

# MISSISSIPPI WOMEN, WORK AND THE WAGE GAP

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Women now make up 48% of Mississippi's workforce. They constitute the majority of workers in several industries, and their earnings account for much of their families' income. Here are some basic facts on women in the Mississippi labor force:

- Women are 81% of workers in the health care industry, 73% of workers in education, 63% in finance/insurance & real estate, and 61% in the leisure & hospitality industries in the state. See table.
- Working mothers in families with children under 18 years of age are the sole wage earner of the family 42% of the time in Mississippi, and 34% of the time in the U.S. See chart.
- In 2009, as a result of the recession, working wives nationally provided on average 47% of family income – up from 44% in 2007.<sup>1</sup>
- There is a wage gap between the median annual earnings of men and women who work fulltime, year-round, with women earning 74% of what men earned in Mississippi in 2009 (the figure is 77% nationally).<sup>2</sup> The wage gaps are greater for black and Hispanic women.
- Over 40 years, this adds up to over \$400,000 at the median, based on estimated median earnings of \$38,900 for men in Mississippi this year.<sup>3</sup>
- Higher poverty rates for women of working age and retirees are linked to this wage gap. In Mississippi, 22% of women aged 18 to 64 are poor, compared to 11% of men in the same age group.<sup>4</sup>
- The pay gap is greater at the top. Only 20% of those earning \$100,000 and above are women, in both Mississippi and the U.S.<sup>5</sup>

The time is long past when it was thought that women should not be in the workforce. Still, the 1963 Equal Pay Act, which requires equal pay for equal work, continues to generate controversy. Eliminating the wage gap would benefit women and their families, according to several studies. A 1998 study of Mississippi, for example, found that closing the wage gap between men and women would cut the poverty rate in half for women and their families, for both married women and single heads of household.<sup>6</sup>

While the wage gap has closed considerably since 1963, it is still substantial. Congress for several years has considered, but not acted upon, proposed fair pay legislation that would likely have the effect of further closing this gap. What are some of the issues involved?

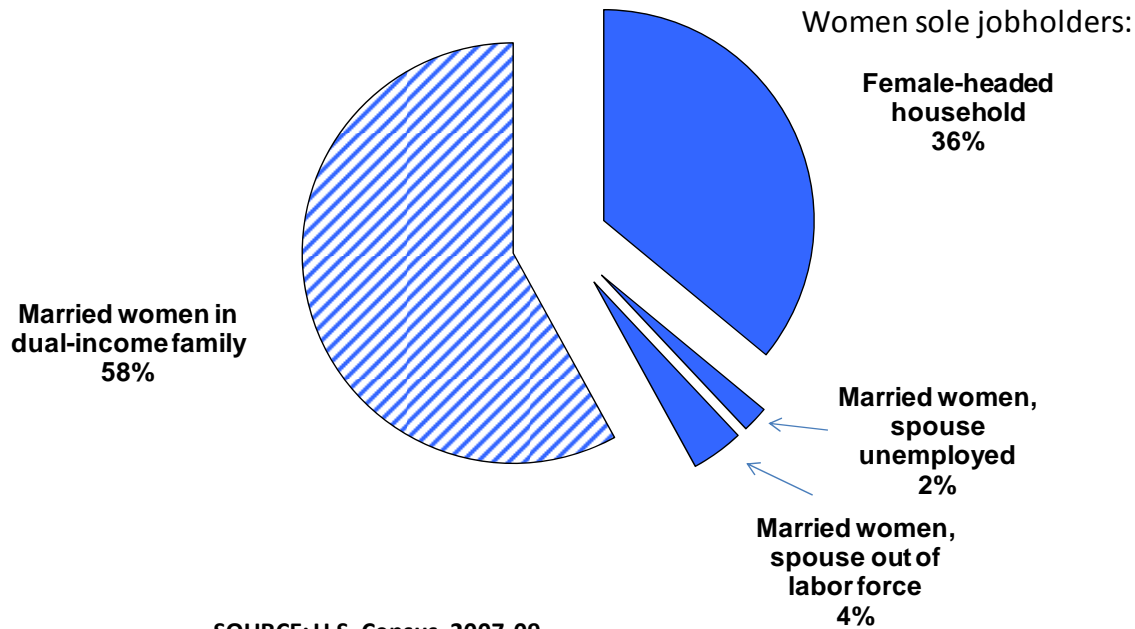
## **Lilly Ledbetter**

Consider first the Lilly Ledbetter case, which inspired the passage of Lilly Ledbetter Fair Pay Act in 2009. Lilly Ledbetter worked for Goodyear from 1979 to 1998 as a supervisor, and was a manager for most of those years, during which time she trained other managers. When she found out, after many years, that her pay was lower than that of other managers with equal or less seniority, she filed a discrimination suit.

