The Economic Impact of Equal Pay by State

Persistent earnings inequality for working women translates into lower lifetime pay for women, less income for families, and higher rates of poverty across the United States. In each state in the country, women experience lower earnings and higher poverty rates than men. The economic impact of this persistent pay inequality is far-reaching: **if women in the United States received equal pay with comparable men, poverty for working women would be reduced by half** and the U.S. economy would have added $482 billion (equivalent to 2.8 percent of 2014 GDP) to its economy. This fact sheet presents state-level data on the impact equal pay would have on poverty and each state's economy.

Equal Pay Would Reduce Poverty for Working Women in Each State

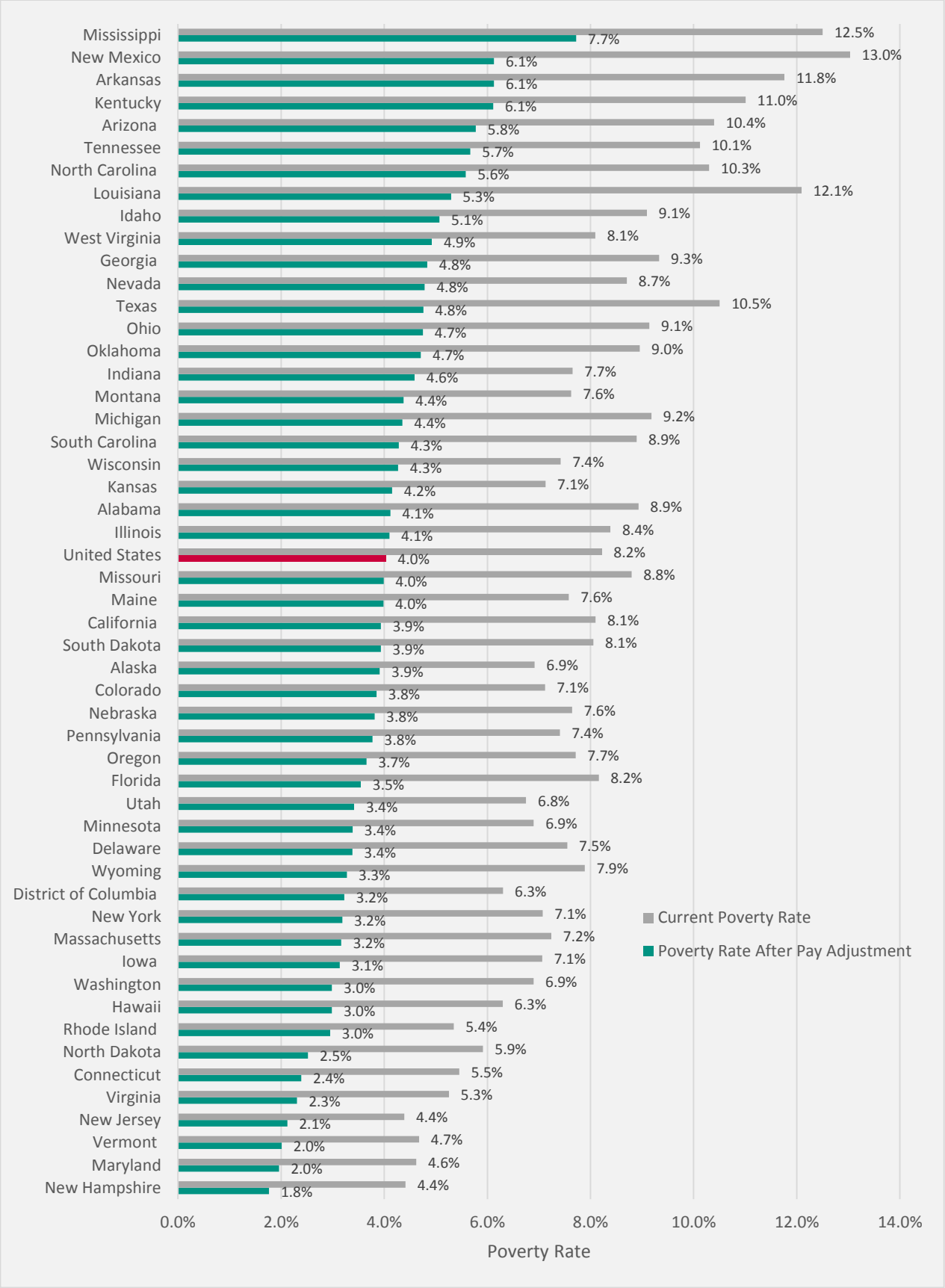
Closing the gender wage gap would lower the poverty rates among women in every U.S. state and help many women and families achieve economic security. In the United States as a whole, if working women aged 18 and older were paid the same as comparable men—men who are of the same age, have the same level of education, work the same number of hours, and have the same urban/rural status—**the poverty rate among all working women would fall from 8.2 to 4.0 percent**.

