

OECD Washington Center
June 2016

WORKSHOP

IMPROVING OPPORTUNITIES FOR WOMEN IN THE UNITED STATES



This document provides background information for the workshop “Improving Opportunities for Women in the United States”.

This brochure draws on the OECD Economic Survey of the United States 2016 and was prepared by Mabel Gabriel and Patrick Lenain from the Economics Department. Raquel Páramo provided the editorial support.

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WASHINGTON CENTER



Improving Opportunities for Women in the United States

OECD Washington Center, 17 June 2016

Women's economic opportunities have greatly improved in the United States over past decades, with benefit to overall society. Women increasingly outperform men at the various levels of education and are more likely than men to attend college and obtain a higher education degree. Women also tend to have better economic opportunities in the United States than in many other OECD countries, in particular in the job market. The share of women in managerial positions is particularly high by international comparison. The rise in female labour market participation provided an important boost to household incomes, helping to ease living conditions for families.

Nonetheless, numerous challenges remain to further reduce gender inequalities. After years of rising presence in the labour force, the share of working-age women participating in the job market has declined since the mid-1990s and no longer appears significantly higher than the OECD area. In terms of wages, past progress made in the United States in narrowing the gender wage gap has lost some momentum recently and remains at about 17%, higher than on average in OECD countries. In addition, American women continue to make much more unpaid work than men, about 60% more.

Further progress in reducing gender inequalities will require reforms in paid parental leave and childcare support, which have been found by empirical research to be important drivers of female labour force participation. Currently, the United States provides basic support for children, mothers, and fathers in the form of unpaid parental leave, child-related tax breaks, and limited public childcare. It is the only OECD country without a national paid maternity leave policy. Nationally-legislated unpaid job-protected leave is short (12 weeks), and only available to about 60% of workers. Paid leave payments with job protection are offered only by a few states and some employers as part of their employee benefit packages.

Therefore, changes in job structure and remuneration, particularly if job flexibility comes at the cost of reduced hourly wages, are required to further closing gender wage gaps. Likewise, to advance women's opportunities in the workforce, the United States needs to improve the flexibility of working arrangements, provide national access to paid family leave, and increase access to quality pre-school and childcare. The potential gains of implementing these measures are large, as they help get and keep more women in the workforce contributing to economic growth - closing the gender gap in labour force participation rates by 2040 could increase GDP per capita by USD 4 300 -, reduce replacement and training costs for employers, offer cognitive and health benefits to children, and extend choice for parents in finding their preferred work-life strategy.

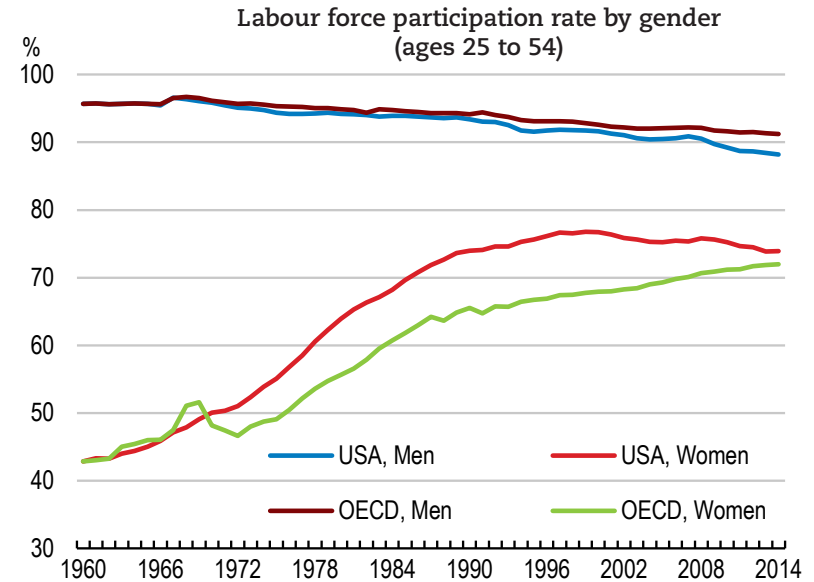
In this context, the OECD Centre for Opportunity and Equality (COPE), the OECD Economics Department and the OECD Washington Center have invited policy makers, researchers, and members from the business community to discuss and provide insights on women and the workforce in the United States, the gender wage gap, working conditions and relevant family-friendly policies that would help to promote female labour force participation and contribute to higher economic growth by improving opportunities for women in the United States.



DID YOU KNOW?

Women’s participation in the labour force has fallen in recent years

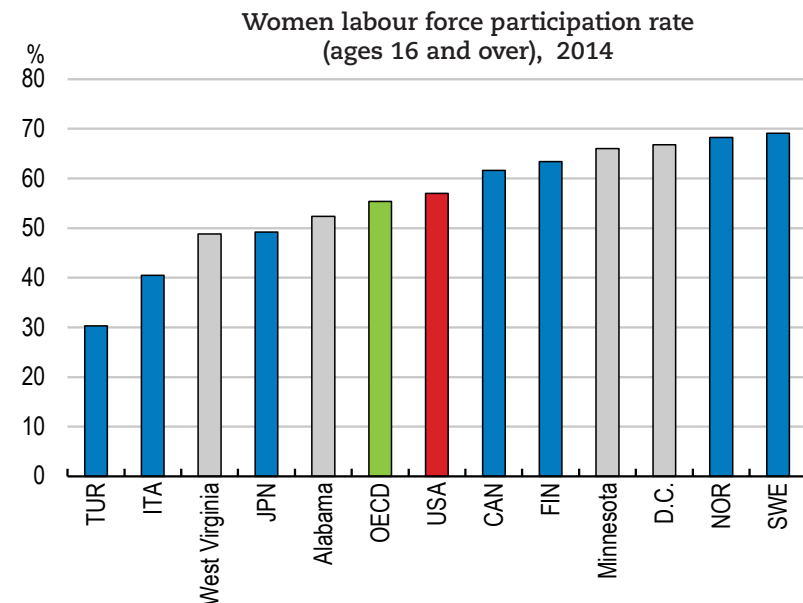
The labour force participation rate for women aged 25 to 54 years in the United States has declined recently and remains well below men’s rate. In 2014, the participation rate of women between 25 and 54 years old in the United States was 74%, compared with 77% in 2000. While women’s labour force participation rate in the United States remains higher than the women’s OECD average (72%), it is still significantly lower than American men’s participation rate (88%).



