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**Living on the Edge:  
Women Working and Providing for Families  
in the Maine Economy, 1979-1993**

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## Preface

The following study summarizes the economic status of women living in Maine. The study was sponsored by the Women's Development Institute and, in partnership with the Maine Center for Economic Policy, the Davis Family Foundation. We are grateful for their support.

The study documents a variety of aspects of women's current economic status and analyzes some of the problems regarding wage and job prospects which women face in today's economy. The four key questions addressed in the study are:

1. What is the current economic status of women living in Maine?
2. What role do women play in the Maine economy?
3. What is the cost of meeting a basic needs budget?
3. How do women's actual earnings compare with the cost of covering a basic needs budget?

The purpose of this study is to provide a factual base about women's economic status, to bring knowledge to bear on important public questions, and to improve the quality of the public debates about economic trends and conditions affecting women. This study is not intended to advocate for any specific policy position or legislative initiative.

The Margaret Chase Smith Center for Public Policy is a non-partisan, non-adversarial research and public service unit of the University of Maine. Its role in this project is limited to providing a factual base regarding the issues identified above. This report and the data supporting it are publicly available. The Center is responsible for the quality of the analysis of this study, but is not responsible for the interpretations or recommendations made by others that are based on the information contained in this report.

## Acknowledgements

Numerous persons and institutions have greatly facilitated the completion of this study. The Margaret Chase Smith Center has received support from the Women's Development Institute and, in partnership with the Maine Center for Economic Policy, the Davis Family Foundation. The Maine Department of Labor has been generous in providing data. The reference staff at the University of Maine Fogler Library has been diligent in filling requests for government documents. Marcey McHatten provided invaluable research assistance and insightful commentary on this project. Sandy Butler, Assistant Professor in the School of Social Work at the University of Maine provided thought-provoking commentary on gender, family, and work in Maine which have been enriching and has contributed to my work on this topic. The Margaret Chase Smith Center is also grateful to her for the provision of essential survey tabulations. This study has benefitted from the comments and critique of several members of the Margaret Chase Smith Center: Barbara Jean Nicoletti, Christopher Spruce, Kay Godwin, Charles Morris, and Deirdre Mageean. Any errors or omissions remain, however, fully the responsibility of the author.

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**EXECUTIVE SUMMARY**

This study examines the role that Maine women play in the economy and considers their economic status -- absolutely and relative to that of men. A determination of women's economic status is important for several reasons:

- 1) Women are increasingly the primary caretakers of children. Given this, a recent study which showed that one out of five Maine children under the age of 12 live in households which are hungry or at risk of hunger suggests that efforts to eradicate childhood hunger should take into account the earnings capacity of their caretakers.<sup>1</sup>
- 2) Economic development strategies can have differential impacts on women and men, depending on the types of work performed by each group. In order for development strategies to have the intended outcome, it is important to understand how women's labor and income are affected by economic development policies. The first step in making that determination is to understand the role women play in the economy.
- 3) Unequal economic opportunity can have negative incentive effects and for this reason, it is important to consider the extent to which women receive an equitable return on their human capital investment.
- 4) The recent debate on welfare reform emphasizes the importance of AFDC recipients performing paid labor, with some arguing that the major impediments to paid work are individual and behavioral. An important issue is the extent to which this group faces structural barriers to earning a minimum decent income as a result of conditions encountered in the labor market and the macro economy.

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<sup>1</sup> This research was carried out in 1993 by the Maine Nutrition Council and the Margaret Chase Smith Center for Public Policy. For more information on the study's results, see A Report on Childhood Hunger in Maine (1993) produced by the Maine Coalition for Food Security.

## Major Findings

This study examines several aspects of women's economic status. Trends in women's labor force participation rates are examined. Data on women's educational attainment, a major determinant of skills, are reviewed. Trends in the types of jobs held by women are examined, and characteristics of these jobs are considered, such as pay levels, fringe benefits, and relative rates of unemployment and involuntary part-time employment. Structural factors in the economy that influence women's job prospects are also examined.

In order to assess the adequacy of women's wages to support themselves and their families, a basic needs budget is developed. This standard of adequacy is contrasted with women's actual earnings. Finally, the labor market experience of a sample of AFDC recipients in Maine is examined.

Important findings regarding women's economic status are:

- Women's labor force participation rates have continued to rise. The trend is evident even among mothers with pre-school children. Single parent women with children are more likely to be in the paid labor force than women in two-adult households with children. In fact, over 81.0 percent of female headed households have at least one paid worker.
- Maine women between the ages of 25 to 34 have slightly higher educational attainment than men in that age group. A larger percentage of all Maine women over 25 have high school diplomas than men of that same age group while a larger percentage of men have college and post-graduate degrees.
- There continues to be a substantial gender wage gap, with women's average hourly earnings less than two thirds those of men.
- Women who work year-round full-time (YRFT) earn less than men similarly employed and with the same educational attainment. For example, women who work YRFT with high school diplomas have annual earnings that are only 62.8 percent of those of men with a similar education. Further, women with a bachelor's degree earn less than men with a high school diploma.
- Women have made important strides in gaining access to well-paid managerial and professional jobs over the last decade, with over a quarter of women over 16 employed in those occupations in 1990. The majority of women (55 percent), however, are concentrated in just three occupations: sales, administrative support, and service occupations. These occupations are characterized by low hourly wages (\$6.69, \$7.74, and \$5.33, respectively, in 1992 dollars) and have few fringe benefits. Also, women in sales and service occupations experience relatively high rates of unemployment and involuntary part-time employment.