- If working women were paid the same as comparable men, the poverty rate among all working women would fall by more than half in 28 states (Figure 1 and Table 1).
- New Hampshire would see the greatest impact on poverty reduction, with equal pay cutting poverty by 60 percent among working women. Wyoming (58.5 percent), Maryland (57.6 percent), North Dakota (57.4 percent), and Vermont (57.0 percent) would also see the greatest impacts of equal pay on reducing poverty.
- Equal pay would also cut poverty significantly in states with higher than average poverty rates among working women. New Mexico's poverty rate among working women would decline to 6.1 percent from the national high of 13 percent, Mississippi's would decline to 7.7 percent from 12.5 percent, and Louisiana's would decline to 5.3 percent from 12.1 percent.

The high poverty rate among working single mothers would also fall dramatically from 29.3 percent to 15.8 percent—by nearly half—if they earned the same as comparable men.

- In 16 states, the poverty rate among single mothers would fall by more than half if working single mothers were paid the same as comparable men. In all states, poverty among working single mothers would fall by nearly a third or more (Table 1).
- The poverty rate among single mothers would see the greatest reduction in Louisiana, where it would fall by 61.3 percent. Louisiana has the highest poverty rate among single working mothers in the nation. In the southern states taken together, poverty among single working mothers would fall by nearly half, from 30.8 percent to 15.9 percent.

Figure 1. Current Poverty Rate and Estimated Rate if All Working Women Earned the Same as Comparable Men, by State, 2014



Source: IWPR calculations based on the Current Population Survey Annual Social and Economic supplements based on Flood et al., 2013–2015 (for calendar years 2012–2014), Integrated Public Use Microdata Series, Version 4.0.

Table 1. Impact of Equal Pay on Women's Poverty

Current Poverty Rate and Estimated Rate if All Working Women and if Working Single Mothers Earned the Same as Comparable Men, by State, 2014

