

Paid Leave Will Help Close the Gender Wage Gap

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Women in the United States are paid just 78 cents for every dollar paid to men. This gender wage gap is even larger for many women of color and is the result of interlocking factors including gender and racial discrimination, workplace harassment, job segregation and a lack of workplace policies that support family caregiving. Among all women who hold jobs in the United States, white, non-Hispanic women are typically paid 74 cents, Black women 66 cents, Native American women 55 cents, Latinas 52 cents, and Asian American and Pacific Islander women are paid as little as 49 cents, as Bangladeshi women are, and just 80 cents overall for every dollar paid to white, non-Hispanic men.¹

Because family caregiving is still most often performed by women, working full time, year-round over a lifetime is simply not possible for many women. The gender wage gap is even larger when measured over the long term because women are often pushed to spend time out of the workforce, in part due to caregiving. For every dollar typically paid to fathers, mothers are paid

just 63 cents.² And accounting for time out of the workforce to provide unpaid care, women are cumulatively paid just 49 cents for each dollar paid to a man over the last 15 years.³

OVER A 15-YEAR PERIOD, WOMEN ARE PAID JUST 49 CENTS TO THE TYPICAL MAN'S DOLLAR, IN LARGE PART DUE TO TIME SPENT OUT OF THE LABOR FORCE.

— Source: Institute for Women's Policy Research. (2018). *Still a Man's Labor Market: The Slowly Narrowing Gender Wage Gap*

The lifetime effects of this lost income are stark. By the time they reach retirement age, women typically receive about 20 percent less in Social Security retirement benefits than men,⁴ and simultaneously have lower private retirement savings, leaving them more likely to live in

poverty and making Social Security a vital source of retirement income.⁵

The wage gap illustrates the high cost women are paying for our nation's policy failure. Compared to other wealthy countries, the United States offers little support for working parents and family caregivers, particularly paid family and medical leave and affordable child care. This is a primary driver of U.S. women's relatively low labor force participation rate, which has actually declined since the 1990s, and which costs the U.S. economy an estimated \$775 billion per year in reduced GDP.⁶

Paid family and medical leave helps women remain in the workforce throughout their careers.

- In the year following a birth, new mothers who take paid leave are more likely than those who take no paid leave to stay in the workforce and are 54 percent more likely to report wage increases.⁷
- By enacting a national paid leave program along with affordable child care, the United States could add an estimated 5 million working people to its labor force.⁸

Paid family and medical leave helps equalize caregiving in two-parent, heterosexual households.

- When fathers take paid leave, their involvement at home increases and is more equitable, making it easier for women to return to the workforce.⁹
- Fathers who take two or more weeks off after the birth of a child are more involved in that child's direct care nine months after birth than fathers who take no leave.¹⁰

Paid family and medical leave will help women provide for their families and save for retirement.

- Families lose an estimated \$22.5 billion in wages each year due to inadequate or no paid leave.¹¹
- A woman who is 50 years or older who leaves the workforce early to care for an aging parent will lose more than \$324,000 in wages and retirement.¹²

Paid family and medical leave is an essential step toward finally closing the gender wage gap in the United States – but the details matter. To truly advance gender equality, a well-designed paid leave program must:

- include all workers, no matter where they live or work or what kind of job they have;
- replace enough income that workers at any income level can afford leave;
- provide enough time and covers the range of major needs workers face, including addressing their own health conditions, caring for seriously ill, injured or disabled family members and welcoming newborn, newly adopted or foster children;
- provides education and outreach to ease implementation for workers and small businesses; and
- have a sustainable funding source that is affordable for workers, employers and the government without harming other essential programs.

The Family And Medical Insurance Leave (FAMILY) Act (H.R. 3481/S. 1714) is the only federal proposal that aligns with these criteria. Learn more about the gender wage gap at NationalPartnership.org/Gap.

