

***Recent Trends in the Gender Pay Gap
in the New York Metropolitan Area***

by Niev Duffy

The lack of access of women to occupations traditionally dominated by men increases competition among women for jobs within the limited range of occupations open to them, particularly secretarial/administrative support and services. As a consequence of the increased competition, employers are able to of

From Figure 2 it is clear that New York City and Long Island look quite different in terms of pay equity. In NYC the female/male earnings ratio is consistently above that of New York State or the U.S., and on Long Island it is considerably below, with the exception of 1997. Since gains in median real income in the New York Metropolitan area for women were very modest during the 1990s, most of the apparent increase in pay equity was due to declines in male median earnings.

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Given the slide in median male earnings during the 1990s, it is difficult to say whether or not there has been true progress in pay equity over the last decade in the New York Metropolitan area. It would therefore be useful to have an alternative measure of women's progress in terms of their relative status within the labor force. One possibility is to look at changes in status within those areas of the economy where earnings growth is greatest. While income growth in high skilled sectors of the labor market have been high enough to lift the average or mean income of all workers in the New York Metropolitan area, women seem to have benefited little from recent income growth in these sectors. If women are excluded from gains at the upper tiers of the labor market, then the potential for gender equity under current patterns of economic growth is drawn seriously into question.

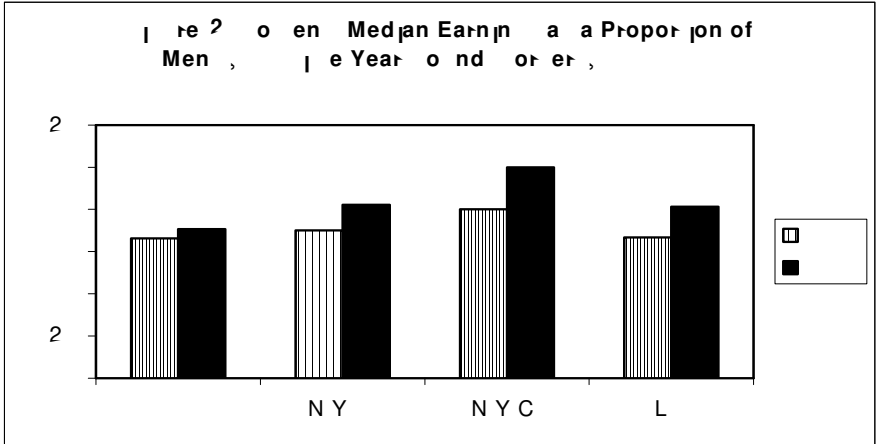
In order to explore the extent of women's integration into those areas of the economy experiencing rapid earnings growth, an alternative measure of income is needed, one which emphasizes earnings of workers in high wage sectors where wage growth has been the greatest. The trends discussed in the preceding section all involve median income, a rough measure of how much the "typical" worker earns. Another common measure of income, which places greater emphasis on workers at the upper end of the earnings spectrum, is average or mean earnings. This measure of income is often avoided because it overstates the income of most workers when the distribution of income is very unequal. A relatively few individuals with very high and rising incomes can increase average earnings, even when most workers are experiencing wage declines.

Comparing the mean earnings of men and women provides a clearer picture of the degree of inequality between men and women at the upper end of the income spectrum. If women are underrepresented at the top of the economic ladder then the gap in *mean* earnings between men and women will be greater than the gap in *median* earnings. In New York, as in the United States as a whole, the gap in mean earnings between men and women is indeed far higher than the gap in median earnings, indicating that there is greater inequality between men and women at the top of the economic ladder than at the lower levels. Moreover, during the early to mid-1990s the gap in mean earnings between men and women in New York City, Long Island and New York State, rose substantially before falling again in 1997 (see Figure 3).

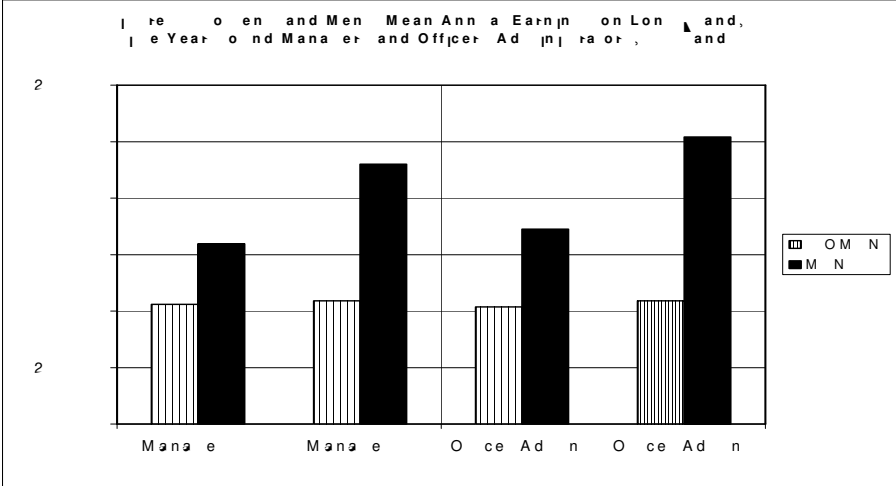
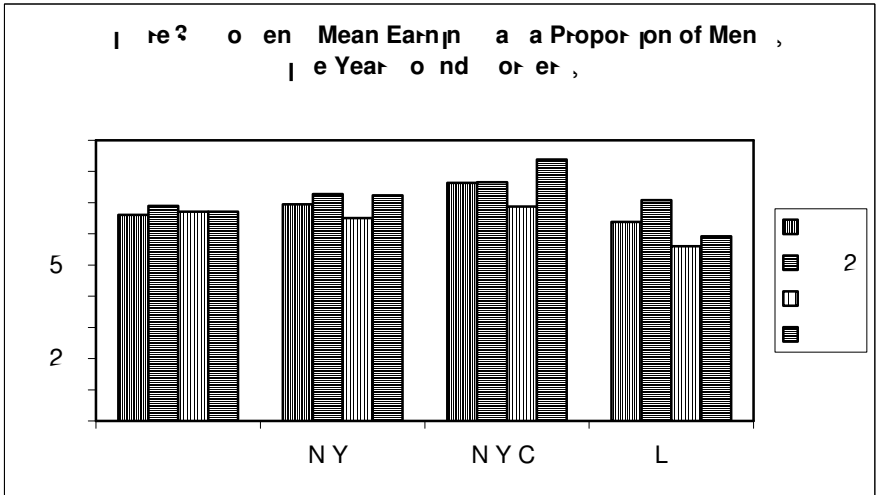
As with median income, the gap in mean incomes of men and women on Long Island is far higher than in NYC or the U.S. as

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It is generally accepted that increasing educational attainment is the best way to raise earning potential and reduce pay inequality. To the extent that women's educational attainment is not rewarded at the same rate as men's, women's potential for economic advancement is limited. Surprisingly, while the earnings of men with college and graduate degrees on Long Island have been rising in recent years, this has not been the case for women. As a result, the gap in earnings has increased most rapidly for female workers with higher levels of education (see Figure



Source: This and the following real earnings figures are based on the March 1998 CPS. Samples include workers 18 years of age and over. Earnings were adjusted for inflation with the CPI.



NOTES

¹ Francine Blau, Marianne Ferber, and Anne Winkler, *The Economics of Women, Men and Work*, Third Edition, Prentice Hall, NJ, 1998

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ AFL-CIO and the Institute for Women's Policy Research, "Equal Pay for Working Families: Executive Summary", 1998

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