

Metros, Money, Manpower: Exploring the Gender Earnings Gap Across U.S. Labor Markets and Occupations

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Nationally, median earnings of full-time, year round workers were \$40,910 in 2008 with women's-to-men's earnings ratio at .78.¹ Evidence suggests that earnings differentials may be greater at the 75th percentile and above.² Researchers attribute this disparity to differences in occupational choice, educational attainment, attachment to the labor force, and other reasons. Across local labor markets, median earnings differ as does the relationship between women's and men's earnings reflecting the area's price of labor based on its supply, demand, and institutional controls. The occupational structure of the labor force represents the demand for specific types of labor. Since the distribution of women and men varies across occupations, and since earnings for these occupations differ, we expect the earnings ratio to reflect, at least in part, the occupational mix and labor supply composition of a local labor market. Using new 5-year data from the American Community Survey, we explore to what extent the economic and demographic context of a labor market determines the gender gap.

We consider detailed occupations and specific labor market contexts; however, limitations of sample size of individual labor markets prevent detailed analysis of both simultaneously. We start with an analysis of the overall women's-to-men's earnings ratios in 363 metro areas, continued with an analysis of selected occupations in selected metro areas. The analysis will include an examination of earnings ratios at the median and how this relationship changes at different earnings percentiles.

We also consider how local labor market- and individual-level characteristics may influence the relationship between occupation and the earnings power of women in relation to men. Local labor market characteristics include the economic structure, as well as the socio-demographic composition of the local labor supply. Individual characteristics include demographic, human capital, and family characteristics.

Data

This paper uses data from the American Community Survey (ACS) 5-year file for 2005-2009. The ACS 5-year file is a composite of five years of ACS – a nationally representative survey of 3 million household addresses each year. The survey collects social, demographic, and economic measures including occupation, industry, class of workers, employment status, educational attainment, earnings in the last 12 months, and numerous other characteristics for all members of the household. Because of its large sample size, the ACS is rich in detail about labor force activities, with about 500 reported occupation and 270 industry classifications.

¹ Day, Jennifer and Jeffrey Rosenthal. 2009. "Detailed Occupations and Median Earnings: 2008." US Census Bureau, <http://www.census.gov/hhes/www/ioindex/reports.html>.

² Day, Jennifer and Barbara Downs. 2007. "Examining the Gender Earning Gap: Occupational Differences and the Life Course." US Census Bureau, <http://www.census.gov/hhes/www/ioindex/reports.html>