

# EMPLOYMENT

## FACT SHEET

### Closing the Wage Gap is Crucial for Women of Color and Their Families

November 2013

*American women who work full time, year round are paid only 77 cents for every dollar paid to their male counterparts.<sup>1</sup> But the wage gap is even larger for many women of color working full time, year round, as African-American women are paid only 64 cents, and Hispanic women only 54 cents, for every dollar paid to white, non-Hispanic men.<sup>2</sup> These gaps translated into a loss of \$18,650 for African-American women and \$24,111 for Hispanic women in 2012.<sup>3</sup> Closing the wage gap is, therefore, particularly important for African-American and Hispanic women, who are already more likely to have lower incomes and to be in poverty than virtually all other groups.<sup>4</sup> Although enforcement of the Equal Pay Act and other civil rights laws has helped narrow the wage gap over time, addressing the significant disparity that remains is critical for women and their families.*

#### Women of Color Are Paid Less Than White, non-Hispanic Women and Less Than Men of Color

The wage gap for African-American and Hispanic women working full time, year round persists even when the effect of race or sex is considered alone.

- The typical African-American woman working full time, year round is paid roughly 83 cents for every dollar paid to her white, non-Hispanic female counterpart. The gap is larger for Hispanic women working full time, year round, who are paid just 69 cents for every dollar paid to their white, non-Hispanic female counterparts.<sup>5</sup>
- The typical African-American woman working full time, year round is paid roughly 88 cents for every

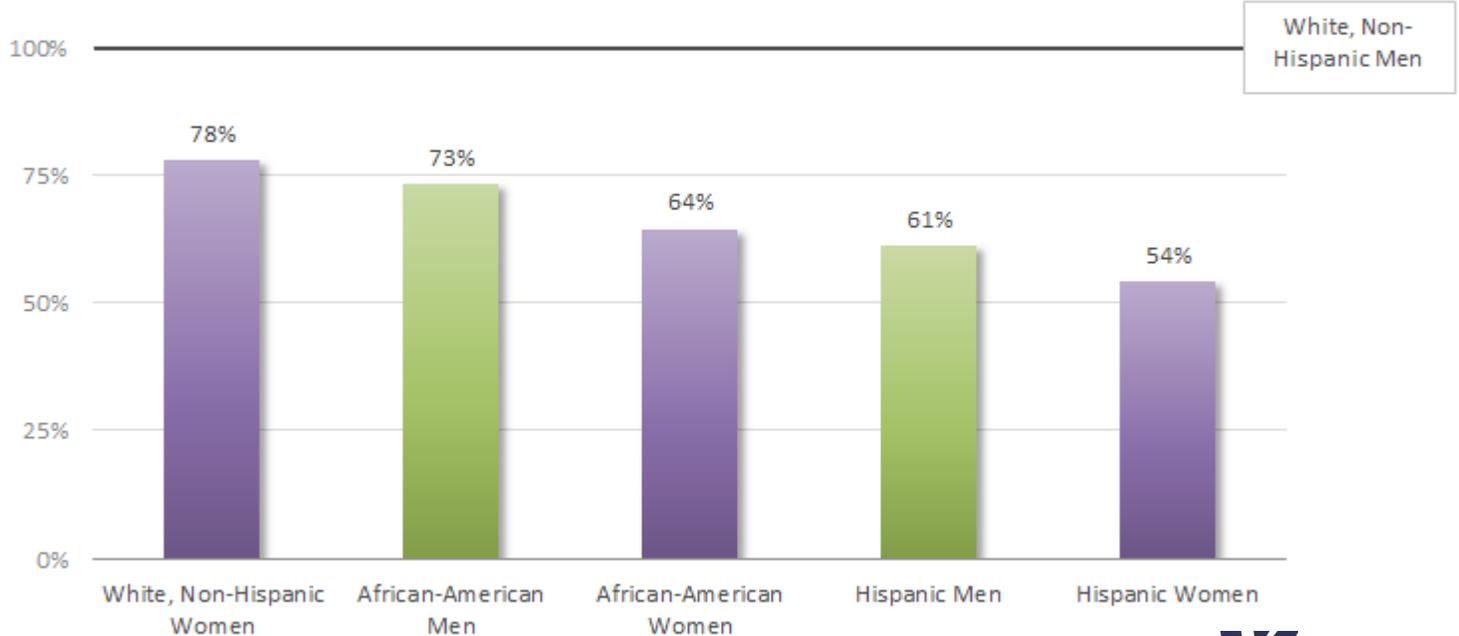
dollar paid to her African-American male counterpart. The gap is the same for Hispanic women working full time, year round, who are also paid 88 cents for every dollar paid to their Hispanic male counterparts.<sup>6</sup>

