THIRD WAY

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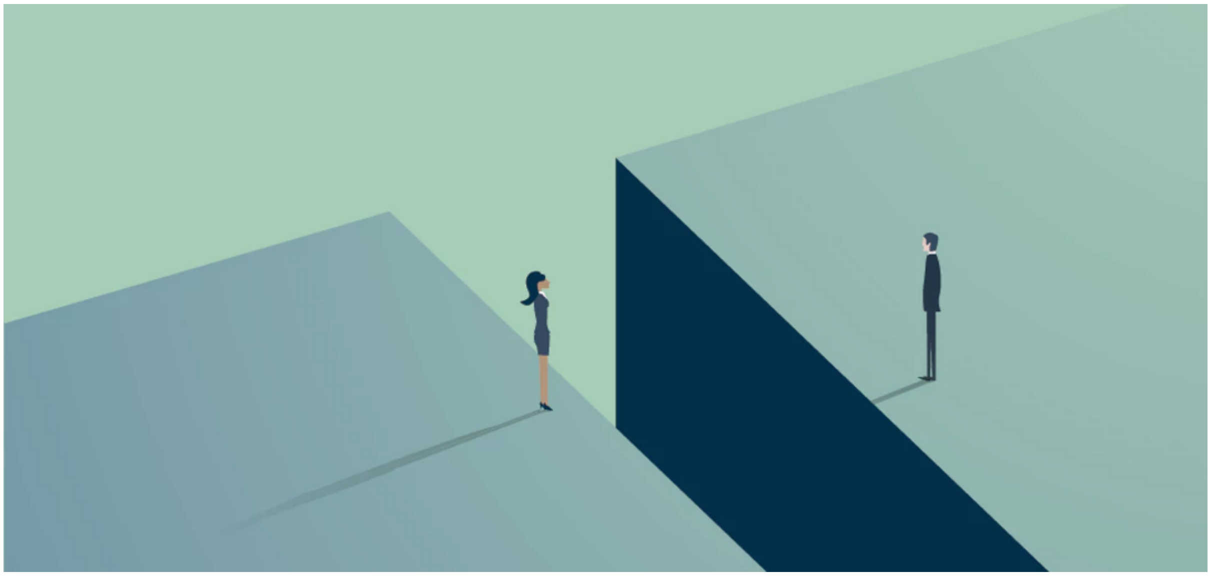
The Price of Caring



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We are coming up on Equal Pay Day, April 2, which we always hope never to celebrate again. Given the 20% wage difference between men and women, this day signifies that the average woman must work 72 days into the following year to earn what the average man earned the year prior. However, our previous work and a recent report from the Institute for Women's Policy Research (IWPR), show that this portrayal is too simple and doesn't take long-term contributors to the pay gap (like family caregiving) into consideration.

We've seen women's earnings increase from 61 cents on the dollar in 1960 to 80 cents on the dollar in 2015. But women's wage growth has stagnated. The pay gap closed by 9 cents in the 1980s, but it took another 20 years to equal the same growth that we saw in that single decade. The rapid earnings improvement in the 1980s was mostly due to women's increased presence in the labor force, higher educational attainment, new legal protections, and a general societal shift against blatant sexism.

Without large societal shifts like in the 1980s and no single remaining obstacle to overcome, it will be very difficult to close the final gap. As we've noted, caregiving expectations, pay gains that disappear as women age, occupational crowding, and wage discrimination against women all contribute to the current gender pay gap. Additionally, there's a racial component to the wage gap. Last year's Census data showed a difference of 37 cents for women of color as opposed to the typically used data point of 20 cents for all women.

And to make that dire picture a bit bleaker, the pay gap has been calculated by comparing men and women's median earnings for a *single* year—giving an annual point-in-time snapshot of what men and women are earning for a given year. IWPR's recent report examines wages in 15-year increments rather than that typical one-year statistic. They found that women actually make *49 cents* to a man's dollar, a stat which better accounts for the disparity that occurs throughout a woman's career. For instance, factors like occupational crowding were detected with the previous narrower analysis while IWPR's broader, more comprehensive analysis caught long-term contributors to the pay gap.

Looking specifically at the financial effects of women leaving the workforce to do unpaid care work, Third Way's David Kendall has written extensively about family caregiving and the financial penalties women face if they leave the workforce during prime earning years. According to Kendall's research, family caregivers spent 37 billion hours in 2015 caring for adults—totaling about $470 billion in unpaid labor. Given that women still bear the brunt of caregiving, these unpaid contributions are inevitably gendered. By cutting back hours or leaving the labor market, women lose, on average, more than $324,000, while men sacrifice just under $284,000. In addition to this financial burden, family caregivers spent, on average, nearly 20% of their diminished income on caregiving expenses in 2016. This aspect of the gender wage gap is especially important given that the need for family caregiving will only become more pronounced in the future. Kendall found that the ratio of potential caregivers to aging seniors was about 7:1 in 2010 and is projected to be 4:1 in 2030 and 3:1 by 2050.

Given that there's no single fix to close the pay gap, we must address the different facets of the problem with targeted policy solutions. Looking specifically at caregiving, policymakers must provide long-term support for caregivers in terms of paid family leave and supports for both eldercare and childcare. Decreasing the price of caring is instrumental in decreasing the gender wage gap.