Source: OECD Labour Force Statistics Database.

Although women’s labour force participation rate remains above the OECD countries average, substantial differences prevail across U.S. states

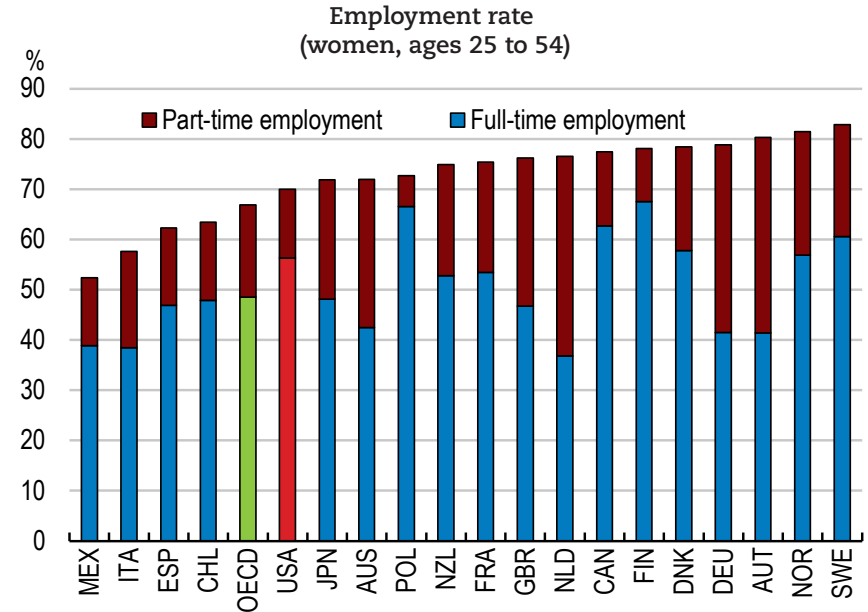
Women’s labour force participation rate (aged 16 years and over) in the United States remains above the OECD average (57% and 55% respectively). However, it remains well below rates of other OECD countries such as Norway or Sweden with participation rates of almost 70%. In addition, differences across U.S. states are significant. Women’s participation rates in the labour force range from low levels in states such as West Virginia and Alabama (around 50%, comparable to the average rate in Japan) to high levels in Washington D.C.; similar rates found in Norway of around 70%.



Note: OECD country data refers to the total age group.
Source: OECD Employment Database and American Community Survey 2014.

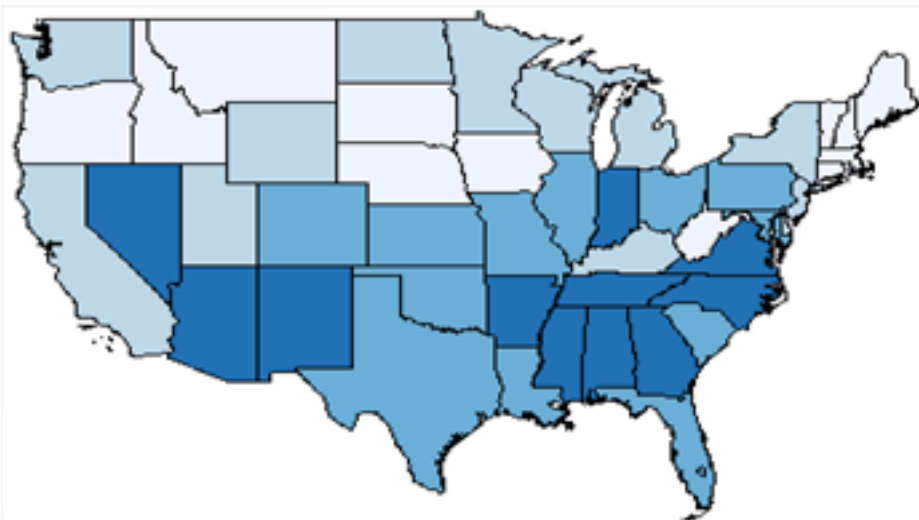
American women are more likely to work full time than in other OECD countries

More than three quarters of working women in the United States (aged 25-54) work full time compared to half in Germany. This percentage is higher than the OECD country average of around 73% of working women with full time employment. Women’s share of part-time employment is 72%— lower than the OECD average of 77%.



Note: Based on national definitions.
Source: OECD Labour Force Statistics Database.

Share of sex discrimination cases relative to share of population



Note: Darker-shaded states have a higher number of sex discrimination cases per capita.
Source: The U.S. Equal Employment Opportunity Commission. Census Bureau.

Discrimination on the basis of gender appears to be more frequently reported in some states than others

Evidence from legal cases suggests that employment discrimination claims have not changed significantly over time, with slightly fewer charges made under the Equal Pay Act since the early 2000s. Nonetheless, discrimination based on gender appears to be more frequently reported in some states than others.