- Almost 60 percent of Maine women are concentrated in just two industries -- retail trade and services. Average weekly earnings in these industries are low relative to the state average for all industries -- \$247 per week in retail trade and \$385 in services in 1992, compared to a state average of \$416.

With regard to the adequacy of women's actual earnings to provide sufficient economic support, the study has found that:

- The real costs of working full-time at a paid job are high, largely due to required expenditures for child care and transportation. A single parent with two children under the age of six would require a minimum wage of \$11.39 per hour in 1993 in order to meet the family's basic needs, assuming the adult works year-round full-time.
- On average, Maine women earned less than three quarters of the average hourly wage required to meet a basic needs budget in 1993. Women in sales and services earn wages that are significantly lower than the average. If women in these occupations work year-round full-time, their earnings would cover one half to two thirds of the cost of a basic needs budget. The average male wage for all occupations was \$12.39 per hour in 1993, a wage that would permit them to meet a basic needs budget for a family of three.
- AFDC recipients responding to a recent survey who have had a paid job within the last 12 months earned on average \$5.37 per hour, an hourly wage that would cover only about half the cost of a basic needs budget for a 3-person single parent family with one child under six, assuming the person works year-round full-time. The median hourly wage for these AFDC recipients is even lower at \$5.13 per hour, a wage which covers only 44 percent of the basic needs budget, assuming year-round full-time employment.

The results of this study suggest that some women have made strides in the 1980s in gaining access to well-paid jobs. The economic status of many Maine women, however, remains low both absolutely and relative to that of men. The findings of this study suggest that policies designed to engender economic self-sufficiency in Maine households should consider the structural problems that women face in the labor market. In particular, as this research shows, Maine women face problems of unemployment and underemployment, occupational segregation, jobs that lack fringe benefits including health insurance, and low wages even among those with significant skills.



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**I. Introduction**

This study analyzes changes in the types of work women in the Maine economy perform. While women and men have tended to play different roles in the economy, an important feature of most industrialized economies is that women are increasingly significant players in the paid labor force. The trend is obvious in Maine as well. Although work roles in the paid economy have shifted over the past decade, other things have not changed so much. Women are still largely responsible for the care and support of their children (DiNitto, 1995). Because the care of children requires a significant amount of labor time, the presence of pre-school children may limit the extent to which women (or men, if they share this work) can participate in the paid economy. Those with high incomes or with spouses may be able to weather this economically challenging period of life (if their partners earn enough). But if the adult responsible for caring for children is a single parent, the double burden of paid work and full-time responsibility for children is a heavy one.<sup>2</sup>

The double burden can be alleviated if there is sufficient income to purchase some services necessary for a parent to work full-time. Since wages are the primary source of income for most families, an important component of this study is an examination of the wages women receive and other significant characteristics of the jobs they hold.

People's incomes and access to jobs are also determined by the structure and health of the economy. The Maine economy has undergone significant shifts in the last decade. Trends in

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<sup>2</sup> Arlie Hochschild has written extensively on issues related to the double burden of home work and paid work in a book appropriately entitled *The Second Shift: Working Parents and the Revolution at Home* (1989). She notes that time stress is a severe problem afflicting many families today, with adults commonly referring to sleep in the manner that hungry people talk about food.

employment by occupation and industry are analyzed as well as women's job prospects for the future.<sup>3</sup>

The extent to which the jobs that women are able to obtain provide a sufficient income for themselves and their families is examined in some detail. One method of making a determination of this type is to contrast women's earnings in various industries and occupations with the income required to meet a family's basic needs. In this study, we lay out a benchmark basic needs budget (BNB) for a single parent family with children of differing ages. This benchmark is contrasted with women's actual earnings to determine their adequacy in providing self-sufficient family support.

To carry out the task of examining women's role in the Maine economy, this study is organized as follows. In the next section, we examine data on women's labor force participation rates. In Section III, we examine Maine women's economic status, absolutely, relative to men, and relative to the poverty level. Women's educational attainment relative to that of men is also examined. The following section considers the impact of economic development and growth on women. The study then explores the types of jobs held by women and shifts in their employment status over the past decade. Structural changes in the economy that influence women's economic prospects are also investigated. This is followed by an examination of women's job prospects in the future. The next section takes up the question of why women in Maine have low earnings. In Section VIII, a Basic Needs Budget (BNB) is developed and this standard of adequacy is contrasted with women's actual earnings. This is followed by a look at the labor market experience of a sample of AFDC recipients in Maine. We then summarize the results presented herein, and briefly discuss the policy implications of these findings.

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<sup>3</sup> The distinction between occupation and industry is made frequently in this paper. Occupations differ by type of task performed. For example, the tasks performed by a person in the occupation of teacher vary substantially from those performed by a person employed in the occupation of secretary. Industries, on the other hand, are differentiated by the type of goods or services produced. For example, the manufacturing industry produces a variety of material goods while retail trade is a service industry which expedites the sale of goods. Both industries may employ persons in the occupation of secretary. Secretaries employed in some industries, however, may earn more than secretaries employed in other industries. In part, this is because some industries have higher profit rates than others and therefore may pay higher wages. Also, some industries have higher unionization rates than others, which can raise the earnings of workers employed in those industries. This suggests that there are several sources of variations in earnings, including the occupation one enters and also the characteristics of the industry in which one finds employment.