#### Women of Color Need a Pay Raise

The current economy has left women of color in precarious economic circumstances and they continue to encounter substantial barriers to advancement. African-American and Hispanic women are more likely than white men to work in jobs that pay at or below minimum wage,<sup>7</sup> and they have also experienced slower wage growth than women overall.<sup>8</sup> The wage gap has an especially severe impact on these women and their families.



## Unfair Pay for Women and People of Color Ratio of Median Earnings of Full-Time, Year-Round Workers, 2012



Source: Current Population Survey, 2013 Annual Social and Economic Supplement



### The wage gap is:

- Hurting minority women in low-wage jobs:** In 2012, more than seven percent of African-American and eight percent of Hispanic women worked in jobs that paid at or below the federal minimum wage, compared to less than four percent of white men.<sup>9</sup> Low-paying occupations, such as home health aides, maids and housekeepers, and servers, typically have a higher concentration of minority and female workers as compared to other, higher paying jobs.<sup>10</sup> A woman working full time, year round at the current federal minimum wage will be paid just \$14,500 annually.<sup>11</sup> That's nearly \$4,000 below the federal poverty line for a mother with two children.<sup>12</sup> But, in the occupations that pay low wages and are female-dominated, men still out earn women.<sup>13</sup>
- Hitting single moms hard:** The wage gap is particularly harmful for women who support families without the income of a second earner. African-American and Hispanic women are more likely than white, non-Hispanic women to be heads of households; many of these women support families on their own.<sup>14</sup> The effect of this pattern on family income is stark: married couples with children reported median incomes in 2012 of \$81,455, while female-headed families with children reported much a much lower figure: \$25,493.<sup>15</sup> For each race and ethnicity, married couples with children had higher

median family incomes than female-headed families with children.<sup>16</sup>

- Driving up poverty rates:** Unequal wages exacerbate poverty rates for many women of color and their families, even among lower-wage earners. In 2012, the Federal Poverty Level for a family of four was \$23,283.<sup>17</sup> In 2012, a Hispanic woman working full time, year round who was a relatively low-wage earner (at the 25th percentile) for her ethnic group and sex did not earn enough to bring a family of four above the Federal Poverty Level. The same was true for an African-American woman working full time, year round who was a relatively low-wage earner for her ethnic group and sex. However, a white, non-Hispanic man working full time, year round who was a relatively low-wage earner for his racial group and sex earned \$35,000 per year, an amount sufficient to bring a family of four well above the poverty line.<sup>18</sup>
- Leaving minority women without a ladder to the middle class:** The wage gap may make it more difficult for women of color to move upward through the middle class. According to one analysis, only 26 percent of minority women live in families with an income considered to be "upper-middle-class and above," defined as an income of \$58,000 or more, "while 40 percent of minority men, 46 percent of white women, and 60 percent of white men have achieved this level of family income."<sup>19</sup>

- **Changing at a snail’s pace:** Median annual earnings of minority women are also increasing more slowly than those of women overall. While women overall have seen their earnings increase by 29 percent in constant 2012 dollars since 1974, African-American and Hispanic women have seen much slower and smaller growth of 23 percent and 14 percent respectively.<sup>20</sup>

## Closing the Wage Gap Would Ease the Strain on Minority Women and their Families

Closing the wage gap would make it far easier for women of color to put food on the table, pay for housing, and pay their bills, relieving financial stresses that these women are especially likely to experience.