	All Working Women			Working Single Mothers		
State	Current Poverty Rate	Poverty Rate After Pay Adjustment	Amount the Poverty Rate Would Be Reduced	Current Poverty Rate	Poverty Rate After Pay Adjustment	Amount the Poverty Rate Would Be Reduced
Alabama	8.9%	4.1%	-53.9%	29.9%	16.2%	-46.0%
Alaska	6.9%	3.9%	-43.4%	25.8%	16.9%	-34.5%
Arizona	10.4%	5.8%	-44.4%	34.5%	23.1%	-33.0%
Arkansas	11.8%	6.1%	-47.9%	33.9%	17.9%	-47.1%
California	8.1%	3.9%	-51.4%	28.0%	15.8%	-43.4%
Colorado	7.1%	3.8%	-45.9%	24.7%	14.6%	-41.0%
Connecticut	5.5%	2.4%	-56.2%	24.4%	14.6%	-40.4%
Delaware	7.5%	3.4%	-55.2%	28.3%	12.9%	-54.4%
District of Columbia	6.3%	3.2%	-48.8%	25.7%	17.3%	-32.8%
Florida	8.2%	3.5%	-56.6%	23.1%	9.5%	-58.8%
Georgia	9.3%	4.8%	-48.2%	31.5%	17.8%	-43.6%
Hawaii	6.3%	3.0%	-52.6%	27.6%	15.7%	-43.0%
Idaho	9.1%	5.1%	-44.2%	27.3%	13.9%	-49.2%
Illinois	8.4%	4.1%	-51.1%	33.4%	19.1%	-42.8%
Indiana	7.7%	4.6%	-40.1%	29.9%	19.4%	-35.2%
Iowa	7.1%	3.1%	-55.6%	27.2%	11.6%	-57.3%
Kansas	7.1%	4.2%	-41.7%	26.6%	18.5%	-30.4%
Kentucky	11.0%	6.1%	-44.5%	41.5%	25.0%	-39.7%
Louisiana	12.1%	5.3%	-56.2%	43.5%	16.8%	-61.3%
Maine	7.6%	4.0%	-47.4%	33.0%	20.3%	-38.3%
Maryland	4.6%	2.0%	-57.6%	14.7%	7.3%	-50.7%
Massachusetts	7.2%	3.2%	-56.3%	24.6%	13.1%	-46.8%
Michigan	9.2%	4.4%	-52.6%	34.7%	15.2%	-56.2%
Minnesota	6.9%	3.4%	-50.9%	23.4%	11.1%	-52.6%
Mississippi	12.5%	7.7%	-38.2%	38.2%	25.8%	-32.5%
Missouri	8.8%	4.0%	-54.6%	30.9%	18.4%	-40.5%
Montana	7.6%	4.4%	-42.6%	28.4%	17.5%	-38.3%
Nebraska	7.6%	3.8%	-50.1%	30.7%	17.5%	-43.0%
Nevada	8.7%	4.8%	-45.0%	30.0%	19.1%	-36.3%
New Hampshire	4.4%	1.8%	-60.0%	21.9%	12.4%	-43.5%
New Jersey	4.4%	2.1%	-51.7%	17.9%	8.2%	-54.3%
New Mexico	13.0%	6.1%	-53.0%	34.8%	17.8%	-48.8%
New York	7.1%	3.2%	-55.0%	25.3%	12.2%	-51.7%
North Carolina	10.3%	5.6%	-45.8%	30.6%	19.4%	-36.6%
North Dakota	5.9%	2.5%	-57.4%	21.7%	12.8%	-41.1%
Ohio	9.1%	4.7%	-48.0%	29.1%	19.3%	-33.9%
Oklahoma	9.0%	4.7%	-47.4%	33.7%	23.3%	-30.8%
Oregon	7.7%	3.7%	-52.6%	29.5%	17.9%	-39.5%
Pennsylvania	7.4%	3.8%	-49.0%	29.3%	12.2%	-58.3%
Rhode Island	5.4%	3.0%	-44.8%	25.6%	16.1%	-37.1%
South Carolina	8.9%	4.3%	-51.8%	24.6%	10.1%	-59.1%
South Dakota	8.1%	3.9%	-51.2%	33.0%	19.4%	-41.2%
Tennessee	10.1%	5.7%	-44.0%	37.3%	26.0%	-30.2%
Texas	10.5%	4.8%	-54.7%	34.0%	15.9%	-53.3%
Utah	6.8%	3.4%	-49.4%	27.8%	18.3%	-34.1%
Vermont	4.7%	2.0%	-57.0%	22.3%	10.7%	-51.8%
Virginia	5.3%	2.3%	-56.1%	15.9%	6.5%	-58.8%
Washington	6.9%	3.0%	-56.7%	31.2%	14.6%	-53.3%
West Virginia	8.1%	4.9%	-39.1%	30.6%	20.7%	-32.4%
Wisconsin	7.4%	4.3%	-42.5%	34.1%	22.0%	-35.6%
Wyoming	7.9%	3.3%	-58.5%	23.6%	10.5%	-55.4%
United States	**8.2%**	**4.0%**	**-50.9%**	**29.3%**	**15.8%**	**-46.0%**

Source: IWPR calculations based on the Current Population Survey Annual Social and Economic supplements based on Flood et al., 2013–2015 (for calendar years 2012–2014). Integrated Public Use Microdata Series, Version 4.0 (Institute for Women's Policy Research 2015a).