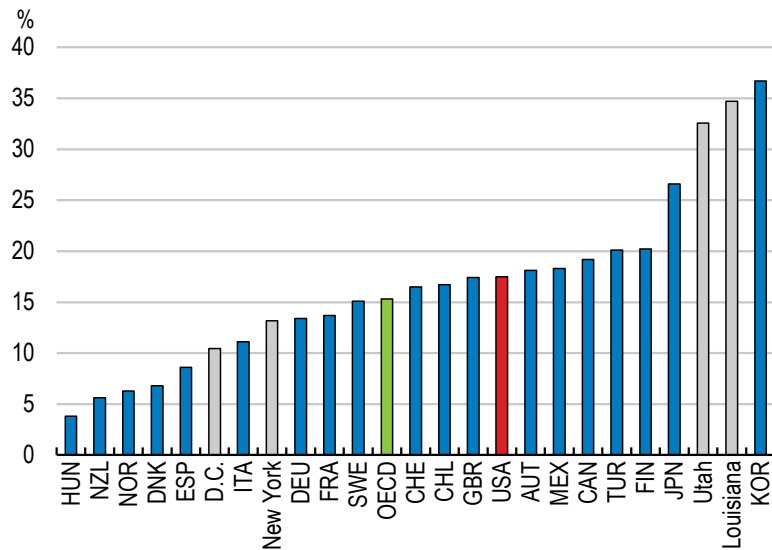
The gender wage gap has declined over time in the United States

There has been ongoing progress in narrowing the overall gender wage gap, as measured by the difference between median earnings of men and women relative to the median earnings of men, but is still around 17.5%.



Note: Difference between median earnings of men and women relative to median earnings of men. Data are unadjusted and refer to full-time workers. Source: OECD Employment Database.

Gender wage gap, latest year available



Note: Difference between median earnings of men and women relative to median earnings of men. Data refer to full-time workers. Source: OECD Gender Database and American Community Survey 2014.

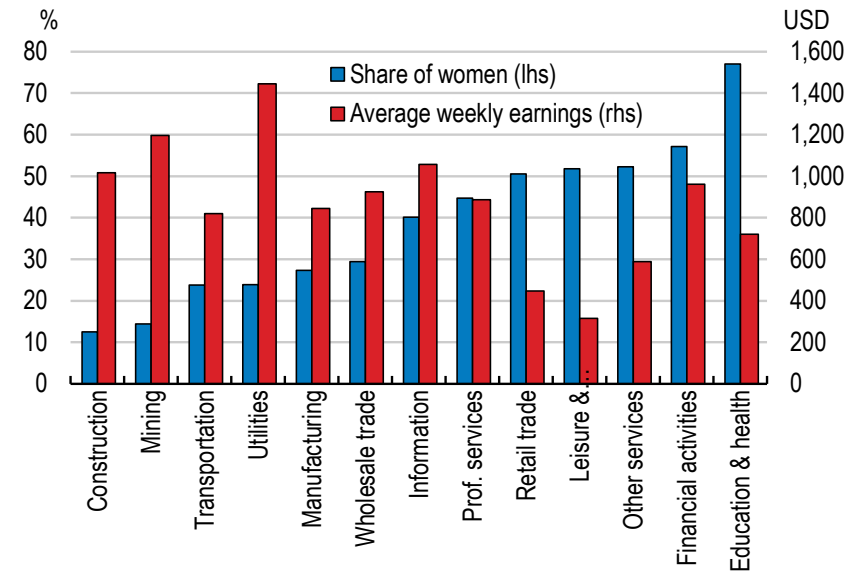
The gender wage gap remains comparatively high relative to other OECD countries with significant differences across U.S. states

The gender wage gap in the United States (17.5%) is around two percentage points higher than the average gender wage gap across OECD countries (15.3%). However, large variations in the gender wage gap prevail across U.S. states. Washington, D.C. and Louisiana bookend the distribution. Differences across states reflect, in part, geographic differences in the mix of female occupations as well as minimum wages given that women are more likely than men to earn the minimum wage — 63% of workers earning at or below the minimum wage are women (U.S. BLS, 2015).

Women tend to work in lower paying sectors and occupations

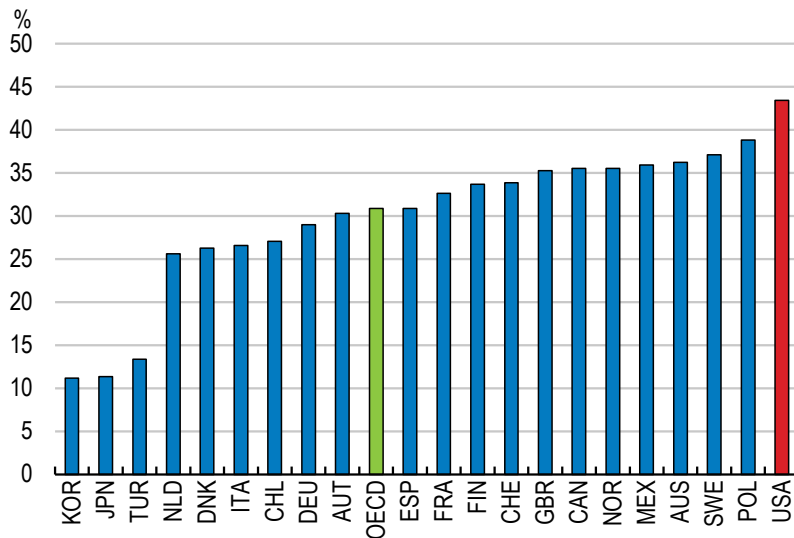
Part of the gender wage gap may be the result of sorting as women and men choose different employment occupations. Such sorting can arise, for example, if firms offer higher compensation in exchange for considerations such as long or inflexible hours. Construction, mining, and utilities sectors have some of the highest average weekly earnings, while the share of women in employment is less than 25%. The share is significantly higher in sectors such as education and health where women hold 77% of the jobs.

Women employment and earnings by sector, 2016



Source: U.S. Bureau of Labor Statistics.

Female share of managerial employment, 2014



Note: Proportion of persons employed as managers that are female. Data for the United States refer to 2013.
Source: OECD Family Database.

