

Published in BPW NJ's newsletter, *The Voice of Working Women*, Winter 2005.

76 Cents

by Sue Dorward

What does "76 cents" mean to you? Most of us know that women earn 76 cents for every dollar that men earn. Many of us feel that "76" in our professional lives every day. It represents our struggles, our anger, and our frustration. But many of us don't know what 76 cents really means or understand the complex pay equity landscape that it has come to represent. All I knew was that it's down from 77 cents last year, but nothing more. So I did some research and was surprised by what I found.

Where does 76 come from? Every year, the Census Bureau surveys 60,000 US households, and in September of the following year the Labor Department issues a report on pay statistics by gender. The September 2004 report states that in 2003, the median full-time annual earnings for women was 76% that of men, or 76 cents on the dollar. If we look at *weekly* instead of *annual* earnings, we're actually at 80 cents. This difference implies that women work fewer weeks per year than men do. (You can add 3.5 cents to annual numbers to approximate weekly numbers.)

So what does this mean? If you are a full-time female worker earning less than **\$39,500** per year, which is the median earnings for men, then your earnings are contributing to the pay gap. Your earnings are pulling us down below a full dollar. If you earn more than \$39,500, you are helping to close the pay gap; at least, if we look only at how 76 cents is calculated.

But it's really more complicated than that. Our situations are all unique. We have different jobs, education levels, and experience. What's fair for me may not be fair for you.

When I think about pay equity, I cannot help thinking of my four-year-old daughter, Chloe. Of course I want her to be paid fairly and be subject to as little discrimination as possible while pursuing her dreams. If we are able to continue moving ahead at only half a cent per year, women's pay will be at **85 cents** when she starts looking for a full-time job eighteen years from now.

What advice could I give her to help her do even better than that? I took a close look at the data to find out.

It turns out that today's young women age 20-24 do fairly well, earning over 90 cents (94 cents weekly), whereas women age 45-54 earn about 70 cents. This could be because raises are a percentage of pay, so the gap will naturally widen as we age. Or perhaps younger women benefit most from the progress that we've made in recent years. Or both!

Still, I want Chloe to start off at a full dollar or more! I will teach my daughter to negotiate, and she will know the importance of demanding fair pay from day one. Research has shown that most women, young and old, do not negotiate their starting salaries. In fact, men are 8 times more likely to negotiate, and this accounts for a 7 cent difference in starting salary. So even today, if we teach our young women to negotiate, they could start off getting paid a full dollar.

As for Chloe's occupation, currently she wants to be a movie star, because she likes big sunglasses and feather boas. But seriously, Chloe will have a range of interests, and while I want her to follow her dreams, I will also want her to be paid fairly. Would I rather see her earning 65 cents (compared to a man's dollar) selling insurance or 95 cents as an accountant?

There are some occupations above a dollar - *even up to \$1.43* - but they tend to be technical jobs that have so few women that they are not even listed in the official government reports. Over half of the 20 highest paying occupations are in science and engineering fields in which there are few women. The women who are able to enter and stay in these fields have proven themselves and often earn more than the men. For example, women engineering managers earn \$1.10. Could my daughter be such a pioneer? I will certainly encourage her to study science and math, so that she has this option.

Right now, Chloe wants to live next door to me when she grows up, but I know that will change. Where could she live and have a better chance to earn a fair salary? In Wyoming, women are earning only 63 cents, while women in DC lead the nation at **92 cents!** California, Maryland, North Dakota and Hawaii also do well, in the low 80s.

Chloe has a crush on Carlos, a Latino boy in her pre-school class. Today's statistics say that as a Caucasian woman, she will likely earn a little more than he does. If they live in DC, where pay difference by race is worst, she may earn twice what he does. The pay gap is worse for non-Asian minorities than it is for women.

So if Chloe negotiates a fair starting salary for an engineering management position in DC, she'll do great. Right? The fact is, no matter how well-prepared

Chloe is, she could still face discrimination. The spate of recent class action suits gives ample evidence of that.

The Council of Economic Advisors has published research saying that 1/4 to 1/3 of the wage gap cannot be explained “by legitimate factors such as experience or education.”

So 1/4 to 1/3 of the wage gap can only be explained by unfair or discriminatory practices. Twenty years ago, they said it was a half, so we are making progress. Still, that’s at most 8 more cents to go. Even if we legislate, sue, and negotiate these unfair practices away, will we still only be at 84 cents? Then what? How do we get the other 16 cents? Or do we?

There has been a lot of press lately about “women’s choices” contributing to the pay gap. Women do not go into many of the high-paying science and engineering professions. Some women stay home with their children or handle more responsibilities at home, leaving less time for paid work. Is this where the other 16 cents goes? If so, how much of this is “legitimate”?

For a while Chloe wanted to marry her big brother Jasper, who is 7. She was disappointed when I told her she couldn’t. What might happen to Chloe’s pay if she never marries or has kids? Census Bureau statistics from 2001 show that full-time working women age 40-64 who are college-educated, never married, and have no kids earn \$1.17 – 17% more – compared to their male counterparts. And unmarried men and women who work more than 50 hours per week earn the same pay, on average. In general, never-married women earn about 91 cents compared to never-married men.

What might happen to Chloe’s pay if she marries say Zack, the boy next door? Marriage is linked to both increased pay and a wider pay gap. Married people earn more than unmarried or divorced people: 22% more for women and a whopping 34% more for men. This extra boost for men further widens the pay gap, so Chloe would earn only 71 cents compared to Zack.

And what if Chloe and Zack have kids? Having children also increases the pay gap. As they raise their children, Chloe’s pay would likely stagnate while Zack’s would continue to increase. Married mothers earn 73 cents when they have children under six and earn only 66 cents when all of their children are 6-17 years old (when compared to fathers with children in the same age groups).

What if Chloe takes some time off from work to raise children? Chloe’s husband would need to earn enough to be the sole bread-winner for a while. One

academic study showed that sole bread-winner married men earned 31% more than their male counterparts whose wives worked, even when adjusted for years of experience and number of children. This pay gap is bigger than the gap between men and women. In his book, Why Men Earn More, Warren Farrell argues that this study shows that working fathers are penalized in the workplace like women are, earning less because they share home duties with their working spouses. However, the study also reflects the reality that women can only stay home if their husbands earn enough to support that. Sole bread-winners have more pressure to earn more as well.

If Chloe chooses to take a few years off to raise children and then re-enter the work force later, her choice would contribute to the pay gap. She would have less experience, and so should be paid less than if she had worked the entire time like most of her male counterparts. If we want 100% annual median income compared to males, then we would need men to make similar choices.

From purely a pay equity standpoint, Chloe would do best to not marry or have children, but I could never advise her to do that. I believe that the difference in pay between working mothers and fathers is the hardest to fully understand and will be the hardest to address. But we will need to address this issue in order to achieve pay equity.

What does 76 cents mean to you *now*?

Sue Dorward is a tech management coach who specializes in coaching high-potential employees. She is based in New Jersey and can be reached at sue@sudocoaching.com.