Equal Pay Would Grow Each State's Economy

Closing the gender wage gap would help many women and families, and particularly single women and mothers, achieve economic security. For each state and the nation overall—and for the men, women, and families who live in communities around the country—equal pay could provide a significant boost to the economy.

If all working women in the United States aged 18 and older were paid the same as comparable men—men of the same age, level of education, and urban/rural residence, and who work the same number of hours—women's average earnings would increase from $37,358 to $43,909 ($6,551 or 17.5 percent) annually (Table 2). Added up across all working women in the United States, this would amount to an earnings increase of $482.2 billion, or 2.8 percent of the country's gross domestic product (GDP) in 2014 (see Figure 2 for state-by-state data).[*] Put another way, U.S. women—who are also consumers, savers, and asset owners—lost $482 billion in 2013 due to the gender wage gap.

Closing the gender wage gap would increase women's earnings and grow each state's economy.

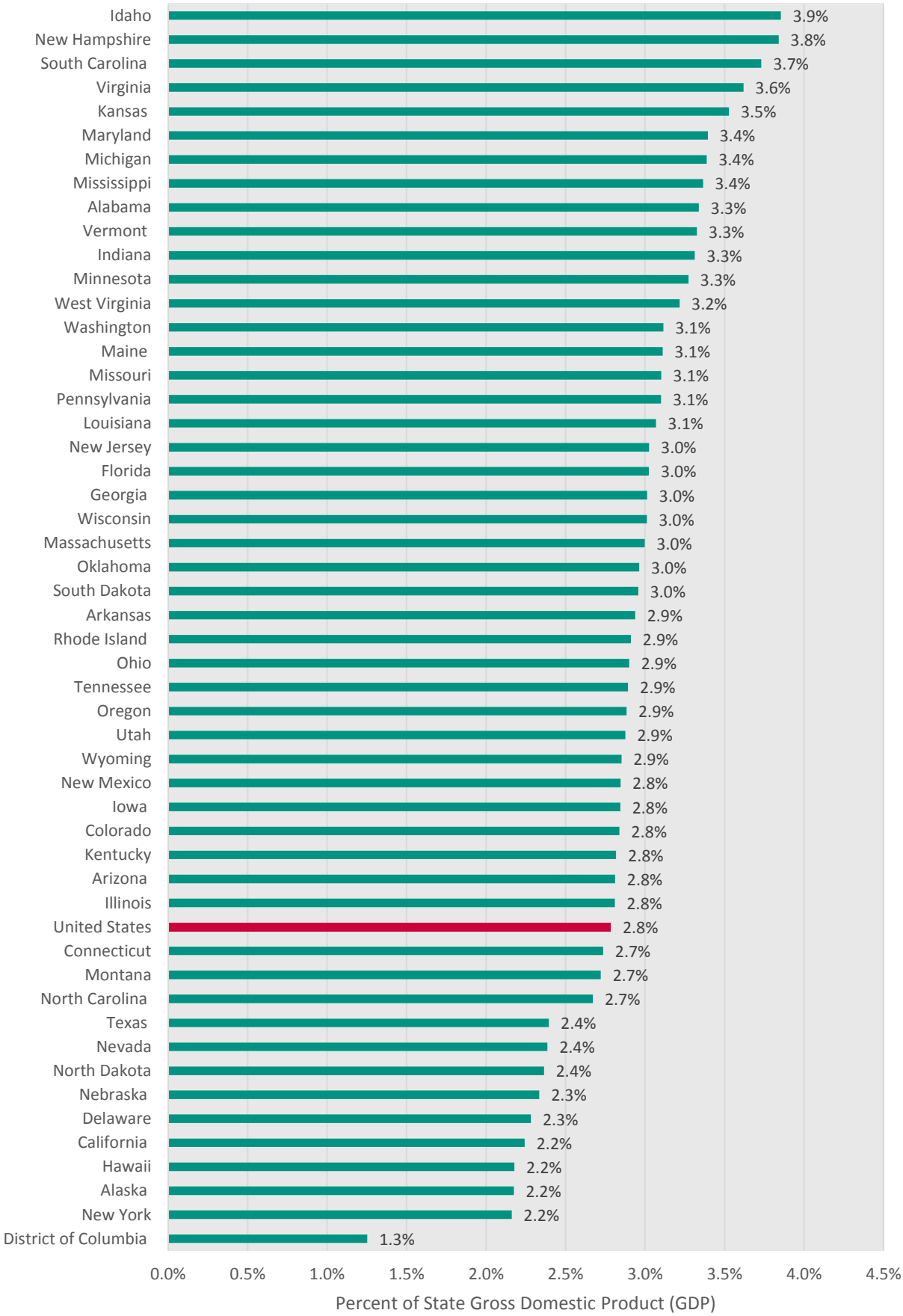
- Idaho would see the largest proportional boost to its state economy if working women in the state were paid the same as comparable men (Figure 2). Working women in Idaho would earn $6,620 more per year (a 22.1 percent increase in annual earnings). Added up for all working women in Idaho, the state would have added $2.5 billion dollars to its economy, the equivalent of nearly 4.0 percent of the state's GDP in 2014. Half of the U.S. states would have boosted their economy by at least 3.0 percent of the state's overall GDP if women had equal pay (Figure 2 and Table 2).