## II. Out to Work

Women in Maine have entered the paid labor force in increasing numbers over the past decade, and at a higher rate than men. This trend is evident even among women with pre-school children. Table 1 gives labor force participation rates for women and men and by household type. In 1980, 47.2 percent of all women over the age of 16 were employed in the paid labor market. By 1990, 60.3 percent of women were labor force participants. Men also increased their labor force participation slightly from 73.1 percent to 75.3 percent during the same period.

**Table 1.- Trends in Labor Force Participation, 1980 to 1990**

	1980	1990
Women over 16 in labor force	47.2%	60.3%
Men over 16 in labor force	73.1%	75.3%
<i>Two parents, both in labor force</i>		
With children under 6	44.6%	59.9%
At work 35 hours or more	na	24.3%
With children 6-17	61.8%	59.1%
At work 35 hours or more	na	34.6%
<i>One parent, in labor force</i>		
With children under 6	50.3%	55.6%
At work 35 hours or more	na	32.9%
With children 6-17	72.4%	75.4%
At work 35 hours or more	na	51.0%

Source: Data are from the 1980 and 1990 Census and are published in General Social and Economic Characteristics, Maine. (Table 67, p. 48 for 1980 data and Table 23, p. 50 for 1990 data).

Notes: The categories used in calculating labor force participation by household type and gender changed between 1980 and 1990. In 1980, the data are for married couples and in 1990 the data are for 2-parent households (the adults may or may not be married). For single parent households, the 1980 data refer to female headed households while the 1990 data include male heads of household as well (no spouse present).



Although increasing numbers of women are in the paid labor force, the work at home still needs to get done. The time required to maintain a household is significant. National estimates of hours spent in household labor by married women are 57 hours per week (Hartmann, 1981). According to a survey of Maine AFDC recipients conducted by the Women's Development Institute, single parents on average put in 77 hours per week on housework and child care.<sup>4</sup> Households are impacted in an important way by the increased time that adults now spend in the labor market. When women go out to work, there is some reduction in women's labor time spent on household duties while men's household labor contribution rises although not enough to fully compensate for the reduction in women's hours (Schor, 1991).<sup>5</sup> Nevertheless, two-adult families are able to share the responsibility of paid labor and household labor. Single parent families, however, face enormous difficulties in meeting the time burdens of both paid labor and unpaid labor in the household. In spite of this, we find that a significant number of single parent households stretch themselves between paid jobs and household work. The percentage of single parents with children under six who participate in the labor market rose from 50.3 percent in 1980 to 55.6 percent in 1990. Of those working in 1990, almost one third worked full-time. Labor market participation rates in single parent households with children over six are even higher. In 1990, three quarters of all single parents with children over six were in the paid labor force and more than half worked full-time.

Two parent households with children under six also have higher labor force participation rates than in the past. The percentage of two parent families with children under six in which both parents perform paid labor rose from 44.6 percent to almost 60.0 percent in 1990. However, a smaller percentage work full-time than single parent households (24.3 percent compared to 34.6 percent). Similarly, the percentage of two-adult households with children over six in which both adults work full-time is smaller than for single parent households with children of the same age bracket (34.6 percent compared to 51.0 percent).

Table 2 shows the percentage of female headed households in Maine (no spouse present) with no worker, one, or more than one paid worker (paid workers include minor

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<sup>4</sup> For more on the survey, see Section VIII. One reason that estimates of the number of hours of household labor performed weekly by Maine AFDC survey respondents is higher than the national average for married women may be that the latter group can rely to some extent on spouses to perform household labor, an option not available to single parents.

<sup>5</sup> Juliet Schor (1991) found that over the last twenty years, women in the U.S. have decreased the amount of time they spend on household labor by 249 hours a year or five hours per week. Men have increased their contribution to household labor by 151 hours a year or three hours a week. But women continue to do most of the work at home (1440 hours per year compared to 834 hours for men).

children).<sup>6</sup> Fully 81.7 percent of these households have at least one paid worker. These data stand in contrast to the common perception that single parent women perform little paid work. In fact, because they are the primary source of earned income, they are often constrained to spend more time in the labor market than women in two-adult households.

**Table 2.- Maine: Female Headed Households by Work Status, 1990**

Category of household	Number of Households in Category	As a % of all Female HH
Female-Headed Households (no husband)	42,630	100.0%
No Paid Worker	7,792	18.3%
One Paid Worker	22,052	51.7%
More than one paid worker <sup>1</sup>	12,786	30.0%
Total no. of female HH with paid workers	34,838	81.7%

Source: 1990 Census of Maine, General Social and Economic Characteristics, Table 41, p. 68.

<sup>(1)</sup> Paid workers include minor children.

There are numerous explanations for the rise in labor force participation rates among women in the U.S. The economic expansion after World War II contributed to a strong demand for labor. This coincided with women's demands for economic independence. Anti-discrimination legislation meant that women could move into a number of occupations which had previously been closed or were restricted to white men. As women spent more time in paid labor, fertility rates fell. From 1960 to 1989, the number of lifetime births fell from 3.53 to 1.89 per female (Bernstein, 1994).

