

*Now here it takes all the running you can do to keep in the same place.
If you want to get somewhere else, you must run at least twice as fast as that.*

Why is ALICE* in Wonderland?

(*Asset Limited, Income Constrained & Employed)

ALICE lives in a household with an annual income between \$20,000 and \$40,000.

ALICE can be any race or any age.

ALICE is working, sometimes having more than one job.

ALICE is likely to rent, therefore, ALICE's housing situation may be unstable.

ALICE works in low-paying jobs or works part-time.

ALICE has little or no opportunity to save money.

ALICE has trouble getting by (and is definitely not getting ahead).



ALICE is Asset Limited

"Asset poverty" is defined as having financial resources insufficient to provide for basic needs for 3 months. It is characterized by lack of home ownership, limited investments, limited savings, and small or nonexistent retirement funds. Asset poverty is a chronic state for many women (for example, based on net worth, only 20% of married parents are asset poor while 59% of single mothers are). As a result of asset poverty, women do not have the level of assets needed to ride out economic hard times, and they have limited investments to support themselves in retirement.

Another way to look at asset inequality is to measure the "wealth gap." The wealth gap between working age women and men, defined as the difference between assets and liabilities, is a crucial measure of a person's financial security because it provides a safety net in the event of unexpected expenses or loss of income and support during retirement. Data from the 2007 Survey of Consumer Finances showed that single women between the ages of 18 and 64 have median wealth that is 49 percent of the median for single men and 12 percent of the median for couples. The gap is even more pronounced for younger single women (between the ages of 18 and 35), who have zero median wealth, compared with a median of \$3,800 for single men in that age range. Single women with children have median net wealth of \$1,000, compared with \$35,300 for single men with children.

Home Ownership—ALICE is likely to rent, and even if she tries to buy a home, she may face discrimination.

- A number of obstacles stand in the way of successful homeownership for many women. Chief among them are lack of sufficient income and discrimination in mortgage lending. A new study finds women are 24% less likely to get approved than men, and women with mortgages are 39% less likely to get an OK for refinancing.
- HUD has reported that households headed by women were perceived as less creditworthy by mortgage lenders; earnings from part-time jobs were undervalued; alimony and child support payments were not considered, and women were seen as less stable earners and as less financially astute.
- In 1995, HUD reported that rates of home ownership were: 65% for all households; 50% for female-headed households; 45% for female-headed households with children; and 19% for households headed by women under 35 with children.

Retirement Savings—Obstacles to accruing retirement funds contribute to the dismal asset picture.

- Women in general are slightly *more* likely than men to have retirement savings (58% vs. 54%) and have nearly comparable contribution rates (7.2% of salary vs. 7.5% for men), yet women continue to have far less in their retirement accounts. A recent study showed that the median female worker near retirement held \$34,000 in a 401(k) compared to \$70,000 for her male counterpart. Two other studies found women had average balances in their retirement accounts of about \$56,000 compared to \$95,000–\$100,000 for men.
- Because women tend to live longer than men, the negative effects of lower retirement savings are magnified.

Social Security

- Social security payments are calculated based on one's best 35 years of wages, so women receive less in Social Security than men due to both the wage gap and their reduced time in the labor market.
- Social Security dramatically reduced the poverty rate for women 65 and older from 60 to 6 percent.
- In Montana, the average Social Security benefit for women 65 and older is about \$11,300 per year, compared to about \$15,100 for men 65 and older.
- Older women rely more on income from Social Security than older men do. Median income for Montana women 65 and older living alone is \$17,700 per year (Social Security represents 72 percent of that amount) and median income for comparable men is \$22,800 (Social Security represents 53 percent of that amount).

Other Factors that Limit Assets

- Because of their shorter careers and lower wages, women are less able to save and build.
- Women are more likely than men to work in part-time or low-wage jobs that offer no retirement savings opportunities or pensions.
- Women are more likely than men to financially support children or aging parents and to tap their existing retirement accounts to help family members.
- The shift from pensions to "defined contribution" retirement plans is particularly troublesome for women because there is no automatic "joint and survivor" option and often no annuity option.

The egg seemed to get further away the more she walked toward it.

ALICE is Income Constrained

Women's Income is constrained by the "glass ceiling" and by persistent cultural perceptions. The glass ceiling exists from the start of a woman's career. Women don't climb the ranks and then hit a ceiling; they start out under it and it thickens over time.

- A recent study of new MBA graduates found that men start out with jobs that carry a higher rank and responsibility and earn on average \$4,600 per year more than their female counterparts. An American Sociological Association study of a Fortune 500 firms also found that women tended to begin their management careers in lower-tiered jobs.
- AAUW research shows that, one year after graduation, women earn just 80% of what their male counterparts do. This gap widens over the next 10 years. Cumulatively, over a woman's career, she will earn roughly \$1 million less than a similarly situated man.
- Putting more women on the corporate ladder does not help them reach the top levels in greater numbers. In 2011, only 3% of Fortune 500 CEOs were women; only 16% of both Fortune 500 Board directors and law firm equity partners.