- Larger state economies would also see a boost from equal pay. If women were paid the same as comparable men in California, the state's working women would have earned $51.8 billion more dollars, an earnings increase that, by itself, is greater than the entire economy of South Dakota ($45.9 billion).[†] Similarly, women in Texas would have earned $39.5 billion more, which is much larger than the entire economic output of Vermont ($29.6 billion).

[*] This estimated growth in GDP is likely an underestimate, since women's work hours, educational achievement, and occupational attainment were not increased in the statistical model producing this estimate; higher wages would likely increase women's work hours and educational and occupational attainment. Women's higher wages and the resulting increase in family income would also have multiplier effects, also omitted from the estimate model, including an increase in demand for goods and services and a subsequent increase in production.

[†] GDP data are from the U.S. Department of Commerce, Bureau of Economic Analysis (2015).

Figure 2. Earnings Increase for All Working Women as a Percent of State Gross Domestic Product in 2014



Source: IWPR calculations based on the Current Population Survey Annual Social and Economic supplements based on Flood et al., 2013–2015 (for calendar years 2012–2014), Integrated Public Use Microdata Series, Version 4.0. GDP data are from the U.S. Department of Commerce, Bureau of Economic Analysis (2015).

Table 2. Impact of Equal Pay on State Economies

Estimated Average Earnings Increase if All Working Women Earned the Same as Comparable Men, by State, 2014

