The gap between earnings of male and female workers has declined significantly over the past 30 years. The Bureau of Labor Statistics reports that in 1979 median weekly earnings of full-time female workers were 63.5 percent of male workers’ earnings, implying a gap of 36.5 percent. The earnings gap dropped to 30 percent in 1989 and to 23.7 percent in 1999. In the second quarter of 2011, the gap reached a low of 16.5 percent.

Despite the accuracy of these numbers, many researchers believe that the mere comparison of median weekly earnings of male and female workers presents an incomplete picture. First, women are likely to work fewer hours than men, which would make a gap in weekly earnings between the two groups substantial even if their hourly wages are the same.

First, women are likely to work fewer hours than men, which would make a gap in weekly earnings between the two groups substantial even if their hourly wages are the same.

One study found that, because women have weaker labor force attachment than men, women tend to be assigned to positions where turnover is less costly. As a result, women are employed in positions that have a shorter duration of on-the-job training and that use less capital. The study concludes that these differences in on-the-job training and capital in positions filled by men and women, along with an implied lower value placed on women’s prior labor market experience, account for a substantial part of the gap in wages between males and females.

A recent report prepared for the U.S. Department of Labor analyzed the gender wage gap using Current Population Survey (CPS) data for 2007. The report takes into account differences between men and women in educational attainment, work experience, occupation, career interruptions, part-time status and overtime worked. The result is striking—these factors explain approximately three-fourths of the 2007 raw gender hourly wage gap of 20.4 percent. The adjusted 2007 gender hourly wage gap is roughly 5 percent.

To better match women and men with similar characteristics relevant in a job market, another study used the very detailed National Survey of College Graduates 1993 (NSCG), which provides information not only on the highest degree attained, but also on major field of study and labor force experience. To explore racial differences in the gender wage gap, the study compared women of various ethnicities with white men who had similar education, work experience and academic major and who spoke English at home. The study reports a wage gap of 9 percent for white women, 13 percent for black women, 2 percent for Asian women and 0.4 percent for Hispanic women. When the analysis was restricted to unmarried, childless women only, the wage gap shrank to 7 percent for white women, 9 percent for black women and to virtually zero for Asian and Hispanic women.

Some researchers believe that it is not enough to compare wages of similar men and women. They argue that total compensation...
Gender Earnings Gap in the Eighth Federal Reserve District

How does the raw gender earnings gap in the Eighth District compare with the national gap? The Bureau of Labor Statistics (BLS) does not provide the median weekly earnings data by state or metro area. Fortunately, the National Bureau of Economic Research provides the data used by the BLS for its estimates through 2010. Using these data, we were able to closely replicate the raw U.S. gender earnings gap of 18.8 percent as reported by the BLS for 2010. We then expanded the analysis and calculated the raw gender gaps in weekly earnings for states and large metro areas in the Eighth Federal Reserve District.

Among the states within the Eighth District, Arkansas has the lowest gender earnings gap (18.5 percent), slightly better than the national gap. Gender earnings gaps in Tennessee (19.4 percent) and Mississippi (20.5 percent) are slightly higher than the nation’s, while the gap in Illinois (22.2 percent) is 21 percent higher than the nation’s. Kentucky (24.3 percent), Missouri (24.8 percent) and Indiana (25.0 percent) have the highest gender earnings gaps among the Eighth District’s states, each about a third above the national average.

All major metro areas within the Eighth District exhibit higher gender earnings gaps than the national average. Memphis has a gender earnings gap of 23.3 percent, while Louisville posts a gap of 23.4 percent. Despite Arkansas’ having the lowest gender earnings gap among the Eighth District’s states, the gender gap in Little Rock is as high as 25 percent. St. Louis has the highest gender gap among the major metro areas in the District (27.3 percent), which is 48 percent higher than the national average.

The available data do not allow us to estimate the degree to which differences in education, occupational choice, and labor force experience and attachment between men and women in the Eighth District account for higher gender earnings gaps in the District.

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