- In one study by the Institute for Women’s Policy Research focused on economic insecurity after the Great Recession, 31 percent of African-American women, and 28 percent of Hispanic women, reported having a “somewhat difficult” or “very difficult” time paying for food for their families, compared to 22 percent of white women.<sup>21</sup> In the same survey, 14 percent of African-American women and 13 percent of Hispanic women reported that in the past year they have been hungry because they couldn’t afford food, compared to 7 percent of white women.<sup>22</sup>
- In addition, 52 percent of African-American women and 48 percent of Hispanic women reported having a “somewhat difficult” or “very difficult” time paying monthly utility bills, compared to 34 percent of white women.<sup>23</sup>
- And 33 percent of African-American women and 31 percent of Hispanic women versus 21 percent of white women, said they had problems paying their rent or mortgage in the past year.<sup>24</sup>

**For women of color and their families, every dollar counts. That’s why it’s more important than ever to close the wage gap for women of color.**

- 1 National Women’s Law Center (NWLC) calculations from U.S. Census Bureau, Current Population Survey, 2013 Annual Social and Economic Supplement, Table PINC-05: Work Experience in 2012 – People 15 Years Old and Over by Total Money Earnings in 2012, Age, Race, Hispanic Origin, and Sex, *available at* [http://www.census.gov/hhes/www/cpstables/032013/perinc/pinc05\\_000.htm](http://www.census.gov/hhes/www/cpstables/032013/perinc/pinc05_000.htm) (last visited Oct. 18, 2013).
- 2 Ibid. This fact sheet only addresses the wage gap for African-American and Hispanic women, but the wage gap for Asian women also is substantial. Asian women working full time, year round make nearly 87 cents for every dollar paid to white, non-Hispanic men working full time, year round and nearly 78 cents for every dollar paid to Asian men working full time year round. The typical Asian woman is paid \$4,674 more per year than the typical white, non-Hispanic women. However, these aggregate statistics for the Asian community may mask substantial disparities within this diverse population.
- 3 Ibid. Annual gaps are calculated by subtracting the annual total money earnings of African-American and Hispanic women working full time, year round from that of white, non-Hispanic men working full time, year round.
- 4 NWLC Insecure and Unequal: Poverty and Income Among Women and Families, 2000-2012 (Sept. 26, 2013), *available at* <http://www.nwlc.org/resource/insecure-unequal-poverty-among-women-and-families-2000-2012>. Compares poverty rates for adults 18 and older for women and men, for white, non-Hispanics, Asians and Native Americans. Only Native American women have higher poverty rates than Hispanic and African-American women.
- 5 *Supra* note 1.
- 6 Ibid. Additionally, African-American and Hispanic men are paid much less than white, non-Hispanic men as well. African-American men working full time, year round make nearly 73 cents for every dollar paid to white, non-Hispanic men working full time, year round. For Hispanic men, the figure is 61 cents.
- 7 Bureau of Labor Statistics, Characteristics of Minimum Wage Workers: 2012 (2013), Table 1: Employed wage and salary workers paid hourly rates with earnings at or below the prevailing Federal minimum wage by selected characteristics, 2012 annual averages, *available at* <http://www.bls.gov/cps/minwage2012tbls.htm#1>.
- 8 NWLC calculations from U.S. Census Bureau, Current Population Survey, 2013 Annual Social and Economic Supplement, Table P-38: Full-Time, Year-Round Workers by Median Earnings and Sex *available at* <http://www.census.gov/hhes/www/income/data/historical/people/>. Earnings for Asian women were not recorded until 1988 and could not be compared over this time frame. Figures are for median annual earnings for full-time, year-round workers. Racial definitions changed in the Census data with the 2002 data. After this point the earnings are for Black Alone and White Alone (earlier just Black and White).
- 9 *Supra* note 7.
- 10 NWLC calculations from Bureau of Labor Statistics, Current Population Survey, 2012 Annual Averages, Table 11: Employed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity, and Table 39: Median weekly earnings of full-time wage and salary workers by occupation and sex, *available at* <http://bls.gov/cps/cpsa2012.pdf>. Women and minorities make up a disproportionate share of the work force in these positions. These positions may be minimum wage and many are low-wage positions. See also Bureau of Labor Statistics, Occupational Employment Statistics, *available at* [http://www.bls.gov/oes/current/oes\\_stru.htm](http://www.bls.gov/oes/current/oes_stru.htm), for more detail on hourly wages of specific occupations.
- 11 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$7.25 per hour.
- 12 U.S. Census Bureau, 2012 Poverty Thresholds by Size of Family and Number of Children, *available at* <https://www.census.gov/hhes/www/poverty/data/threshld/index.html> (last visited Oct. 1, 2013).
- 13 See NWLC, The 10 Largest Jobs Paying Under \$10.10/Hour Are Majority Women (Mar. 2013), <http://www.nwlc.org/resource/10-largest-jobs-paying-under-1010hour-are-majority-women>. In each of the ten occupations for which data are available, female full-time workers have lower median usual weekly earnings than do male full-time workers (NWLC calculations based on U.S. Bureau of Labor Statistics, Women and the Labor Force, A Databook, Table 18: Median usual weekly earnings of full-time wage and salary workers by detailed occupation and sex, 2012 annual averages, <http://www.bls.gov/cps/wlf-databook-2012.pdf>). There were an insufficient number of male full-time workers who were combined food preparation and serving workers or childcare workers to examine the wage gaps in these occupations.