Another explanation for women's increased labor force participation is that average real wages have been falling for two decades in the U.S. Between 1973 and 1991, real wages fell 19 percent. The decline in average male real wages has been especially severe. Women with a high school education or less have also experienced declines in real wages, particularly since

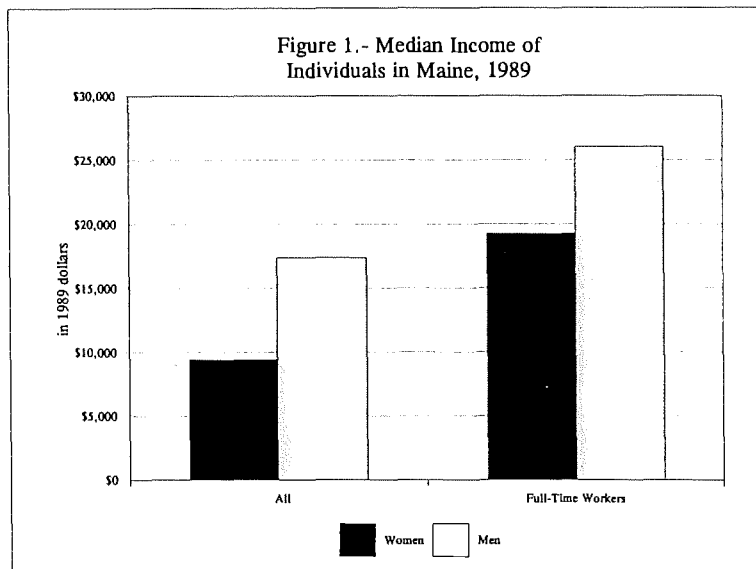
<sup>6</sup> Throughout this study, female headed households are defined as those with no spouse present. Data referring to this type of household include those with and without children. Since the presence of children (and the ages of children) is also an important consideration, in most instances, data on female headed households with children under 18 and under six are noted.

1979. For example, white female high school graduates in the U.S. saw their real wages fall 16.1 percent from 1979 to 1993 (Bernstein and Mishel, 1994).

For those families experiencing a decline in real wages, members may find it necessary to work longer hours or to send more members into the paid labor force in order to keep annual household income from falling. Indeed, there is evidence that although families now put in more hours of paid labor on average than in the past, they are running while standing in place. From 1973 to 1993, for example, median family income in the U.S. rose from \$36,893 to \$38,364 in 1993 dollars, an increase of just 4.0 percent in real terms (Mishel and Bernstein, 1995). Families have paid a price in order to stay afloat economically. In addition to more family members being out in the paid labor market, the amount of time that families spend on household tasks and caring for children has fallen (Schor, 1991).

### III. The Economic Status of Women in Maine

Women in Maine now comprise almost half of the labor force. Their median income, however, is still low, both absolutely and relative to men's. Figure 1 (and Table A.1 in Appendix A) gives median income for women and men in 1989. Women's median income in that year was \$9,426, less than half that of men (\$19,244). Women's income may be less than that of men because they spend less time in paid labor. Even when we consider the earnings of women and men who work full-time in Maine, however, there continues to be evidence of a large gender wage gap. Women who work full-time earn about two-thirds the amount that men earn (Figure 1).



#### A. Education

Women who are employed full-time may earn less than men who are full-time for several reasons. Among these, an important source of earnings differentials has been found to be differences in educational attainment (Becker, 1993). We would expect men to earn more than women if they are more highly educated since, presumably, education confers skills and enhances productivity, and should have a direct effect on wages. In Maine, however, there does not appear to be a substantial difference in educational attainment by gender. The data in Table 3a indicate that a larger percentage of men than women over 25 have not completed high school. The percentage of women and men who have completed some college or have obtained an associate's degree is similar (24.8 percent and 24.1 percent, respectively). A

slightly larger percentage of men have completed college than women (13.2 percent compared to 12.2 percent). And more men than women have post-graduate degrees (5.3 percent for men compared to 3.9 percent for women). Interestingly, women between the ages of 25 to 34 have higher educational attainment than men in the same age group (Table 3b). According to these data, women of this age group are more likely to finish high school and to have a bachelor's degree or higher.

**Table 3a.- Educational Attainment in Maine by Gender, 1989**  
(all persons 25 and over)

	Number of Women	% of Women 25 and Over	Number of Men	% of Men 25 and Over
Total With Less than High School Diploma	86,131	20.6%	82,329	21.8%
High School Diploma	161,454	38.6%	133,620	35.5%
Some College or Assoc. Degree	103,766	24.8%	90,966	24.1%
Bachelor's Degree	50,988	12.2%	49,800	13.2%
Post-Graduate Degree	16,419	3.9%	20,140	5.3%
Total	418,758	100.0%	376,855	100.0%

**Table 3b.- Educational Attainment in Maine of People Between 25 and 34, 1989**  
(in percent)

	Women	Men
High School Degree or Higher	90.8%	88.0%
Bachelor's Degree or Higher	20.1%	18.2%

Source: General Social and Economic Characteristics, Maine, 1990 Census, Table 36, p. 63.

Educational differences are very slight between women and men in Maine and it is unlikely that they can completely explain gender wage differentials. In fact, when we compare the annual earnings of Maine women and men who work year-round full-time and have the same educational attainment, we find substantial differences in earnings. Table 4 gives earnings by educational attainment and gender for 1989 from the 1990 Census, as well as the ratio of female to male earnings in each educational category. These data indicate that education has a significant impact on earnings at the Bachelor's, M.A., and Ph.D. level. The data also indicate, however, that there is a substantial disparity in earnings between men and women *even for those within the same educational category*. For example, Maine women who work year-round full-time have annual earnings that are less than two thirds those of men with a similar education. This disparity exists in all educational categories.