In fact, at the end of 1997, Ledbetter was the only woman working as an area manager and the pay discrepancy between Ledbetter and her 15 male counterparts was great: Ledbetter was paid \$3,727 per month; the lowest paid male area manager received \$4,286 per month. Her case eventually made it to the Supreme Court, which found that under prevailing legislation, she was

**Chart 1. FOUR OF EVERY TEN WORKING MOTHERS  
IN MISSISSIPPI ONLY JOBHOLDER IN FAMILY**

**(Employed women in Mississippi with children under 18 years old, 2007-09)**



SOURCE: U.S. Census, 2007-09.

required to file her complaint within 180 days of the original discriminatory pay decision and ruled against her. The Lilly Ledbetter Fair Pay Act addressed this loop- hole.<sup>7</sup>

Lilly Ledbetter may be the best-known victim of pay discrimination today, but her case is not unique. Many companies pay their male managers more than women with apparently the same qualifications, Walmart among them, according to the current class action lawsuit now being considered by the Supreme Court. Walmart records show that although more than two-thirds of the firm's hourly employees are female, only 15% of store managers were women.

Women were paid less than men of equal seniority in every major job category, even though women on average had higher performance ratings and lower turnover rates than men, according to the suit, citing documents obtained. The Supreme Court will rule on whether the lawsuit can proceed in its current form, with hundreds of thousands of women potentially members of the class.<sup>8</sup>

### **Comparable Pay for Comparable Work**

The idea of comparable pay for comparable work is another area of dispute. Within any firm, wage decisions are made, with pay being based on education and skills required, years of experience, and other factors. The dominant gender of those in a particular job in and of itself should not reduce the pay associated with that job, that is the contention of the Fair Pay Act now under consideration in Congress. The Fair Pay Act and the Paycheck Fairness Act would close many of the loopholes and lax penalties that have lessened the effectiveness of the Equal Pay Act of 1963.<sup>9</sup>

### **Pay Gaps Within Same Occupation**

Some of the pay gap between men and women is due to the fact that men and women tend to be in different occupations.<sup>10</sup> Ensuring comparable pay for comparable work as discussed above addresses this issue. But most of the wage gap among fulltime, year-round workers is not explained by differences in broad occupational category alone, although estimates vary as to the percentage that is explained.<sup>11</sup> According to a study by the American Association of University

Table. **WOMEN AS PERCENT OF TOTAL EMPLOYMENT BY INDUSTRY, 2005 - 2009**

	Percent Women	
	Mississippi	U.S.
<b>Total Nonfarm</b>	48.1%	46.9%
<b>Educational and Health Services</b>	77.8%	74.6%
Educational Services	73.0%	68.7%
Health Care and Social Assistance	81.1%	78.9%
<b>Finance, Insurance, Real Estate</b>	63.1%	55.4%
<b>Leisure and Hospitality</b>	61.4%	52.0%
Arts, Entertainment, and Recreation	53.6%	46.1%
Accommodation and Food services	64.7%	53.8%
<b>Retail Trade</b>	53.2%	49.3%
<b>Information</b>	47.8%	43.5%
<b>Other Services</b>	47.5%	52.7%
<b>Public Administration</b>	45.5%	44.9%
<b>Professional and Business Activities</b>	44.1%	42.6%
Professional, Scientific and Technical Services	49.4%	44.6%
Management of Companies	75.6%	52.4%
Administrative and Support	37.1%	39.2%
<b>Manufacturing</b>	31.0%	29.5%
<b>Wholesale Trade</b>	25.7%	29.9%
<b>Transportation, Warehouse, Utilities</b>	21.0%	24.5%
<b>Agriculture, Forestry, Fisheries, &amp; Mining</b>	10.3%	18.3%
<b>Construction</b>	9.1%	9.3%

SOURCE: American Community Survey, 2005-2009 database. Percentages are averages.

Women, one year after graduating from college, women earn only 80% as much as their male counterparts in the same field, and after 10 years of experience, women earn only 69% as much.<sup>12</sup>



### Conclusion

In the 1960s, it was the case that a woman with a bachelor's degree earned no more than a man with a high school education.<sup>13</sup> That is no longer the case, but it is still the case that over the course of 40 years a woman's cumulated earnings will be \$440,000 less than a man's at the median nationally, and her retirement pay will be 60% that of a man's.<sup>14</sup>

This is a time of transition, and it is likely that at some point in the future, the idea of comparable pay for comparable work will become accepted and the economy will adjust, as it has adjusted to the influx of women into the workforce.