	Average Earnings Increase for Working Women with Equal Pay		Earnings Increase Added Up for All Working Women	Earnings as a Percent of the State's GDP in 2014
State	**Dollars**	**Percent Increase***	**Dollars (in billions)**	**Percent of State GDP**
Alabama	$6,341	19.2%	$6.7	3.3%
Alaska	$7,373	19.5%	$1.2	2.2%
Arizona	$5,653	15.6%	$8.0	2.8%
Arkansas	$5,699	16.7%	$3.6	2.9%
California	$6,105	15.2%	$51.8	2.2%
Colorado	$6,773	17.0%	$8.7	2.8%
Connecticut	$7,538	17.0%	$6.9	2.7%
Delaware	$6,429	16.9%	$1.4	2.3%
District of Columbia	$7,677	12.8%	$1.4	1.3%
Florida	$5,697	15.7%	$25.4	3.0%
Georgia	$6,427	17.5%	$14.4	3.0%
Hawaii	$5,382	14.4%	$1.7	2.2%
Idaho	$6,620	22.1%	$2.5	3.9%
Illinois	$6,740	17.6%	$21.0	2.8%
Indiana	$6,869	21.1%	$10.5	3.3%
Iowa	$5,915	17.4%	$4.9	2.8%
Kansas	$7,182	23.0%	$5.2	3.5%
Kentucky	$5,304	16.5%	$5.3	2.8%
Louisiana	$7,535	23.4%	$7.7	3.1%
Maine	$4,963	14.8%	$1.7	3.1%
Maryland	$7,740	17.2%	$11.8	3.4%
Massachusetts	$8,031	19.1%	$13.8	3.0%
Michigan	$6,535	19.1%	$15.3	3.4%
Minnesota	$7,152	18.7%	$10.3	3.3%
Mississippi	$6,060	18.7%	$3.5	3.4%
Missouri	$6,078	16.7%	$8.8	3.1%
Montana	$4,801	15.4%	$1.2	2.7%
Nebraska	$5,307	15.8%	$2.6	2.3%
Nevada	$5,166	14.3%	$3.2	2.4%
New Hampshire	$7,621	18.9%	$2.7	3.8%
New Jersey	$7,899	18.6%	$16.6	3.0%
New Mexico	$6,032	15.9%	$2.6	2.8%
New York	$6,676	15.6%	$30.4	2.2%
North Carolina	$5,717	17.7%	$12.9	2.7%
North Dakota	$6,651	18.7%	$1.3	2.4%
Ohio	$6,244	18.8%	$16.9	2.9%
Oklahoma	$6,405	18.9%	$5.4	3.0%
Oregon	$6,910	19.3%	$6.2	2.9%
Pennsylvania	$6,720	18.4%	$20.6	3.1%
Rhode Island	$6,066	14.0%	$1.6	2.9%
South Carolina	$6,572	19.3%	$7.1	3.7%
South Dakota	$6,131	19.2%	$1.4	3.0%
Tennessee	$5,914	18.0%	$8.7	2.9%
Texas	$6,698	18.5%	$39.5	2.4%
Utah	$6,573	20.3%	$4.1	2.9%
Vermont	$5,565	15.1%	$1.0	3.3%
Virginia	$8,177	18.4%	$16.8	3.6%
Washington	$7,882	20.0%	$13.3	3.1%
West Virginia	$6,246	19.5%	$2.4	3.2%
Wisconsin	$6,011	17.7%	$8.8	3.0%
Wyoming	$8,791	27.4%	$1.3	2.9%
United States	**$6,551**	**17.5%**	**$482.2**	**2.8%**

*Percent earnings increase compared to earnings before the adjustment due to equal pay.

Source: IWPR calculations based on the Current Population Survey Annual Social and Economic supplements based on Flood et al., 2013–2015 (for calendar years 2012–2014), Integrated Public Use Microdata Series, Version 4.0. GDP data are from the U.S. Department of Commerce, Bureau of Economic Analysis (2015).

This fact sheet presents state-level findings based on analysis described in the IWPR briefing paper #C411, How Equal Pay for Working Women would Reduce Poverty and Grow the American Economy*, by Heidi Hartmann, Ph.D., Jeff Hayes, Ph.D., Jennifer Clark, which includes a technical appendix describing the methodology for the analysis. The fact sheet also builds on findings from* The Status of Women in the States: 2015*, a comprehensive national report that presents and analyzes data for all 50 states and the District of Columbia. For a complete discussion of data sources and methodology, please see the full report, available at statusofwomendata.org.*

About the Institute for Women's Policy Research

The Institute for Women's Policy Research (IWPR) conducts rigorous research and disseminates its findings to address the needs of women, promote public dialogue, and strengthen families, communities, and societies. IWPR is a 501(c)(3) tax-exempt organization that also works in affiliation with the women's studies and public policy and public administration programs at The George Washington University.

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