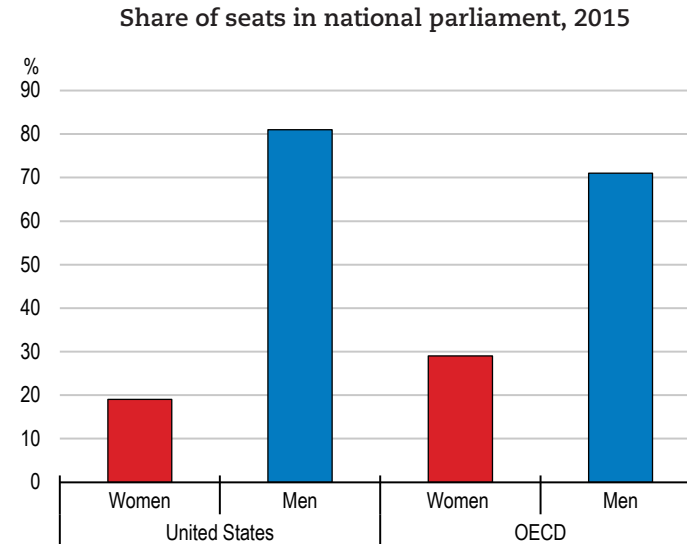
Participation of women in managerial positions is higher in the U.S. than in other OECD countries

Women’s share of managerial employment in the United States is the highest compared to other OECD countries: 43% in the United States, around 30% in OECD average and, and about 11% in Korea and Japan.



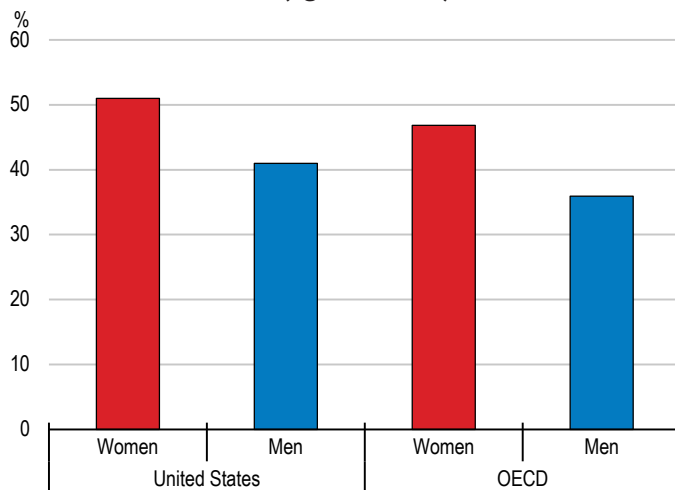
Participation of women in U.S. Congress is considerably low compared to men's participation

In the United States, women hold only 19% of seats in national parliament compared to their male counterparts who hold 80%. Moreover, women's share in the United States is low compared to the OECD average of 29%.



Source: OECD Better Life Index.

Share of population with tertiary education, 2014 (ages 25 to 34)



Source: OECD Education at a Glance, 2015.

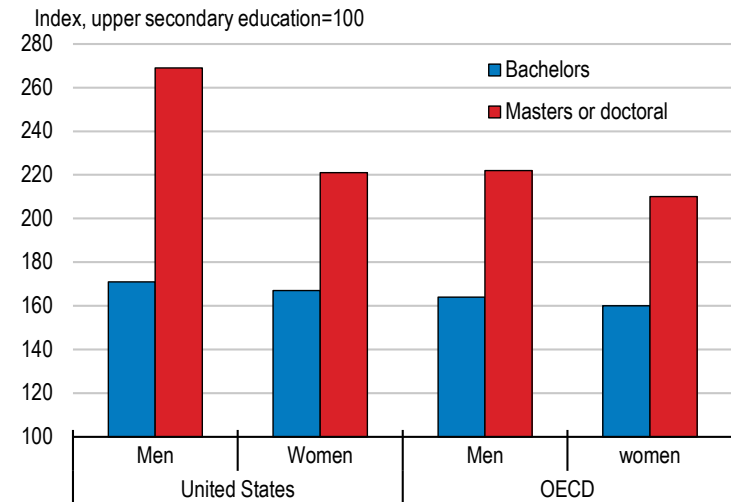
Women in the United States are more likely than men to hold tertiary education degrees

In 2014, 51% of women (25-34 years old) in the United States had attained tertiary education compared to only 41% of men. In international comparison, the share of American women with tertiary education level is higher than the OECD average of 47%.

The skill wage premium has been lower for females compared to male, particularly for those obtaining master’s or doctoral degrees

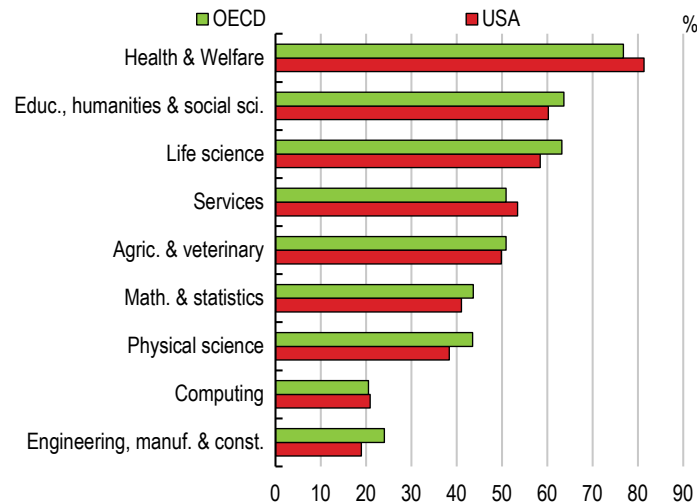
Relative earnings are affected by educational attainment. While for the OECD countries there are no large gender differences in the relative earnings of tertiary-educated adults, in the United States men’s relative earnings are significantly larger than women’s relative earnings. The difference is larger among adults with a master’s or doctoral degree than with any other type of tertiary degree.