## **B. Women: Combining Family and Work**

How women fare economically depends on their family status (i.e., on whether there are other adult earners in the household) and on women's level of responsibility for children and elders. For women in the average heterosexual two-parent household, even if there are young children present, there is sufficient income to support the family. This is because there are potentially two earners, and men earn significantly more than women. The data in Figure 2 indicate that the median income of married couple families in 1989 was \$37,376. For all female-headed households (with and without children present), median income was less than half that amount or \$16,153.

One possible explanation for women's low annual income is that they continue to be the primary caretakers of children. Women with young children may be forced to limit the hours they spend in the paid labor market in order to provide adequate care to children. Reduced hours in paid labor reduces household income. The impact of the reduction in paid labor time has a particularly severe impact on single parent households. The problem is compounded by the fact that those who work part-time on average earn less per hour than full-time workers with the same skill (Tilly, 1990).<sup>7</sup>

Figure 2 below indicates that in female headed households in Maine, the presence of children coincides with a significant drop in income. The median income of women with children under 18 was only 68 percent of that of full-time employed women in 1989. Women with children under six fared even worse, with annual median income of \$6,722, about two-thirds of the poverty level for a family of three in that year.

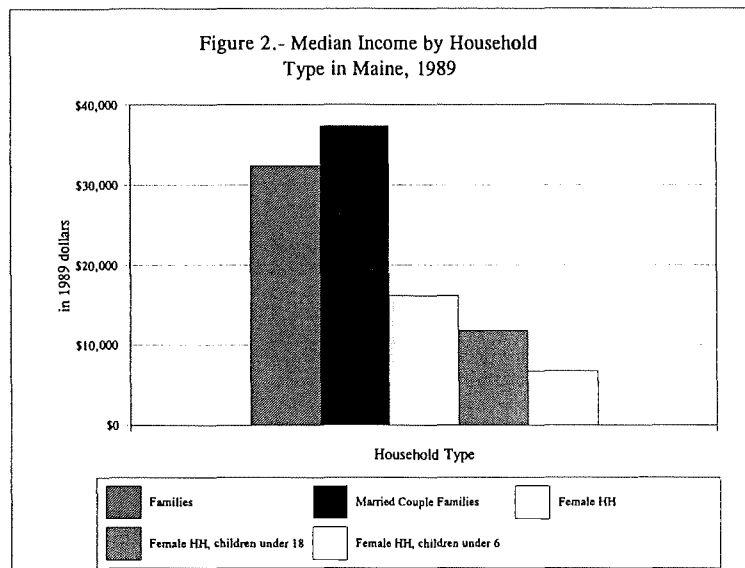
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<sup>7</sup> Livingston and McCrate (1993) found that, in Vermont, part-time work reduces hourly wages by 11.6 percent, after controlling for other human capital variables.

**Table 4.- Maine: Mean Annual Earnings of Year-Round Full-Time Workers by Educational Attainment by Sex, 1989**  
(Civilians 18 and over)

	9th to 12th Grade No Diploma	High School Diploma	Some College	Bachelor's Degree	Master's Degree	Doctorate Degree
Women	\$14,501	\$16,160	\$18,956	\$24,130	\$28,329	\$38,248
Men	\$23,321	\$25,740	\$28,711	\$38,288	\$41,589	\$51,862
<b>Ratio Female to Male Earnings</b>	<b>62.2%</b>	<b>62.8%</b>	<b>66.0%</b>	<b>63.0%</b>	<b>68.1%</b>	<b>73.7%</b>

Source: U.S. Bureau of the Census, 1990 Census of Maine.



In order to evaluate the adequacy of incomes to provide sufficient economic support for families, many countries utilize a poverty threshold that measures relative income -- the economic distance between different groups. A commonly used method is to define as poor those with income that is less than one half the median family income (Osberg, 1991). Using this definition, a substantial portion of female headed households in Maine live in poverty. The data in Figure 2 indicate that the median income of *all types of* female headed households is less than half the median income of families. The economic status of women heading households with children under six is particularly low. Income in these households puts family members at less than 20 percent of the median income of all households.

The U.S. officially uses an absolute measure of poverty based on the assumption that a “thrifty family” spends one third of its income on food. The poverty line is set by multiplying the cost of the family’s food budget by three.<sup>8</sup> Using this definition, the data in Table 5

<sup>8</sup> Numerous social scientists have recognized the weaknesses of this methodology which has not been revised since it was developed in 1955. Some criticize the measure because it does not take into account a family’s access to non-cash benefits such as food stamps and fuel assistance. Others argue that the budget does not account for the fact that food now comprises roughly 15 percent rather than 33 percent of a low income family’s budget. Nor does the budget account for required expenditures on child care for working families. These inadequacies suggest that a revised definition of poverty is required. An alternative to the official poverty measure is developed in Section VII of this study where a Maine-specific Basic Needs Budget is constructed, which varies by family size and age of children.



indicate the poverty rate of persons in Maine fell from 13.0 percent in 1980 to 10.8 percent in 1989. Since that time, the poverty rate has risen dramatically, reaching 15.4 percent in 1993.

**Table 5.- Maine Poverty Rates for Individuals and by Household Type, 1979 to 1993**

	1979	1989	1993
Percent of persons in poverty	13.0%	10.8%	15.4%
Percent of all families in poverty	9.8%	8.0%	na
Percent of all families in poverty that are female headed	37.4%	48.4%	na
Percent of female headed households in poverty	30.8%	29.9%	na
With children under 6	58.2%	63.0%	na

Sources: Data are from 1980 and 1990 Census, General Social and Economic Characteristics, Maine, (for 1980, Table 72, p. 53 and for 1990, Table 42, p.69). 1993 poverty data are from Current Population Series, P-60, No. 188.