### Notes

1. Kristin Smith, "Wives as Breadwinners", Fact Sheet No. 20, Carsey Institute, University of New Hampshire, Fall 2010. Based on data from Annual Social and Economic Supplements of the Current Population Survey. See also Folbre (2010).
2. Census data cited in National Women's Law Center (2010).
3. Estimated 2011 earnings calculated by adjusting 2009 medians to 2011 dollars using the consumer price index.
4. U.S. Census, American Community Survey, 2007 to 2009 sample.
5. See Annual Social and Economic Supplements of the Current Population Survey,

Tables PINC-01 to PINC-11, and the Institute for Women's Policy Research (IWPR) (2011).

6. IWPR (1999). It is of course true that reducing men's wage could also reduce the wage gap; that was not the assumption of this study. Related to this, it has been suggested that women's entry into the labor force increased the labor supply and so kept wages from rising more rapidly than they otherwise might have – this is similar to the argument of the classical economist Malthus who argued that population growth reduces productivity and drives wages down -- according to Malthus, to the subsistence level. In fact, U.S. productivity rose rapidly as women's labor force participation jumped from 37% in 1959 to 47% in 1976. Trends in wages, and inequality, then, are influenced by many factors, including in addition to the size of the workforce, productivity, market structure and employees' bargaining power.

7. National Women's Law Center. "Lilly Ledbetter Act of 2009". April 11, 2011.

8. See [www.walmartclass.com](http://www.walmartclass.com). Walmart's August 25, 2010 press release on the Supreme Court case notes that it "is an excellent place for women to work and has been recognized as a leader in fostering the advancement and success of women in the workplace," and is opposed to the cases involved proceeding as a single class action suit. [www.walmart.com](http://www.walmart.com).

9. Business Litigation Perspectives [www.businesslitigationperspectives.com](http://www.businesslitigationperspectives.com) and the National Women's Law Center both provide summaries of this legislation. See also American Society of Employers and the American Civil Liberties Union. The Fair Pay Act of 2011 would require employers to provide data to the public that is basic in determining whether or not there has been discrimination. At present, women who believe they have been discriminated against cannot get data on jobs and pay scales without filing a lawsuit. At some firms, they cannot even ask co-workers about their pay. The Paycheck Fairness Act (PFA) clarifies that wage differences must be based on job characteristics, not on gender. Also, if wage discrimination is proven in court, individuals would be able to receive full compensatory and punitive damages, which are already available in cases of discrimination based on race. It prohibits retaliation by firms against employees who raise wage parity issues.

10. Four of ten women (41.1 percent) work in traditionally female occupations, and close to five of ten male workers (49.3 percent) work in traditionally male occupations, according to the Institute for Women's Policy Research (2011). Barbara Bergmann (2005) argues that it is women's occupational segregation into certain job categories that drives down wages in those occupations and accounts for much of the wage gap. Her argument with supporting data can be found in her book.

The same argument is found in the fact sheet of the Institute for Women's Policy Research, "The Gender Wage Gap by Occupation" by A. Hegewisch, C. Williams and A. Henderson, April 2011. This study gives women's median weekly earnings as a percent of men's in common occupations ranging from elementary and middle school teachers (where the percentage is 91%) to truck drivers (71%).

11. The size of the 'unexplained' wage gap varies by study. The variables that can be used to explain the gap include, for example, years of education, years of experience, industry, occupation and job characteristics. A critical summary of the literature is included in Holzer and Neumark (2000). They find that the estimate of the explained wage ratio in the most comprehensive studies available ranges from .724 to .882 as of 1988, leaving an unexplained wage gap of 12% to 28%. They note: "while...some studies of race differences can account for most or all of the race gap in wages, this is not true of all studies, and is certainly not true of studies of residual sex gaps in wages." Blau (2009) provides an updated analysis of the wage gap.

Also, the Institute for Women's Policy Research, using Census data, notes that the ratio women's to men's wages improved from 72% in 1997 to 77% in 2009 among fulltime, year-round workers, indicating that the gap continues to close. Over the same period, however, the educational attainment of women improved relative to that of men. Between 1995 and 2003, the percentage of women with education beyond a college degree increased from 58% to 62%, whereas for men the increase was from 54% to 55%. The increase was greatest in advanced degrees, with the percentage of employed women with an advanced degree 7.4% in 1995 (8.6%

among men) and 9.3% in 2003 (9.0% among men), according to Mishel et al. (2005).

12. The 2011 AAUW study focuses on the pay gap for college-educated women, which is greater than the overall pay gap. They have also recently published a study of women in the sciences.

13. U.S. Department of Labor, Women's Bureau, *Handbook on Women Workers*, 1969.

14. Joint Economic Committee, "The Gender Wage Gap Jeopardizes Women's Retirement Security", April 12, 2011.

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