

# Paid Leave Will Help Close the Gender Wage Gap

MARCH 2021

**Even when they work full time, year-round, women in the United States are paid just 82 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 women who hold full-time, year-round jobs in the United States, white, non-Hispanic women are typically paid 79 cents, Black women 63 cents, Native American women 60 cents, Latinas 55 cents, and Asian American and Pacific Islander women are paid as little as 52 cents, as Burmese women are, and just 85 cents overall for every dollar paid to white, non-Hispanic men.<sup>1</sup>

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: Over a 15-year period, women are paid just 49 cents for each dollar paid to a man.<sup>2</sup>

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**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*

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The lifetime effects of this lost income are stark. By the time they reach retirement age, women typically receive 20 percent less in Social Security retirement benefits than men,<sup>3</sup> 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.<sup>4</sup>

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 \$500 billion per year in reduced GDP.<sup>5</sup>

**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.<sup>6</sup>
- 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.<sup>7</sup>

**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.<sup>8</sup>
- 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.<sup>9</sup>

**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.<sup>10</sup>
- 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.<sup>11</sup>

**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:

- Cover all working people, be gender-inclusive and reflect the reality that families come in diverse forms;
- Cover the range of caregiving needs working people face across the lifespan, including child bonding, personal medical care and family caregiving;
- Be sustainably funded and cost-effective for working people, employers and the government;
- Protect workers against adverse consequences for taking leave;
- And provide meaningful, secure benefits that do not force working people into unnecessary trade-offs between access to leave and a secure retirement, or result in cuts to other essential family programs.

**The Family And Medical Insurance Leave (FAMILY) Act (H.R. 1185/S. 463) is the only federal proposal that aligns with these criteria. Learn more about the gender wage gap at [NationalPartnership.org/Gap](https://NationalPartnership.org/Gap).**

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- <sup>1</sup> U.S. Census Bureau. (2020). *Current Population Survey, Annual Social and Economic (ASEC) Supplement: Table PINC-05: Work Experience in 2019 – People 15 Years Old and Over by Total Money Earnings in 2019, Age, Race, Hispanic Origin, Sex, and Disability Status*. Retrieved 16 March 2021, from <https://www.census.gov/data/tables/time-series/demo/income-poverty/cps-pinc/pinc-05.html>; U.S. Census Bureau. (2020). *American Community Survey 1-Year Estimates 2019. Tables B20017C and B20017H: Median Earnings in the Past 12 Months (in 2019 Inflation-Adjusted Dollars) by Sex by Work Experience in the Past 12 Months for the Population 16 Years and Over with Earnings in the Past 12 Months*. Retrieved 16 March 2021, from <https://data.census.gov/>. Note: Unpublished calculations based on the median annual pay for women and men who worked full time, year-round in 2019. The Current Population Survey does not provide disaggregated data for Native American women’s earnings. This calculation is based on a comparison of the median earnings of white, non-Hispanic men working full time, year-round with that of Native American women working full time, year-round as reported in the American Community Survey. The median annual pay of a Native American women in this source was \$36,577 and the median annual pay of white, non-Hispanic men was \$61,233. Bleiweis, R. (2021, March). *The Economic Status of Asian American and Pacific Islander Women*. Center for American Progress Publication. Retrieved 16 March 2021, from <https://www.americanprogress.org/issues/women/reports/2021/03/04/496703/economic-status-asian-american-pacific-islander-women/>
- <sup>2</sup> Rose, S. J., & Hartmann, H. (2018, November 26). *Still a Man’s Labor Market: The Slowly Narrowing Gender Wage Gap*. Retrieved 22 March 2021 from Institute for Women’s Policy Research website: <https://iwpr.org/iwpr-issues/employment-and-earnings/still-a-mans-labor-market-the-long-term-earnings-gap-2/>
- <sup>3</sup> Social Security Administration, Office of Retirement and Disability Policy. (2020). *Annual Statistical Supplement, 2020 (Table 5.A6, Number and average monthly benefit, by age, type of benefit, and sex, December 2019)*. Retrieved 22 March 2021, from <https://www.ssa.gov/policy/docs/statcomps/supplement/2020/5a.html#table5.a6>
- <sup>4</sup> Oakley, D., Brown, J. E., Sadd-Lessler, J., & Rhee, N. (2016, March). *Shortchanged in Retirement: Continuing Challenges to Women’s Financial Future*. Retrieved 22 March 2021 from National Institute on Retirement Security website: <https://www.nirsonline.org/reports/shortchanged-in-retirement-continuing-challenges-to-womens-financial-future/>
- <sup>5</sup> 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; U.S. Department of Labor. (2015, September 4). *The Cost of Doing Nothing: The Price We All Pay Without Paid Leave Policies to Support America’s 21st Century Working Families*. Retrieved 22 March 2021, from <https://ecommons.cornell.edu/handle/1813/78447>
- <sup>6</sup> 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 21 March 2021, from <https://www.nationalpartnership.org/our-work/resources/economic-justice/other/pay-matters.pdf>
- <sup>7</sup> Daly, M. C., Pedtke, J. H., Petrosky-Nadeau, N., & Schweinert, A. (2018, November). *Why Aren’t U.S. Workers Working?* Retrieved 22 March 2021, from Federal Reserve Board of San Francisco website: <https://www.frbsf.org/economic-research/publications/economic-letter/2018/november/why-are-us-workers-not-participating/>
- <sup>8</sup> 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 22 March 2021, from National Bureau of Economic Research website: <http://www.nber.org/papers/w21747.pdf>
- <sup>9</sup> 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
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- <sup>11</sup> 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 22 March 2021, from National Alliance for Caregiving website: <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](http://NationalPartnership.org).

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