Poverty data by household type are available from the 1980 and 1990 Census (see Table 5).<sup>9</sup> The data indicate that the income of 8.0 percent of all families fell below the poverty line in 1989. This was a slight improvement over the rate of 9.8 percent in 1979. The percentage of all households in poverty that are female headed, however, has risen to about half in 1989 compared to a little more than a third a decade and a half ago. This suggests that while the “rising tides” of the 1980s lifted some boats, they did not lift all. Married couple families did better by the economic boom of the 1980s than did female headed families. As a result, the percentage of female headed households in poverty fell only marginally from 30.8 percent to 29.9 percent in the last decade. Unlike the experience of married couple families, the likelihood of female headed households with children under six being in poverty grew rather than fell. Almost two thirds of that group had incomes below the poverty level in 1989.

For women who are single heads of household, the risk of being poor varies across the state. Regional variations in the incidence of poverty are shown in Table 6 which gives poverty rates by county for female headed households in 1989. The poverty rate for that group ranges from a low of 16.8 percent in Lincoln county (double the rate for all families) to a high of 40.3 percent in Washington county.

<sup>9</sup> Unfortunately, data on poverty rates by household type after 1990 are not available for Maine.

**Table 6.- Poverty Rates in Female Headed Households by County in Maine, 1989**

	Female HH as % of all HH	% of Female HH in Poverty	% of Households in Poverty that are Female Headed	% of Female HH with Children Under 6 in Poverty
Maine	12.8%	29.9%	48.4%	63.0%
Androscoggin	15.1	34.7	59.9	73.3
Aroostook	11.4	37.7	39.1	72.4
Cumberland	13.0	24.3	60.3	61.1
Franklin	11.9	28.8	38.1	56.1
Hancock	10.9	25.9	42.6	43.2
Kennebec	16.7	26.7	49.4	56.7
Knox	14.0	31.4	45.2	65.1
Lincoln	11.3	16.8	25.8	40.7
Oxford	13.0	34.0	44.8	62.8
Penobscot	13.3	35.0	49.2	68.4
Piscataquis	11.1	39.5	45.6	62.6
Sagadahoc	12.4	31.0	65.1	57.8
Somerset	13.2	38.6	46.4	73.4
Waldo	12.3	34.0	33.3	55.0
Washington	14.4	40.3	39.3	68.4
York	11.3	22.5	53.7	53.5

Source: Author's calculations. Data are from 1990 Census of Maine, published in General Social and Economic Characteristics, Maine, 1990 Census, Table 149, p. 206 and Table 29, p. 56.

The percentage of all households in poverty that are female headed also varies between counties. While the state average is 48.4 percent, in Sagadahoc county, almost two thirds of all poor families are female headed. And yet, on average, female headed households comprise a much smaller percentage of all families -- between 11 to 16 percent. Thus, female headed households tend to be overrepresented among the ranks of poor households by a factor of at least three. Put differently, while there is about a one in eight chance of a household being female headed, there is a one in two chance of a poor household being female headed. For those living in female headed households, there is a higher risk of being poor than in married couple families. The probability that a female headed household will be poor is even higher when there are children under six present. Again the regional variation is significant. About 43 percent of female headed households in Hancock county with children under six are poor, but in Somerset, Androscoggin, and Aroostook, almost three quarters of these households are poor.

## **IV. The Impact of Economic Growth in Maine on Women**

Aside from the very few people born into wealth, most Americans get their income from working in the labor market. The pay associated with occupations thus is a significant determinant of a person's income. Also, the industry in which one is employed can influence earnings, even among individuals with similar skills. This occurs in part because structural change in the economy can result in differing levels of demand for labor by industry, which can influence wage rates. Further, unionized industries tend to pay higher wages than non-unionized industries. In this section, we examine trends in women's and men's employment over the last decade and examine the characteristics of the jobs women hold.

### **A. Women's Employment in Occupations**

Women have tended to be occupationally segregated in the U.S. economy, primarily in low-paid occupations (Bergmann, 1986). Maine is no exception to this phenomenon, although there is some indication that some doors have opened to women over the last decade. Table 7 gives women's share of jobs in major occupational categories in 1980 and 1990. Women are underrepresented in an occupational category if the percentage of jobs held by women in that category is below their share of all jobs in the labor market (45.9 percent in 1990). Conversely, women are overrepresented in an occupation if their share of jobs in that category exceeds their share of all jobs in the labor market. A major advancement for women from 1980 to 1990 is their increased representation among the ranks of executive, administrative and managerial occupations. The data in Table 7 indicate that their share of these jobs rose from 29.5 percent to 44.2 percent. Likewise women increased their share of professional jobs. These are also among the highest paid occupations. In 1990, for example, average earnings of women in executive, administrative, and managerial occupations were \$23,043 (in constant \$1992).

On the other hand, women continue to be relatively underrepresented in the precision production, craft, and repair occupations which are also relatively high paid occupations. Women continue to be overrepresented in occupations such as sales and service occupations. Among these occupations, service jobs pay particularly low wages.

Although the earnings gap between men and women has narrowed over the last decade, women still continue to earn substantially less than men within occupational categories (Table 8). The earnings disparity is widest in sales occupations where women earn about one third the amount men earn. Even a good-paying job is no insurance that the gender earnings gap will diminish. Women in professional and managerial specialties earned 51.6 percent of male income in 1990, up only slightly from 47.7 percent in 1980.

