS Reports: Highlights of Women's Earnings in 2014," November 2015. <http://www.bls.gov/opub/reports/cps/highlights-of-womens-earnings-in-2014.pdf>.
- <sup>6</sup> Belinda Luscombe, "Workplace Salaries: At Last, Women on Top." <http://content.time.com/time/business/article/0,8599,2015274,00.html>.
- <sup>7</sup> Ibid.
- <sup>8</sup> Anthony P. Carnevale et al., "What It's Worth: The Economic Value of College Majors," Georgetown University Center on Education and the Workforce, 2014. <https://cew.georgetown.edu/wp-content/uploads/2014/11/whatsitworth-complete.pdf>.
- <sup>9</sup> U.S. Census Bureau, "American Community Survey: 2014." <https://www.census.gov/programs-surveys/acs>.
- <sup>10</sup> U.S. Department of Labor, "Current Population Survey: Table 19, Employed Persons by Class of Worker, Sex, Race, Hispanic or Latino Ethnicity, and Age, Annual Average, 2015."
- <sup>11</sup> Liz Hamel et al., "Kaiser Family Foundation/New York Times/CBS News Non-Employed Poll," December 11, 2014. <http://kff.org/other/poll-finding/kaiser-family-foundationnew-york-times-cbs-news-non-employed-poll>.
- <sup>12</sup> Ibid.
- <sup>13</sup> Francine D. Blau and Lawrence M. Kahn, "IZA DP No. 9656: The Gender Wage Gap: Extent, Trends, and Explanations," IZA—Institute for the Study of Labor. <http://ftp.iza.org/dp9656.pdf>.
- <sup>14</sup> U.S. Department of Labor, "The Employment Situation—March 2016," April 1, 2016, <http://www.bls.gov/news.release/pdf/empst.pdf>.
- <sup>15</sup> U.S. Department of Labor, "Labor Force Statistics from the Current Population Survey: Household Data Annual Averages, 8—Persons at Work in Nonagricultural Industries by Age, Sex, Race, Hispanic or Latino Ethnicity, Marital Status, and Usual Full- or Part-Time Status." <http://www.bls.gov/cps/cpsaat08.htm>.
- <sup>16</sup> U.S. Department of Labor, "Fatal Work Injuries and Hours Worked by Gender of Worker, 2014." <http://www.bls.gov/iif/oshwc/foi/cfch0013.pdf>.
- <sup>17</sup> See, e.g., Marianne Bertrand, "The Gender Gap in Top Corporate Jobs," Cornell University ILR School, October 1, 2001. <http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1013&context=hrpubs>; June E. O'Neill and Dave M. O'Neill, "The Declining Importance of Race and Gender in the Labor Market: The Role of Employment Discrimination Policies," Washington, D.C.: AEI Press, 2012; and June E. O'Neill, "Brief Analyses No. 766: The Disappearing Gender Wage Gap," National Center for Policy Analysis, June 22, 2012. <http://www.ncpa.org/pub/ba766>.
- <sup>18</sup> See Paycheck Fairness Act of 2015, H.R. 1619, 114th Congress, 2015. <https://www.congress.gov/bill/114th-congress/house-bill/1619>; and Paycheck Fairness Act of 2015, S.862, 114th Congress, 2015. <https://www.congress.gov/bill/114th-congress/senate-bill/862>.
- <sup>19</sup> "Equal Pay Act of 1963," Pub. L. 88-35AT8. <http://www.eeoc.gov/laws/statutes/epa.cfm>.