



NACE BRIEF: GENDER AND PAY INEQUITY

Women Just Out of
College Earn 18%
Less Than Their Male
Counterparts
2021



NATIONAL ASSOCIATION OF COLLEGES AND EMPLOYERS
610.868.1421 | www.naceweb.org

WOMEN JUST OUT OF COLLEGE EARN 18% LESS THAN THEIR MALE COUNTERPARTS

A new study from the National Association of Colleges and Employers (NACE) shows that women with newly minted bachelor's degrees earn just 82% of what their male counterparts earn.

This means that the disparity in pay between men and women starts at the beginning of the career—a finding that is counter to the conventional wisdom that women lag men in pay because their career and salary trajectory is interrupted when they take time off to have children.

PAY INEQUITY AT GRADUATION MATCHES DISPARITY OVER LENGTH OF CAREER

NACE's Class of 2020 First-Destination Survey found that female bachelor's degree graduates are less likely to be employed full time within six months after graduation than are male graduates and, when employed, are paid less than their male counterparts.

In fact, the differential between men and women within six months of graduation tracks with the findings of the U.S. Bureau of Labor Statistics (BLS) on the general population. As Figure 1 shows, the average starting salary for a new female bachelor's degree graduate is approximately 82% of the average starting salary of a new male bachelor's degree graduate—the same percent BLS has reported.

ADDITIONAL RESEARCH INTO THE CLASS OF 2020

Interactive Dashboard: Personalize results by major, degree level, size of institution, and more.

First Destinations for the College Class of 2020: Findings and Analysis

NACE Brief: Salaries and the College Class of 2020

COMMON MYTHS ABOUT INEQUITY IN PAY

The data from NACE's research are telling in that they directly challenge assumed reasons for why women are paid less in the workforce overall.

Myth #1: Women earn less because of family responsibilities

The most common explanation for the pay gap is that women generally are paid less than men because of their work-life choices.

The implication is that, because of their role in the family, particularly their responsibility in raising children, women choose positions/careers that offer more time for family activities but are paid less as a result.

The validity of this argument is severely undermined by the results for the Class of 2020.

- These graduates are at the beginning of their careers. The work-family alternatives faced by a woman in mid-career are not present at the beginning. Few new graduates are faced with the choice of starting a family or pursuing a career.
- Census data show that women are marrying at a later age and having children many years removed from their college graduation date. The predominant female age cohort for bearing children is now the 30 to 34 age cohort and has been since 2014.
- Women go to college to pursue professional careers and have the right to expect to be paid the same as men.

Myth #2: Differences in academic paths explain the pay gap

Another argument posed for why women are paid less than men is that men and women pursue different academic paths, and the ones that women pursue are not as valued as those pursued by men.

There is a significant difference in the majors men and women pursue, and there is a correlation with salary differentials. However, this correlation does not account for the full difference in the lower average salary for women.

While NACE's study did not include salaries by academic major and gender, expected differences in average salaries can be estimated based on gender and academic discipline data reported by IPEDS and applying the average salary for each discipline NACE received.

Based on the distribution of males and females across all academic disciplines for which NACE has salary data, NACE calculates that, based on the choice of academic major alone, female graduates could end up with an overall average salary 12% less than their male counterparts—not the 18% differential that NACE's survey found. In other words, academic major may account for about two-thirds of the difference in salary, but not the entire difference.

Moreover, that 12% differential assumes that starting salary is totally based on academic major, and that the pricing associated with major is totally unbiased. In fact, there is evidence that gender bias may be why some majors have higher starting salaries.

For example, the technical skills associated with STEM (science, technology, engineering, and mathematics) majors generally correlate with the highest starting salaries. There is one exception—biological and biomedical sciences. Biological/biomedical sciences is the one STEM discipline where a greater percentage of women complete their degree than do men. It is also the lowest paid STEM discipline. The starting salary for biological and biomedical sciences graduates is \$39,314, compared to an average of \$66,985 for the other STEM disciplines. So, do women choose to go into low paying fields or are the fields low-paying because women dominate them?

Again, even if one assumes that part of the difference in salaries for men and women graduates is based on the academic majors each chooses to pursue, there remains a gap. The prima facie explanation is gender discrimination.

ADDRESSING PAY INEQUITY: RECOMMENDATIONS FOR EMPLOYERS

Legislation forbidding discrimination based on gender was passed nearly 60 years ago. Despite its existence, discrimination continues.

Employers need to take proactive steps to ensure that pay discrimination is eliminated.

- One such step may be to standardize pay and eliminate the discretion of recruiters, hiring managers, or others to set salaries for new hires. One common refrain is that women do not negotiate well and that the solution is to provide them with better negotiating skills. However, negotiating ability can only be judged by the individual who is on the receiving end. If that individual has a bias, whether it be overt or unconscious, then the result is inevitably biased. Justifying salary differentials on the basis of negotiating skills is a convenient way to explain away discrimination based on gender.
- Another action that employers could and should pursue is to conduct an annual pay equity analysis to determine if there are differentials on the basis of gender and race/ethnicity. In such reviews, any salary differential discovered correlated with gender or race/ethnicity must be challenged for cause. If no legitimate work-related cause (workload, performance) can be uncovered, then the differential must be corrected immediately.

CONSEQUENCES OF FAILURE TO ACT

If employers do not become more vigilant in policing their own practices, then the inevitable alternative is more aggressive legislation enforcing the anti-discrimination provisions of the Equal Pay Act of 1963.