Earnings inequality between men and women is in part due to the fact that women spend fewer hours in paid labor than men, because of their responsibility for performing unpaid labor to carry out household work and care of children. The data in Table 8 indicate that the

Table 7.- Maine: Women's Employment by Occupation, 1980 and 1990

Occupational Category	1980			1990		
	Women as Share of - Employed in Occupation	Percent Distribution of Women in Occupations	Women's Average Annual Earnings in \$1992	Women as Share of Employed in Occupation	Percent Distribution of Women in Occupations	Women's Average Annual Earnings in \$1992
Professional and Managerial Specialities	42.9%	19.7%	\$15,285	51.0%	26.5%	\$21,635
Exec, Admin, and Managerial	29.5%	5.6%	\$16,082	44.2%	10.1%	\$23,043
Professional Specialities	52.4%	14.1%	\$14,968	56.4%	16.4%	\$20,774
Technical, Sales, and Administrative	64.8%	38.6%	\$10,774	65.0%	39.8%	\$14,013
Technicians	53.0%	3.0%	\$13,206	51.5%	3.6%	\$18,736
Sales Occupations	48.6%	10.3%	\$8,142	50.6%	11.8%	\$11,766
Admin. Support Occupations	77.4%	25.3%	\$11,525	78.9%	24.5%	\$14,408
Services	61.9%	19.3%	\$6,898	64.0%	19.4%	\$8,894
Private Household	91.6%	1.4%	\$3,412	91.0%	0.8%	\$5,399
Protective Services	9.9%	0.3%	\$7,592	11.7%	0.3%	\$11,923
All Other Service Occupations	66.0%	17.5%	\$7,170	69.0%	18.2%	\$8,988
Farming, Forestry, and Fishing	11.6%	1.1%	\$6,628	15.3%	1.0%	\$9,180
Precision Production, Craft, and Repair	7.7%	2.7%	\$11,726	9.3%	2.8%	\$15,555
Operators, Fabricators, and Laborers	34.0%	18.6%	\$10,233	27.8%	10.6%	\$12,247
Machine Operators, Assemblers, Inspectors	8.1%	14.4%	\$10,693	25.4%	7.3%	\$13,085
Transportation and Material Moving	6.1%	0.7%	\$9,875	8.9%	0.9%	\$12,679
Handlers, Equipment Cleaners, Helpers, Laborers	0.9%	3.5%	\$8,326	23.5%	2.4%	\$9,90
Total	42.4%	100.0%	\$10,793	45.9%	100.0%	\$14,849

Source: Author's calculations. Data are from the 1980 and 1990 Census of Maine.

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**Table 8.- Maine: Female and Male Earnings and Hours Worked per Week by Occupation, 1980 and 1990**  
(in constant 1992 dollars, except where noted)

Occupational Category	Average Annual Earnings						Average No. of		Ratio F/M Hours Worked Week in 1990
	Women		Men		Ratio F/M Earnings Within Occupations		Hours Worked/ Week in 1990		
	1980	1990	1980	1990	1980	1990	Women	Men	
Professional and Managerial Specialities	\$15,285	\$21,635	\$32,075	\$41,904	7.7%	51.6%	38.6	45.1	86%
Exec, Admin, and Managerial	\$16,082	\$23,043	\$33,577	\$42,312	47.9%	54.5%	41.1	46.3	89%
Professional Specialities	\$14,968	\$20,774	\$31,305	\$41,489	47.8%	50.1%	36.7	43.9	84%
Technical, Sales, and Administrative	\$10,774	\$14,013	\$23,345	\$28,600	46.2%	49.0%	35.4	42.4	83%
Technicians	\$13,206	\$18,736	\$23,907	\$28,845	55.2%	65.0%	37.5	42.0	89%
Sales Occupations	\$8,142	\$11,766	\$24,568	\$31,535	33.1%	37.3%	33.8	44.2	76%
Admin. Support Occupations	\$11,525	\$14,408	\$21,374	\$23,287	53.9%	61.9%	35.8	39.2	91%
Services	\$6,898	\$8,894	\$13,417	\$15,813	51.4%	56.2%	32.1	37.7	85%
Private Household	\$3,412	\$5,399	\$8,461	\$10,067	40.3%	53.6%	27.3		
Protective Services	\$7,592	\$11,923	\$19,254	\$23,248	39.4%	51.3%	37.0	43.6	85%
All Other Service Occupations	\$7,170	\$8,988	\$11,696	\$13,486	61.3%	66.6%	32.4	35.6	91%
Farming, Forestry, and Fishing	\$6,628	\$9,180	\$14,752	\$20,299	44.9%	45.2%	na	na	na
Precision Production, Craft, and Repair	\$11,726	\$15,555	\$21,542	\$25,399	54.4%	61.2%	37.2	42.0	89%
Operators, Fabricators, and Laborers	\$10,233	\$12,247	\$17,686	\$21,063	57.9%	58.1%	38.3	40.8	94%
Machine Operators, Assemblers, Inspectors	\$10,693	\$13,085	\$18,634	\$23,127	57.4%	56.6%	33.9	41.8	81%
Transportation and Material Moving Handlers, Equipment Cleaners, Helpers, Laborers	\$9,875	\$12,679	\$20,934	\$23,813	47.2%	53.2%	34.7	43.8	79%
	\$8,326	\$9,908	\$12,096	\$15,004	68.8%	66.0%	34.7	36.5	95%

Source: Data on earnings are from the 1990 Census for Maine. Hours worked per week are national and are from Employment and Earnings, January 1991.