Wage skills premia, 2013
(ages 25 to 64)



Note: Relative earnings of workers, by educational attainment and gender. 25 to 64 year-olds adults with income from employment; upper secondary education = 100.
Source: OECD, Education at a Glance 2015.

Share of women graduates of tertiary education by field of study, 2013



Source: OECD Education at a Glance, 2015.

Women in the United States are less likely to graduate with STEM degrees

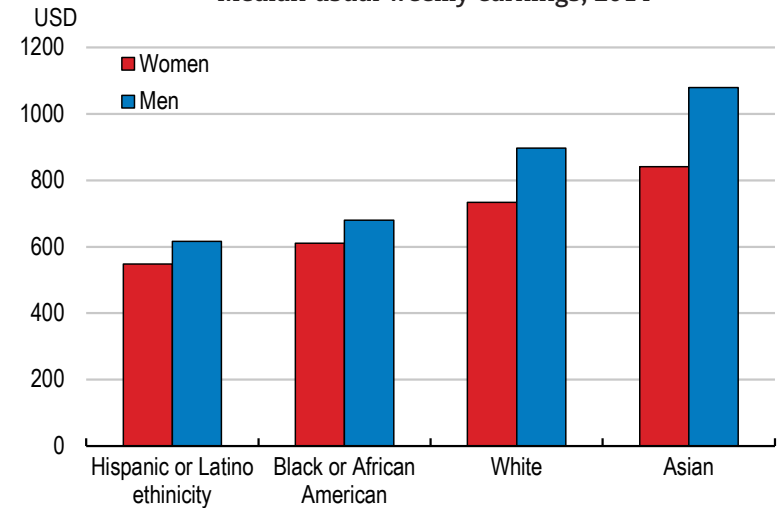
Despite the fact that women in the United States are more likely than their male peers to obtain a tertiary education degree, women are less likely to obtain degrees in fields such as Science, Technology, Engineering, and Mathematics (STEM), which offers more promising opportunities for career and earnings development. In 2013, women made up fewer than half of all tertiary graduates in the fields of mathematics, statistics, physical sciences, engineering and computing. Compared to the OECD average, the United States lags behind in female STEM graduates.



There are significant wage gaps between Black or African American, Hispanic and Latino female workers and White female workers. The former earn around three quarters of that earned by latter and less than two thirds of what their White male counterparts earn

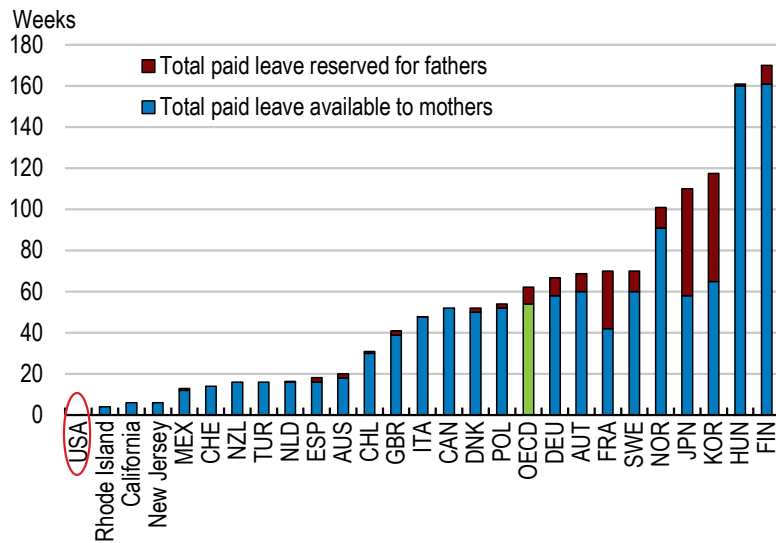
Substantial wage gaps exist across race and ethnicity. Asian workers generally earn more than other groups. Asian and White women's earnings are significantly higher than Black or African American, Hispanic and Latino female workers who earn around USD 600 per week or less. Differences in educational attainment may account for some of the differences as well as the fact that Black or African American and Hispanic or Latino workers tend to work in lower-paying jobs and the returns to experience have tended to be lower, among other factors.

Median usual weekly earnings, 2014



Note: Full-time wage and salary workers, 2014 annual averages. People of Hispanic or Latino ethnicity may be of any race. Estimates for the race groups shown (White, Black or African American, and Asian) include Hispanics. Source: U.S. Bureau of Labor Statistics.

Paid leave entitlements available to mothers and reserved for fathers, 2015



Note: Total paid leave available to mothers results from adding paid maternity leave and paid parental and home care leave weeks available to mothers. Total paid leave reserved for fathers results from adding paid paternity leave and paid parental and home care leave reserved for fathers. Source: OECD Family Database

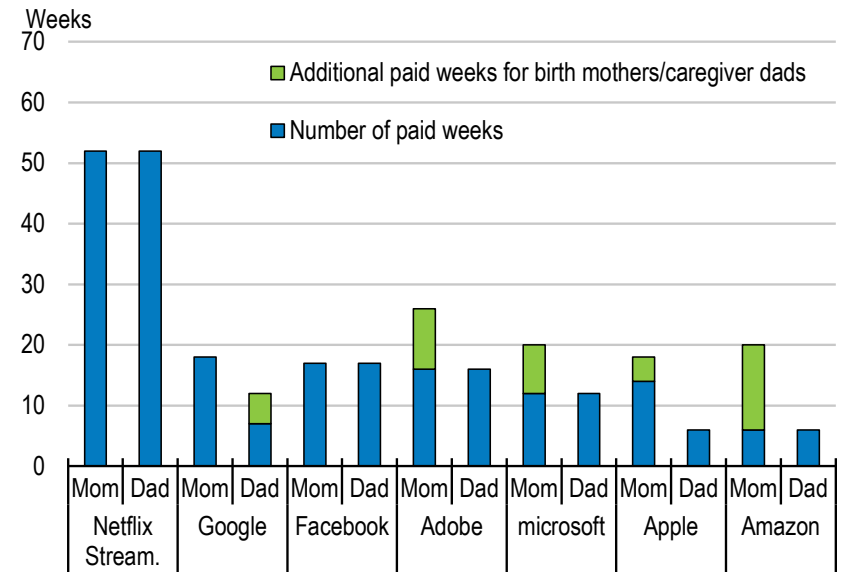
The United States remains the only OECD country that does not offer paid maternity leave on a national basis