- 14 NWLC calculations from U.S. Census Bureau, Current Population Survey, 2013 Annual Social and Economic Supplement, Table POV-04: Families by Age of Householder, Number of Children, and Family Structure, available at <http://www.census.gov/hhes/www/cpstables/032013/pov/toc.htm> (last visited Oct. 17, 2013). In 2012, 44 percent of all African-American families and 52 percent of African-American families with children were headed by single women. In 2012, 26 percent of all Hispanic families and 30 percent of Hispanic families with children were headed by single women. In 2012, 14 percent of all white, non-Hispanic families and 19 percent of white, non-Hispanic families with children were headed by single women. Of course, married women may also be the sole supporters of their families. Some households where women are heads of household do have a second earner.
- 15 NWLC calculations from U.S. Census Bureau, Current Population Survey, 2013 Annual Social and Economic Supplement, Table FINC-03: Presence of Related Children Under 18 Years Old-All Families by Total Money Income in 2012, Type of Family, Work Experience in 2012, Race and Hispanic Origin of Reference Person, available at [http://www.census.gov/hhes/www/cpstables/032013/faminc/finc03\\_000.htm](http://www.census.gov/hhes/www/cpstables/032013/faminc/finc03_000.htm) (last visited Oct. 17, 2013).
- 16 Ibid.
- 17 *Supra* note 12. The Federal Poverty Level assumes a family of four with two adults and two children (\$23,283).
- 18 NWLC calculations based on U.S. Census Bureau, 2013 Current Population Survey data, Miriam King, Steven Ruggles, J. Trent Alexander, Sarah Flood, Katie Genadek, Matthew B. Schroeder, Brandon Trampe, and Rebecca Vick. *Integrated Public Use Microdata Series, Current Population Survey: Version 3.0*. [Machine-readable database]. Minneapolis: University of Minnesota, 2010. Public use microdata files are top-coded for certain categories which cause slight differences in data retrieved from Census' person income tables. These calculations refer to a Hispanic woman whose earnings represent the 25th percentile of earnings for all Hispanic women, an African-American woman whose earnings represent the 25th percentile of earnings for all African-American women, and a white, non-Hispanic man whose earnings represent the 25th percentile of earnings for all white, non-Hispanic men. Earnings include wage and salary, farm, and business income.
- 19 Vicki Lovell, Heidi Hartmann, and Claudia Williams, Women at Greater Risk of Economic Insecurity: A Gender Analysis of the Rockefeller Foundation's American Worker Survey (2008), available at <http://www.iwpr.org/publications/pubs/women-at-greater-risk-of-economic-insecurity-a-gender-analysis-of-the-rockefeller-foundation2019s-american-worker-survey>.
- 20 *Supra* note 8. Wages for white, non-Hispanic women increased by 39 percent in the same time period. Data for white, non-Hispanic women are "white alone, not Hispanic" from 2002-2012, "white, not Hispanic" from 1987-2001, and "white" from 1974-1987.
- 21 Jeff Hayes, Heidi Hartmann, Women and Men: Living on the Edge: Economic Insecurity After the Great Recession (Sept. 2011), IWPR/Rockefeller Survey of Economic Security, available at <http://www.iwpr.org/initiatives/iwpr-rockefeller-report/rockefeller-publications>. See Table 4.8 Current Difficulty Paying for Basic Needs.
- 22 Ibid. See Table 4.4 Food Insecurity in the Past Year.
- 23 Ibid. See Table 4.9 Current Difficulty Paying Monthly Bills and Expenses.
- 24 Ibid. See Table 4.3 Problems Meeting Expenses in the Past Year.