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Addressing Pay Inequality and Boosting Income for Women

Despite decades of progress in their education and careers, women – especially women of color – still are paid less than men. In 2016, the median earnings for Latinx women working full-time, year-round were just 42 cents for every dollar earned by white men in California. While white women had the highest median earnings among all women, they still earned just 78 cents for every dollar earned by white men (Figure 1). This “wage gap” is due to multiple factors such as occupational choices and time spent in the labor force, in addition to gender- and race-based discrimination.¹

When women select specific occupations or curtail their time in the workforce, it can affect their earnings and contribute to pay inequality between men and women. For instance, women may choose occupations or leave jobs in order to minimize harassment, which could reduce their earnings relative to men’s as well as lead to greater occupational segregation.² In addition, women provide most unpaid family caregiving, which often results in periods outside the paid workforce and, upon returning to work, less time at the office, which can also affect job opportunities and earnings throughout their careers. Finally, jobs that have a high share of women relative to men, such as child care workers or social workers, often have lower pay regardless of skill level or education.³ Because of these and other factors, women comprise more than half of workers in the lowest-paid occupations in California, while only about 1 in 3 workers in the highest-paid occupations are women (Figure 2).

Women’s earnings are critical to their family’s economic security. The California Earned Income Tax Credit (CalEITC) is a refundable state tax credit that helps working families with low incomes meet their basic needs. Women make up the majority of tax filers with children eligible to claim the CalEITC, and by expanding the tax credit, policymakers would help women that struggle to make ends meet by boosting their income.⁴ Policymakers should also take further actions to address pay inequality and strengthen harassment policies to ensure a safe workplace for all employees. These actions could increase women’s financial security, which would benefit the state’s economy, too.

KEY POLICIES

Policies to address pay inequality and to enhance workplace safety include the following:

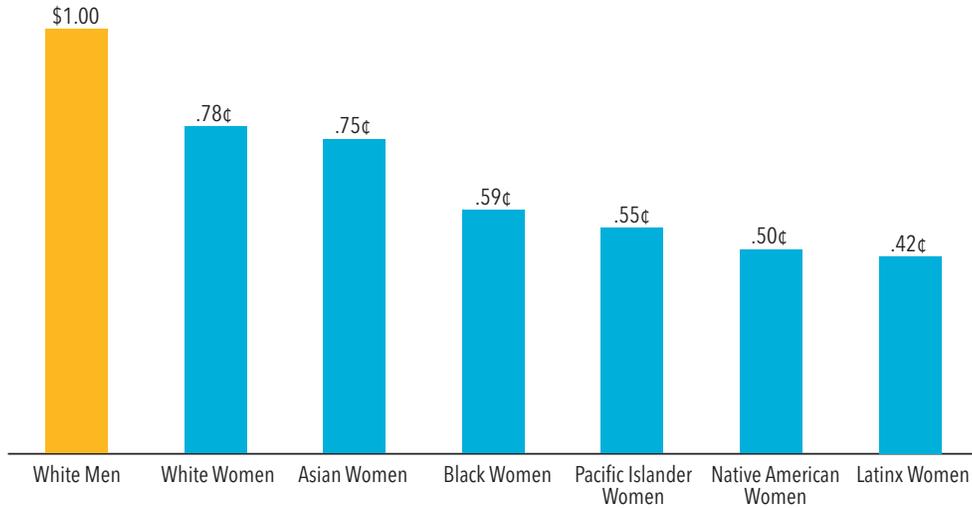
- California has some of the strongest equal pay laws in the US.⁵ State policymakers can ensure that the state continues to lead on this issue by **requiring large businesses to annually report to the state pay and job title data** by gender, race, and ethnicity and by making the aggregate data public. This would give employers the opportunity to self-audit employee pay while also allowing the state and other stakeholders to monitor pay inequality in California.
- State policymakers can improve laws that protect workers from harassment in the workplace by **extending the statute of limitations to file a harassment claim** from one year to three and **prohibiting employment clauses that require forced arbitration for sexual harassment as a condition of employment**. While sexual harassment occurs regardless of income or occupation, women with low incomes may be particularly vulnerable to harassment at work because they may not have the resources to weather the financial setbacks that can result from the harassment, such as a reduction in work hours, sudden schedule shifts, or even job loss.⁶

Policies to strengthen the CalEITC to boost women’s economic security include the following:

- State policymakers can ensure that the CalEITC continues to help very low-income Californians by:
 - **Increasing the credit’s income eligibility limit** over time so that workers do not lose access to the CalEITC as the state minimum wage rises;
 - **Extending the credit to immigrant workers with Individual Taxpayer Identification Numbers (ITINs)**, who are currently excluded from the CalEITC; and
 - **Providing funds to expand and promote free tax preparation services** to reduce the number of families losing some of their tax refunds to tax filing fees, which could help to increase the number of eligible Californians who claim the CalEITC.