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- ¹ National Partnership for Women & Families. (2024, March). *America's Women and the Wage Gap*. Retrieved 23 July 2024, from <https://nationalpartnership.org/wp-content/uploads/2023/02/americas-women-and-the-wage-gap.pdf>
- ² U.S. Census Bureau. (2023). *American Community Survey 1-Year Estimates 2022*. Retrieved 11 January 2024, from data.census.gov. This calculation is based on a comparison of men and women who have children under the age of 18 with earnings in 2022 as reported in the American Community Survey. The median annual earnings of fathers in 2022 in this source was \$64,000, and the median annual earnings of mothers in 2022 in this source was \$40,000.
- ³ Rose, S. J., & Hartmann, H. (2018, November 26). *Still a Man's Labor Market: The Slowly Narrowing Gender Wage Gap*. Retrieved 23 July 2024, from https://iwpr.org/wp-content/uploads/2020/08/C474_IWPR-Still-a-Mans-Labor-Market-update-2018-2.pdf
- ⁴ Social Security Administration, Office of Retirement and Disability Policy. (2023). *Annual Statistical Supplement, 2023 (Table 5.A6, Number and average monthly benefit, by age, type of benefit, and sex, December 2022)*. Retrieved 23 July 2024, from <https://www.ssa.gov/policy/docs/statcomps/supplement/2023/5a.html#table5.a6>
- ⁵ Oakley, D., Brown, J. E., Sadd-Lessler, J., & Rhee, N. (2016, March). *Shortchanged in Retirement: Continuing Challenges to Women's Financial Future*. Retrieved 32 July 2024 from <https://www.nirsonline.org/reports/shortchanged-in-retirement-continuing-challenges-to-womens-financial-future/>
- ⁶ Blau, F. D., & Kahn, L. M. (2013, May). Female Labor Supply: Why Is the United States Falling Behind? *American Economic Review*, 103(3): 251-256. doi: 10.1257/aer.103.3.251; Glynn, S. J. (2023, November). *The Cost of Doing Nothing, 2023 Update: The Price We STILL Pay without Policies to Support Working Families*. Retrieved 23 July 2024, from <https://www.dol.gov/sites/dolgov/files/WB/paid-leave/CostofDoingNothing2023.pdf>
- ⁷ Houser, L., & Vartanian, T. P. (2012, January). *Pay Matters: The Positive Economic Impacts of Paid Family Leave for Families, Businesses and the Public*. Center for Women and Work at Rutgers, the State University of New Jersey Publication. Retrieved 22 July 2024, from <https://nationalpartnership.org/wp-content/uploads/2023/02/pay-matters.pdf>
- ⁸ Daly, M. C., Pedtke, J. H., Petrosky-Nadeau, N., & Schweinert, A. (2018, November). *Why Aren't U.S. Workers Working?* Retrieved 22 July 2024, from <https://www.frbsf.org/economic-research/publications/economic-letter/2018/november/why-are-us-workers-not-participating/>
- ⁹ Bartel, A., Rossin-Slater, M., Ruhm, C., Stearns, J., & Waldfogel, J. (2015, November). *Paid Family Leave, Fathers' Leave-Taking, and Leave-Sharing in Dual-Earner Households (Working Paper No. 21747)*. Retrieved 23 July 2024, from <http://www.nber.org/papers/w21747.pdf>
- ¹⁰ Nepomnyaschy, L., & Waldfogel, J. (2007). Paternity Leave and Fathers' Involvement With Their Young Children: Evidence From the American ECLS-B. *Community, Work and Family*, 10(4), 427-453. doi:10.1080/13668800701575077
- ¹¹ Glynn, S. J. (2020, January). *The Rising Cost of Inaction on Work-Family Policies*. Retrieved 23 July 2024, from <https://www.americanprogress.org/article/rising-cost-inaction-work-family-policies/>
- ¹² MetLife Mature Market Institute. (2011, June). *The MetLife Study of Caregiving Costs to Working Caregivers: Double Jeopardy for Baby Boomers Caring for Their Parents*. Retrieved 23 July 2024, from <https://www.caregiving.org/wp-content/uploads/2011/06/mmi-caregiving-costs-working-caregivers.pdf>

The National Partnership for Women & Families is a nonprofit, nonpartisan advocacy group dedicated to promoting fairness in the workplace, reproductive health and rights, access to quality, affordable health care and policies that help all people meet the dual demands of work and family. More information is available at NationalPartnership.org.

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