All OECD countries except the United States provide nationwide paid maternity leave. Over half also offer paternity leave to fathers' right after childbirth. Job-protected unpaid leave in the United States is short (12 weeks), and leave payments are offered only by some states and employers. For instance, California, New Jersey, and Rhode Island provide paid family leave to eligible employees for a short period of time: 6 weeks in California and New Jersey and 4 weeks in Rhode Island. Paid leave in New York is forthcoming.

Private employers, particularly tech companies are leading the way on advancing family-friendly policies

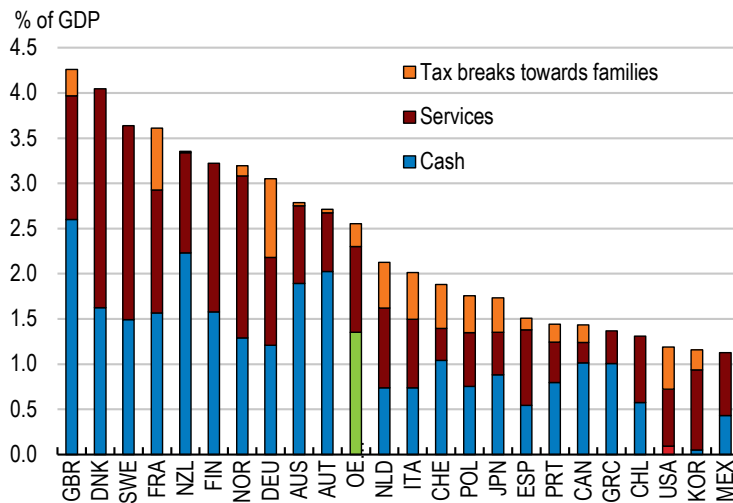
In recent years, more private employers, in particular tech companies have advanced family-friendly policies like paid parental leave policies. For instance, companies such as Netflix, Google, Facebook, Adobe, Microsoft, Apple, and Amazon have adopted 100% paid family leave policies. However, these companies do not reflect the majority of American businesses (Kashen, 2015). In 2015, only 13% of civilian workers had access to paid family leave, while 88% had access to some form of unpaid family leave. (U.S. BLS, National Compensation Survey, March 2015).

Paid parental leave at technology companies



Source: Adapted from Kashen J. (2015). Tech Companies are Leading the Way on Paid Family Leave, and the Rest of the Country Should Catch Up. Issue Brief. The Century Foundation.

Public spending on family benefits in cash, services and tax measures, 2011



Note: Public support exclusively for families (e.g. child payments and allowances, parental leave benefits and childcare support). Spending in health and housing is not included. Figures may be missing information on coverage of spending on family and community services as such services are often provided/co-financed by local governments.

Source: OECD Social Expenditure Database.

Public spending on family benefits in the United States is below 1.5% of GDP

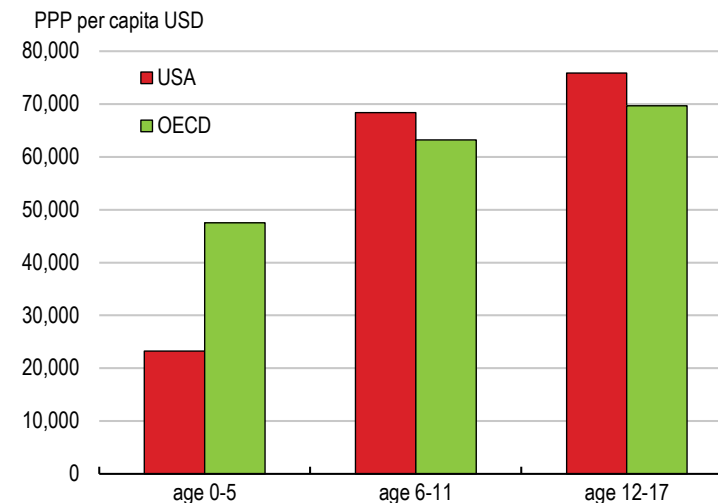
On average, OECD countries spend 2.6% of GDP on family benefits with some countries like the United Kingdom and Denmark that spend more than 4%. The United States spends about 1.2% of GDP, a level comparable with countries such as Korea and Mexico.



Public expenditure on childcare and early education services is significantly lower in the United States than the OECD average

Public education spending mostly supports compulsory public education, which begins around age 5 or 6. However, total per capita public spending for children aged 0-5 in the United States (~USD 23,000 at PPP rates) is about a half of the OECD average (~USD 47,000 at PPP rates).

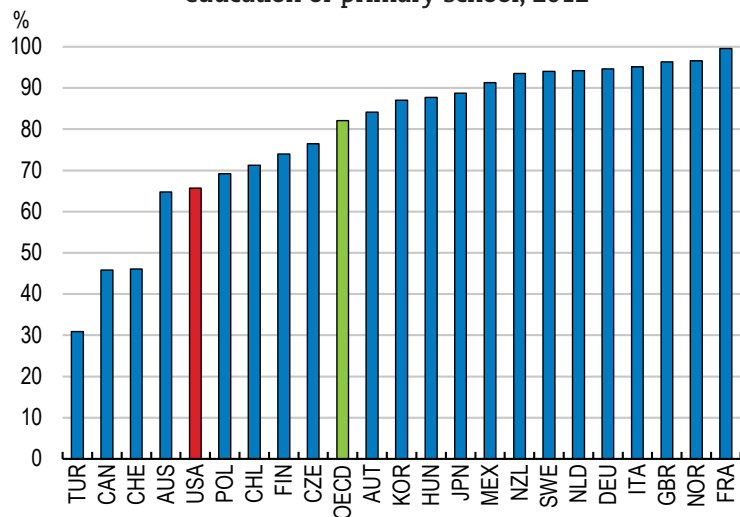
Public spending per child, 2011



Note: Local governments can play a key role in financing and providing child-care services. This spending may not be available on a comprehensive basis and may not be fully captured.