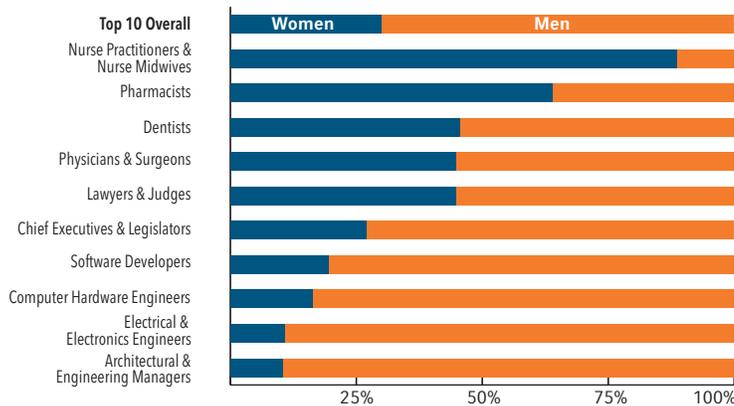
By strengthening the tax credit, policymakers could improve women’s economic security throughout their lives.

FIGURE 1 Ratio of Women’s to White Men’s Median Earnings for Individuals Employed Full-Time, Year-Round in Past 12 Months in California, 2016

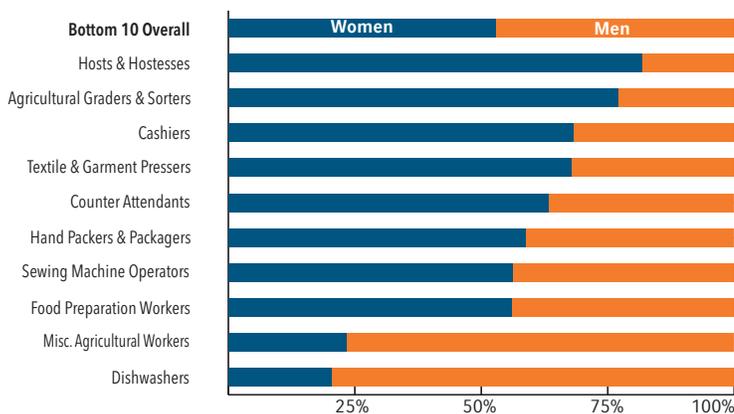


Note: Data are for individuals age 16 and over. “White” excludes individuals who also identify as “Latinx,” which means that the White and Latinx categories are mutually exclusive. For race categories other than White, individuals who identify as Latinx may be counted in both a racial category (e.g., “Black”) and in the Latinx category. As such, Latinx and the non-White racial categories are not mutually exclusive. Source: US Census Bureau, American Community Survey

FIGURE 2 Gender Composition of the 10 Highest-Paid Occupations in California, 2012-2016



Gender Composition of the 10 Lowest-Paid Occupations in California, 2012-2016



Note: Data are for the civilian, non-institutionalized population ages 16 to 64 and exclude self-employed individuals. Highest- and lowest-paid occupations based on estimated median hourly wages. Source: Budget Center analysis of US Census Bureau, American Community Survey data

ENDNOTES

- Francine D. Blau and Lawrence M. Kahn, “The Gender Wage Gap: Extent, Trends, and Explanations” *Journal of Economic Literature* 55 (2017), pp. 789-865.
- Heather McLaughlin, Christopher Uggen, and Amy Blackstone, “The Economic and Career Effects of Sexual Harassment on Working Women” *Gender & Society* 31 (2017), pp. 333-358 and National Partnership for Women & Families, *Sexual Harassment and the Gender Wage Gap* (April 2018).
- Sarah Jane Glynn, *Gender Wage Inequality: What We Know and How We Can Fix It* (Washington Center for Equitable Growth: April 2018).
- Alissa Anderson, *The CalEITC Is a Critical Tool for Improving Working Families’ Economic Security* (California Budget & Policy Center: April 2018).
- American Association of University Women, *AAUW Policy Guide to Equal Pay in the States* (Updated April 2018).
- Jocelyn Frye, *Not Just the Rich and Famous* (Center for American Progress: November 2017) and Fatima Goss Graves, et al., *Reality Check: Seventeen Million Reasons Low-Wage Workers Need Strong Protections From Harassment* (National Women’s Law Center: 2014).

Additional analyses focusing on Work Supports, Building Wealth, and the Safety Net can be found at <http://calbudgetcenter.org/womens-well-being>. We are thankful to a number of individuals who provided comments on policies to boost women’s economic security, employment, and earnings in California. A full list can be found at <http://calbudgetcenter.org/womens-well-being/about>.