



The Wage Gap Is Still Here...And Appears To Be Getting Worse

Insights

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For all of the progressive legal advances in the area of pay equity we have seen across the country in recent years, a new report just released by an economic thinktank suggests that the wage gap is not only still present, but that is actually worsening as we head into a new year. The Economic Policy Institute's February 20 report, "[State of Working America Wages 2018](#)," forebodingly notes that wage inequality "marches on"—and doesn't seem to be letting up. What do employers need to know about this latest information?

The Details

The [report itself](#) is quite dense, stretching across some 35 printed pages and chock-full of graphs and charts. Conveniently, however, the EPI has also produced [a one-page executive summary](#) of the full report containing the highlights. Among the most eye-raising:

- While inflation-adjusted wages grew for most workers in 2018, large gaps by gender, race, age, and education level remain—"and some of these gaps are increasing." The report notes that wage growth is strongest for highest-wage workers, and has been that way for close to 20 years now, but that this dynamic has done nothing but continued the trend of rising wage inequality that has persisted for the past four decades. "Additionally," the report finds, "many working people, particularly working women and black workers, are still facing persistent and, in some cases, worsening wage gaps."
- According to the report, "wage growth since 2000 was faster for white and Hispanic workers than black workers. Black-white wage gaps were larger in 2018 than in 2000." Among black workers, only college- and advanced-degree holders had higher wages than in 2000, but their wage growth was significantly slower than others with those same degrees.
- Significant gender wage gaps remain by educational attainment. The report makes clear that men with only a college degree are paid more on average than women with advanced degrees. In 2018, the report says, the strongest wage growth occurred among those with some college and those with advanced degrees. Between 2000 and 2018, the college wage premium rose slightly, but not nearly fast enough to explain rising wage inequality.

HR Drive's Kathryn Moody and Riia O'Donnell just published [their own review of this information](#), and note that the reality that underpins these wage gaps is often more complex than first appears. "Government-mandated disclosures of pay disparities actually do help close the gender pay gap, a study in Denmark noted, but other data suggests that [employers have a long road ahead of them](#)." In

fact, according to a study from the Institute for Women's Policy Research they cite to, it could take as long as 108 years for the gender pay gap to close.

Silver Linings In The Report?

For proponents of the pay equity movement, there are some nuggets of positive information contained in the report. For instance, it appears that the minimum wage increases we have seen at the state level have had a positive impact. The report notes that states adopting such increases in the past several years are associated with stronger low-wage worker compensation growth.

While not directly relevant to the pay equity discussion, it's also worth noting the report indicates that overall wage growth continues to be "slower than would be expected" in an economy with relatively low unemployment. This dynamic seems to presents both challenges and opportunities for employers when it comes to pay equity compliance. On the one hand, slow-growing wages makes it harder to provide the necessary boosts in pay to ensure compensation equality. On the other hand, the fact that average pay isn't skyrocketing could also mean that severe wage stratification isn't as virulent a problem, potentially presenting the perfect time for employers to play catch up when it comes to troublesome wage gaps.

If you have any questions about how to ensure your pay practices are in compliance with federal and state law, contact your Fisher Phillips attorney or any member of Fisher Phillips' [Pay Equity Practice Group](#).

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