Source: OECD Family Database.

Participation rates for 3-5 year olds in pre-primary education or primary school, 2012



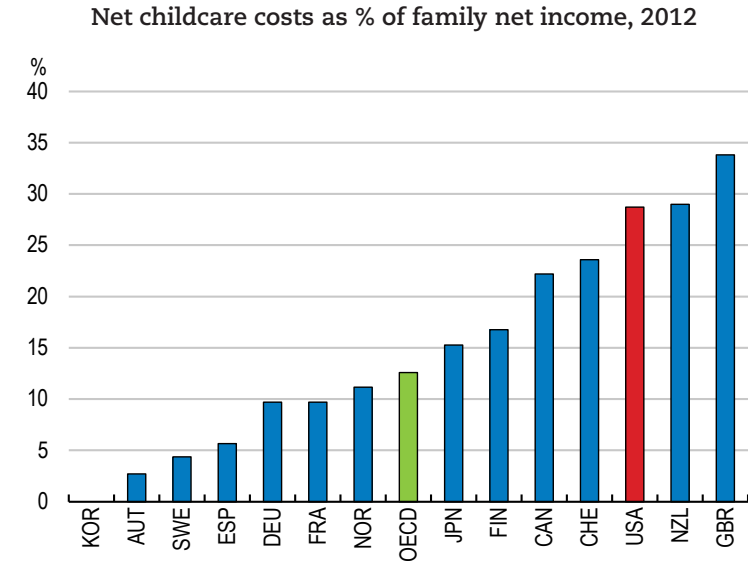
Source: OECD Family Database.

Early childhood education is not as well developed in the United States as in other countries

Only 66% of 3-5 year-olds children were enrolled in early childhood education in 2012, compared to the OECD average of 82%, or almost 100% in countries like France, Norway or the United Kingdom.

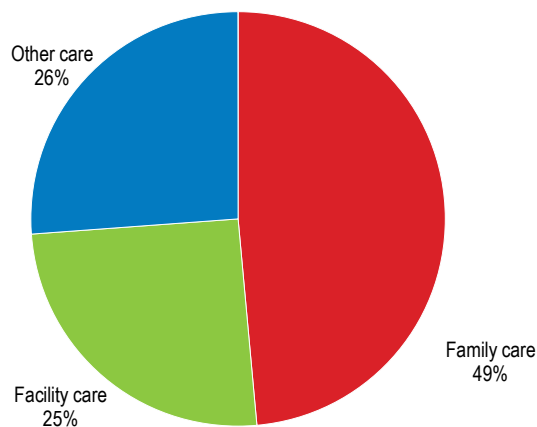
Net childcare costs are high in the United States, representing almost 30% of families' net income

Net childcare costs as percentage of family net income represent almost 30% for American families, significantly higher than the OECD average (13%) or countries such as Germany (10%) and Sweden (4%).



Note: Out-of-pocket childcare costs for a dual-earner family: full-time care at a typical childcare centre. Full-time earnings = 100+50% of average earnings (AW). Source: OECD Tax-Benefit model, 2014

Child care arrangements of pre-schoolers with employed mothers , 2011



Most pre-schoolers receive care from relatives when mothers work

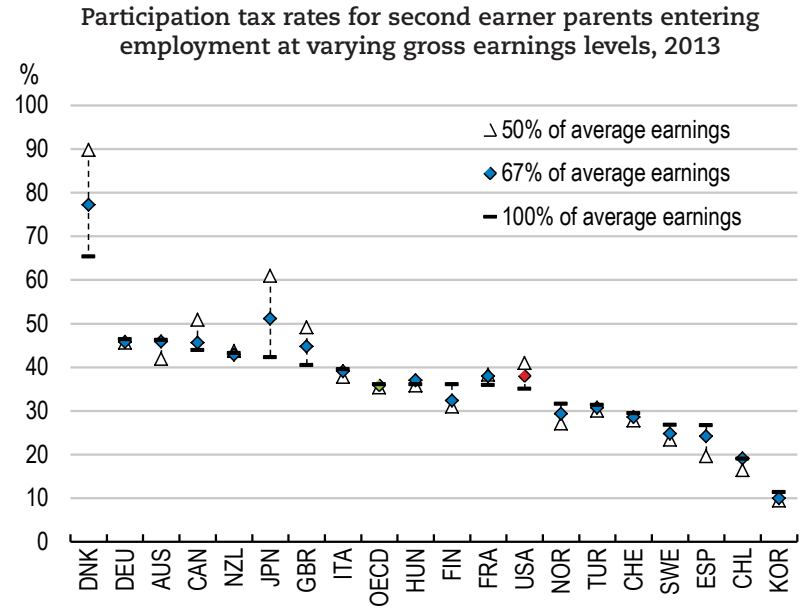
In nearly half of American households with working mothers, regular care for infants and pre-schoolers is provided by a family relative (49%). The care providers are typically an available parent (22%), a grandparent (21%), or in 6% of the cases a child's sibling or other relative. Another quarter of young children go to a childcare facility. However, access to formal day care centers is influenced by income. Households below the poverty level are much less likely to use formal day care or preschool (~20% use these facilities) than households at or above the poverty level (~32% use these facilities) (Adema, W., C. Clarke and V. Frey, 2015).

