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Millennials in the Economy III: Do Girls Rule and Boys Drool?

Although Millennial women’s labor market experience more closely resembles that of their male counterparts relative to previous generations, variations in participation, part-time status and earnings persist.

Closing the Gender Gap, but Not Eliminating It

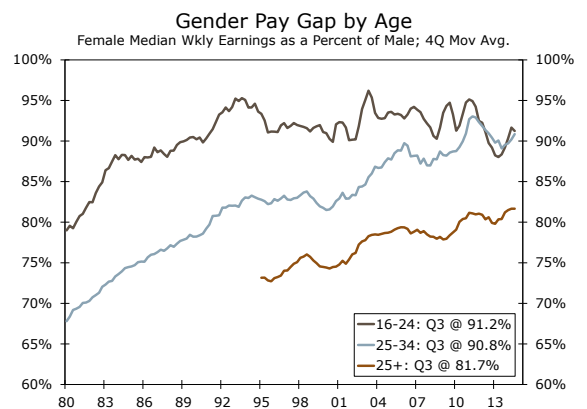
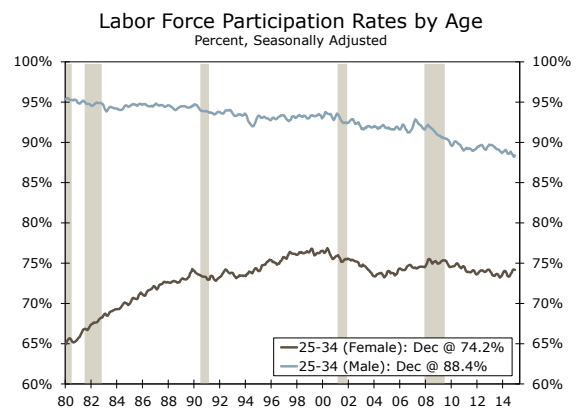
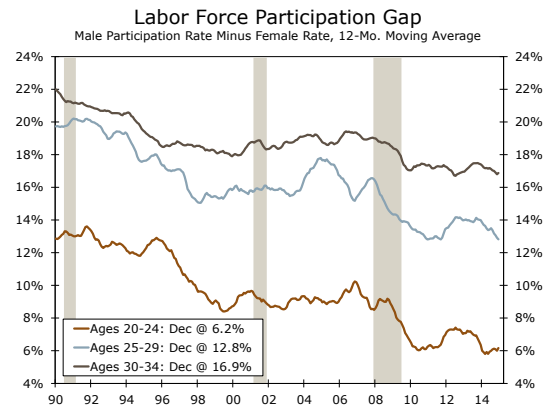
Underneath the broad struggles of Millennials in the labor market are shifting dynamics between young men and women’s workforce experiences. One of the key factors driving the shift in fortunes has been educational attainment: more Millennial women have a college degree than Millennial men. This attainment gap has increasingly favored women since the 1990s, and has helped narrow the labor force participation gap between Millennial men and women.

Yet, research shows women still tend to take on a more prominent role at home, and Millennial women are no exception.¹ Family responsibilities still hold back young women’s participation in the workforce, with the gap between male and female participation widest among older Millennials (top chart). Similarly, young women are more likely to work part time, with 21 percent of women age 25-34 employed part time versus 9 percent of men.

Despite this, Millennial women’s participation rates more closely resemble those of men their age than we have seen in prior generations. However, this has less to do with a greater share of women joining the workforce—in fact, participation has declined among women ages 16-34—and is instead a function of a larger (and ongoing) decline in participation among young men (middle chart).

As a result of outsized gains in educational attainment and more similar participation rates, the gap in median weekly earnings for full-time workers has narrowed between Millennial men and women (bottom chart). While female earnings are still below men’s, this is in part a result of women’s higher propensity to work in industries that traditionally offer lower hourly wages and fewer weekly hours (even among full-time workers), which in turn translates to lower weekly wages.

Looking at the labor market for older women suggests the road ahead for Millennial women may become more challenging as they age. The earnings gap has narrowed since the mid-1990s for all women over age 25, but remains stubbornly wide. The gap increases with age, as female weekly earnings among all full-time workers age 45 and older are roughly 25 percent below male earnings. Much of this is likely attributable to aforementioned family responsibilities holding back female’s labor force participation and long-term advancement. Studies have shown that child rearing lowers female earnings relative to male pay.² In addition, research suggests that, while educational attainment has increased more markedly for women than men, women may not be taking full advantage of their education. Among science and engineering graduates, men are twice as likely to be employed in high-paying science, technology, engineering and math (STEM) jobs than women.³ Thus, while Millennial women’s labor market experiences more closely resemble those of men their age than previous generations, the earnings gap is still likely to persist.



Source: U.S. Department of Labor and Wells Fargo Securities, LLC

^{1, 2} “On Pay Gap, Millennial Women Near Parity—For Now.” Dec. 2013. Pew Research: Social & Demographic Trends.

³ Landivar, Liana C. “Disparities in STEM Employment by Sex, Race and Hispanic Origin.” Sept. 2013. U.S. Census Bureau.

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