Such legislation—the Paycheck Fairness Act of 2021—has been initiated and passed in the U.S. House of Representatives, but does face significant opposition in the Senate. The Act would 1) make it easier to sue employers over pay discrimination; 2) increase enforcement of existing laws; 3) require businesses to submit detailed pay data to the federal government; and 4) restrain companies from instituting actions that keep employees from discussing pay among themselves.

The bill would place significant reporting burdens on employers and place them in jeopardy of potential legal actions. However, if employers do not take it upon themselves to finally end gender discrimination in pay, then stronger enforcement of existing anti-discrimination legislation is certainly justified.

Gender discrimination in pay has no place in the United States in the 21st century: Action must be taken to eradicate it.

FIGURE 1: CLASS OF 2020 BACHELOR'S DEGREE RESULTS BY GENDER

	MALE	FEMALE
TOTAL GRADUATES	105,767	124,030
KNOWLEDGE RATE	60.6%	67.3%
CAREER OUTCOMES PERCENTAGE	82.6%	81.1%
PERCENT EMPLOYED OVERALL	58.3%	53.9%
PERCENT EMPLOYED FULL-TIME	53.7%	47.6%
PERCENT EMPLOYED PART-TIME	4.6%	6.3%
<i>PERCENT STANDARD EMPLOYMENT</i>	53.6%	49.1%
PERCENT STANDARD EMPLOYMENT FULL-TIME	50.4%	44.3%
PERCENT STANDARD EMPLOYMENT PART-TIME	3.2%	4.8%
<i>PERCENT ENTREPRENEUR</i>	1.1%	0.5%
PERCENT ENTREPRENEUR FULL-TIME	0.9%	0.4%
PERCENT ENTREPRENEUR PART-TIME	0.1%	0.1%
<i>PERCENT TEMP/CONTRACT EMPLOYEE</i>	1.5%	1.8%
PERCENT TEMP/CONTRACT EMPLOYEE FULL-TIME	1.1%	1.3%
PERCENT TEMP/CONTRACT EMPLOYEE PART-TIME	0.4%	0.5%
<i>PERCENT FREELANCE</i>	0.5%	0.5%
PERCENT FREELANCE FULL-TIME	0.3%	0.3%
PERCENT FREELANCE PART-TIME	0.1%	0.2%
<i>PERCENT POST-GRAD FELLOWSHIP/INTERNSHIP</i>	1.8%	2.0%
PERCENT POST-GRAD FELLOWSHIP/INTERNSHIP FULL-TIME	1.0%	1.3%
PERCENT POST-GRAD FELLOWSHIP/INTERNSHIP PART-TIME	0.7%	0.7%
PERCENT SERVICE	0.4%	0.9%
PERCENT MILITARY	2.0%	0.4%
PERCENT CONTINUING EDUCATION	20.8%	24.9%
PERCENT SEEKING OUTCOME	17.1%	18.6%
PERCENT SEEKING EMPLOYMENT	14.0%	13.8%
PERCENT SEEKING CONTINUING EDUCATION	3.1%	4.8%
NOT SEEKING	1.3%	1.2%
MEAN STARTING SALARY	\$64,022	\$52,266
MEDIAN STARTING SALARY	\$62,391	\$51,603
MEAN BONUS	\$10,743	\$8,236
MEDIAN BONUS	\$7,102	\$5,555

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APPENDIX

Results presented here are derived from NACE's annual First-Destination Survey, which examines outcomes for the graduating class within six months of graduation: Outcomes include securing employment of various types and levels; continuing one's education, i.e., securing a placement to pursue another or higher-level degree; entrance into the military or service work; and still seeking either employment or further education.

The survey for the college Class of 2020 was conducted through individual colleges and universities nationwide, which then reported their results to NACE. The schools conducted the survey from graduation through December 30, 2020, and reported their data to NACE from January 6 through April 30, 2021. In total, NACE received reports from nearly 360 schools reporting outcomes for graduating classes totaling more than 750,000 students in four degree programs—associate, bachelor's, master's, and doctorate. The results discussed in this brief focus on responses from 349 schools for more than 500,000 bachelor's degree graduates.

[The Class of 2020 First-Destination Survey](#) is the seventh in a series that began with the college Class of 2014; it is the first, however, to collect data by gender. Overall, at the bachelor's degree level, 130 schools provided gender data for approximately 230,000 graduates. It is important to note that, although averages can be distorted by outliers that can pull the results one way or the other, the salary differences reported between men and women graduates were pervasive among reporting schools. Of the 130 schools that reported outcomes by demographic categories, in only four was the average starting salary for women greater than for men, and in all these cases, the differential was minimal.

Results for previous classes can be accessed on the NACE website at www.nacweb.org/job-market/graduate-outcomes/first-destination/.

ABOUT THE NATIONAL ASSOCIATION OF COLLEGES AND EMPLOYERS

Established in 1956, the National Association of Colleges and Employers (NACE) is the only professional association in the United States that connects more than 9,800 college career services professionals, more than 3,300 university relations and recruiting professionals, and more than 300 business solution providers that serve this community.

NACE is the premier source of market research on career readiness and employment of recent college graduates. NACE forecasts hiring and trends in the job market; tracks salaries, recruiting and hiring practices, and student attitudes and outcomes; and identifies best practices and benchmarks.

NACE offers its members unparalleled research, networking and professional development opportunities, guidance on standards and ethics, and advocacy on key issues. For more information, visit www.naceweb.org.