Source: Adema, W., C. Clarke and V. Frey (2015), "Paid Parental Leave: Lessons from OECD Countries and Selected U.S. States", OECD Social, Employment and Migration Working Papers, No. 172, OECD Publishing, Paris.



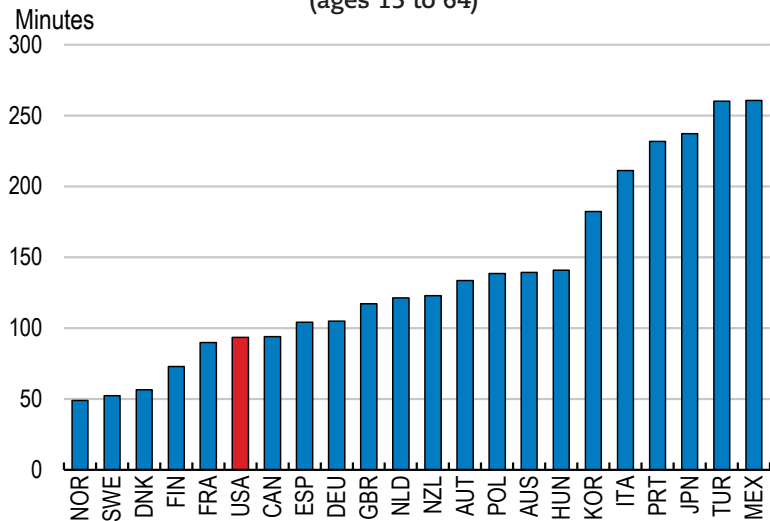
The proportion of prospective gross earnings that would be ‘taxed’ away from parents contemplating moving into paid employment is around 40%

The participation tax rate (PTR) that parents face if they are contemplating moving into paid employment in the United States is around 40% at various levels of earnings, implying that work generally pays for potential second-earners in couple families. However, these financial incentives are weaker than in countries like Korea with a participation tax rate of only 10%. In several OECD countries, including the United States, PTRs for second earners decrease as gross earnings increase (from 50% to 67%, and 100% average earnings), producing some incentive for second earners to choose higher paying jobs when entering employment.



Note: Participation tax rates for an individual entering employment with gross earnings equal to 50%, 67% and 100% of average earnings, where the individual lives in a couple household with two children (age 4 and 6) and a married partner with full-time earnings equal to 67% of average earnings.
Source: OECD Family Database.

Gender gap in mean average minutes of unpaid work, latest year available (ages 15 to 64)



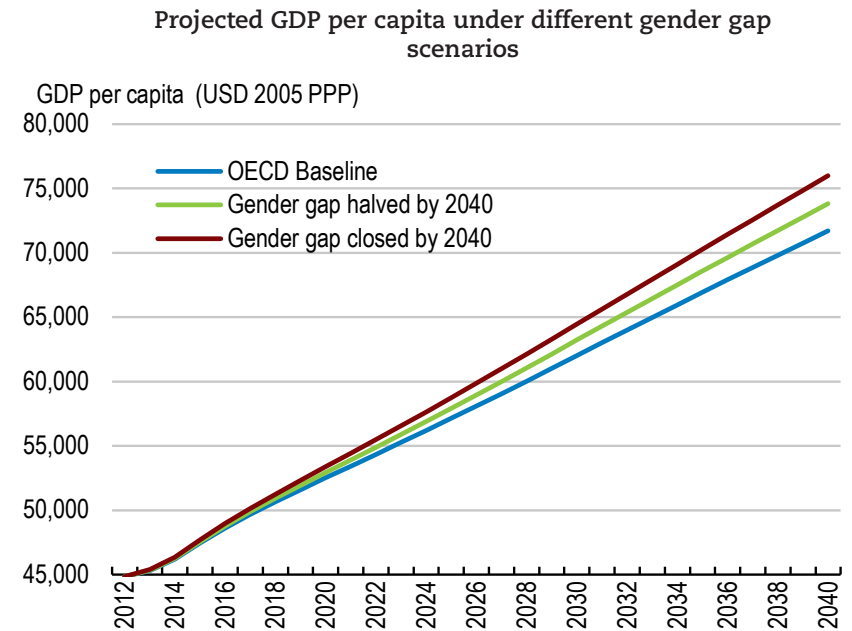
Note: Data for 15+ year olds for Australia, 15-74 year olds for Hungary, and 25-64 year olds for Sweden. Reference years vary across countries from 1999 to 2014. Data for the United States refers to 2014.
Source: OECD Gender Data Portal.

Females’ time spent on unpaid work is 60% higher than that of males

In terms of gender gaps in unpaid work, the United States performs well compared to other OECD countries. Based on latest available data, women in the United States spend 94 minutes more per day than men on unpaid work, which is very low compared with countries such as Mexico or Turkey, where the gap is around 4 hours. However, average female minutes of unpaid work per day (242 minutes) are still more than 60% higher than average male minutes (149 minutes).

The projected GDP per capita for the United States would be more than USD 4 000 (2005 PPP) higher if the gap between male and female participation rate were fully closed by 2040

The U.S. Administration is committed to the G20 target of reducing the gender gap in the labour force participation rate by 25% by 2025 (OECD et al, 2014). However if the gender gap is closed by 2040, the estimated pay-off in terms of economic performance is likely to be substantial as it would produce an additional USD 4 300 per head per year on top of any growth predicted by OECD baseline estimates.



Source: OECD estimates based on the OECD Population and Demography Database and OECD Employment Database.



Recent OECD gender related publications

- Adema W., C. Clarke and V. Frey (2015), "Paid Parental Leave: Lessons from OECD Countries and Selected U.S. States", OECD Social, Employment and Migration Working Papers, No. 172, OECD Publishing, Paris. DOI: <http://dx.doi.org/10.1787/5jrqqvqqb4vb-en>.
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