HEALTH CARE COSTS AND PARENTHOOD ALSO CONSTRAIN WOMEN'S INCOMES

- Women have less access to employer-based health insurance. Only 38% are covered by their employer's health plans because they are more likely to work part-time or to have reduced hours in order to accommodate care-giving responsibilities.
- Because women are generally poorer than men, the costs of health care, particularly for single, divorced, or widowed women, have a much stronger impact on their family finances. With a greater share of their income going to health care needs, they struggle with medical debt and report more problems in accessing health care.
- Excluding reproductive health care from standard coverage has been a common insurance industry practice. Women often paid for additional "riders" to cover reproductive health and maternity care, often at high rates.
- Becoming a parent has different outcomes for men and women. Ten years after graduation, 23% of mothers were out of the workforce and 17% worked part time. At the same time, only 1% of fathers were out of the workforce, and just 2% worked part time.
- Experimental research has documented that employers are less likely to hire mothers compared with childless women, and when they do make an offer to a mother, they offer her a lower salary than they do other women. Fathers, in contrast, do not suffer penalties when compared with other men.
- The National Women's Law Center's *2010 Report Card* gives women's health in Montana an overall grade of "unsatisfactory." Montana women rank lower than women in other states and across the nation. The data show even greater health disparities for Native American women.
- Teen birth rates in Montana remain high at 39.4 births per 1,000 in 2008–2009. Teen girls who give birth are more likely to live in poverty and drop out of high school. Also, children born to teen mothers are more likely to perform poorly in school and drop out of high school, suffer more health problems, be incarcerated during adolescence, become teen parents themselves, and be unemployed as young adults.

PERSISTENT CULTURAL PERCEPTIONS work against women as they move through their careers.

- When a man and a woman were filmed providing customer service – same script, same location – the men got 19% higher customer satisfaction ratings.
- Research on "competence judgment" has shown a pervasive tendency to judge women's performance more harshly than men's, particularly in roles that are high-status and traditionally male-dominated.
- Women are perceived less favorably than men as potential occupants of leadership positions. Women are also perceived less favorably when they act as leaders – being assertive is often viewed negatively. When they advance to a leadership position, women are more often disliked and personally derogated.
- Women are far less likely to negotiate salaries: on average asking for 30% less than men. Men are 4 times more likely to negotiate the salary for their first job and 8 times more likely to negotiate both salary & benefits.
- Women ask for raises and promotions 85% less often than their male counterparts; 20% of women say they never negotiate at all. Women are often penalized for negotiating salaries, while men are rewarded for it.

ALICE is Employed

Working women are an important part of the economy but persistently lag behind men in wages.

- The vast majority of Montana women (almost 61%) are in the workforce, compared with 67% of men. Looking at the total number of working people, women now comprise 47% of the workforce in Montana.
- Occupational clustering contributes to the wage gap, threatens women's economic security and stability, and compromises the productivity of Montana's economy. Not only are women more likely to work in sectors that did not see a return-to-job growth after the recession, but those "female-type" jobs tend to pay less than certain "male-type" jobs. Of 26 civilian occupation categories in Montana, women earn less than men **within all but one** ("Healthcare Support Occupations"). Even within female-dominated occupations, women still earn less than men.
- Montana families with children rely on working women as breadwinners. In 2011, almost 9% of Montana families were headed by a single working woman; 49% of Montana families had two working parents; and in another 2.8% of two-parent families, only the wife was employed. Thus, over 60% of Montana families with children rely on a woman for all or part of their income.

STILL A WAGE GAP

- In Montana, a woman working full time is paid \$31,067 per year, whereas a similarly-employed man is paid \$41,635 per year, which is \$10,568 less for the same amount of work annually. Put another way, women working full time in Montana earn median wages of \$0.74 of a man's dollar.
- Despite superior educational attainment, young women (21–30) have lower incomes, wage rates, and employment rates, as well as higher poverty rates than young men. Among full-time year-round jobholders in 2011, median annual earnings were 10% higher for young men than for women. When you hold educational attainment constant, the gender pay gap was significantly greater (over 15%).
- For women, lower pay is often traded for flexibility in hours. Women are more likely to be family caregivers than men. Recent statistics show that 25% of the entire workforce provided "informal care" during 1996; 60–75% of those caregivers were women. Among working women who provide eldercare, another study found that 33% decreased their work hours, 16% quit their jobs, and 13% retired early; only 38% made no changes in their work hours.

DISCRIMINATION—Discriminatory factors affect women throughout their careers, impacting their hiring, pay, career path, and success. There is a common perception that women work less and "voluntarily trade off" work for home responsibilities. *Economist* magazine even stated, "It's motherhood, not sexism." Despite such protestations and although maternity leave or "opting out" for a few years does reduce hours and wages, this variable does not totally explain the size of the gap.

Many researchers have found that the gender pay gap is not fully accounted for by women's and men's "choices." For example, after accounting for college major, occupation, industry, hours worked, workplace flexibility, experience, education, GPA, institutional selectivity, age, race/ethnicity, region, marital status, and number of children, one study showed that a 5% difference in the earnings of male and female college graduates (one year after graduation) was still unexplained. Similar analysis of full-time workers, 10 years after graduation, found a 12% "unexplained" difference in men's and women's earnings. That "unexplained" part is systemic discrimination.

Further examples of "unexplained" discrimination include the following:

- One experimental study found that women with children were less likely to be hired and if hired would be paid a lower salary than male applicants. Conversely, men with children were likely to be offered higher pay than women with children or people without children.
- Another study, which gave matched pairs of male and female "pseudo" job seekers identical resumes, found that women were 40% less likely to be granted an interview.
- A similar study found that when evaluators of applicants knew the applicant's gender they were more likely to select men. When gender was unknown, significantly more women were selected.