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average number of hours worked per week by women in 1990 were lower than those worked by men in every occupational category. However, it should be noted that there is a significant variation in men's average hours worked per week by occupation. This suggests that, to some extent, the number of hours worked per week is at least in part a function of the hours offered by the employer in an occupational category. The last column in Table 8 gives the ratio of female to male hours worked per week. Sales occupations show the greatest divergence in male and female hours, and not surprisingly, in male and female annual earnings. Other occupations, however, show very little divergence in hours worked by sex (for example, service occupations, and executive, administrative and managerial professions), suggesting that hours inequality cannot completely explain earnings differentials between women and men.

To separate out the effects of hours inequality from earnings differentials, we estimated hourly wages by occupation by gender from data reported in the 1990 Census. Table 9 gives hourly earnings by gender in Maine for non-agricultural workers.<sup>10</sup> Women's average hourly earnings in 1990 were \$7.87 per hour (in 1992 dollars) compared to \$12.54 for men. Thus, on average, women in Maine earn only 63% of the amount men earn per hour.

The data in Table 9 indicate that women's hourly wages in 1990 are substantially below those paid men employed in the same occupational category. Thus, even after controlling for differences in the number of hours women and men work per week, women's hourly wages in sales occupations are less than half those of men in the same occupation. Wage equity is greater in technician occupations, but only 3.6 percent of all women are employed in this occupational category. Also, gender wage differentials in "credentialed" occupations such as professional and managerial jobs are greater than in most other occupational categories.

The last two columns of Table 9 show the distribution of men and women in occupations. The data in that table indicate that women tend to be concentrated in a narrow range of occupations compared to men. The majority of women (54.5 percent) are concentrated in just three occupations, all with relatively low wages -- sales, administrative support, and services. Only about 22.5 percent of men are employed in these categories and the wages they earn are significantly higher than those women earn. As the data indicate, men tend to be more evenly distributed throughout occupational categories. One effect of women being "crowded" into a limited range of occupations compared to men is that a larger number of women compete for a narrow range of jobs, which then drives down their wages. Thus, an important effect of occupationally segregating women into a limited number of occupations is that their wages are depressed relative to those of men who are able to vie for wider range of jobs.

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<sup>10</sup> Hourly earnings are calculated by dividing average weekly earnings by the average number of hours worked by women and men nationally in each occupational category. Weekly earnings data for Maine by occupation and sex are from the 1990 Census. Hours worked per week are from *Employment and Earnings*, January 1991.

**Table 9.- Maine: Hourly Earnings by Occupation by Gender, 1990**  
(in constant 1992 dollars)

	Hourly Earnings		Ratio F/M Hourly Earnings	Distribution in Occupations	
	Women	Men		Women	Men
Professional and Managerial Specialities	\$10.85	\$17.87	61 %	26.5 %	21.6 %
Exec, Admin, and Managerial	\$10.78	\$17.57	61 %	10.1 %	10.8 %
Professional Specialities	\$10.89	\$18.17	60 %	16.4 %	10.8 %
Technical, Sales, and Administrative	\$7.61	\$12.97	59 %	39.8 %	18.2 %
Technicians	\$9.61	\$13.21	73 %	3.6 %	2.9 %
Sales Occupations	\$6.69	\$13.72	49 %	11.8 %	9.8 %
Admin. Support Occupations	\$7.74	\$11.42	68 %	24.5 %	5.6 %
Services	\$5.33	\$8.07	66 %	19.4 %	9.3 %
Private Household	\$3.80	na	na	0.8 %	0.1 %
Protective Services	\$6.20	\$10.25	60 %	0.3 %	2.2 %
All Other Service Occupations	\$5.33	\$7.28	73 %	18.2 %	7.0 %
Farming, Forestry, and Fishing	na	na	na	1.0 %	4.5 %
Precision Production, Craft, and Repair	\$8.04	\$11.63	69 %	2.8 %	23.1 %
Operators, Fabricators, and Laborers	\$6.15	\$9.93	62 %	10.6 %	23.3 %
Machine Operators, Assemblers,					
Inspectors	\$7.42	\$10.64	70 %	7.3 %	9.0 %
Transportation and Material Moving	\$7.03	\$10.46	67 %	0.9 %	7.7 %
Handlers, Equipment Cleaners, Helpers,					
Laborers	\$5.49	\$7.90	69 %	2.4 %	6.6 %
All Occupations <sup>(1)</sup>	\$7.87	\$12.54	63 %	100.0 %	100.0 %

Source: Author's calculations.

Note: Hourly earnings are calculated by dividing average weekly earnings by the average number of hours worked by women and men nationally in each occupational category. Weekly earnings data for Maine by occupation and sex are from the 1990 Census. Hours worked per week are from *Employment and Earnings*, January 1991.

<sup>(1)</sup> The average hourly wage is for non-agricultural occupations.

Table 10 summarizes the characteristics of the major occupations employing women in 1992. Women's earnings in all three of these occupations are below the average weekly earnings of all workers in Maine. In service occupations, women's average earnings are less than half state average weekly earnings for all workers. A comparison of weekly earnings in these occupations with the national average of weekly earnings of all full-time workers shows an even wider gap. Note also that women's earnings barely put them over the official poverty threshold in sales and administrative support occupations while women employed in service occupations earn only enough to put them at 76.4 percent of the poverty level (for a family of three). The low wages paid in sales and other occupations are accompanied by few if any fringe benefits. Less than half of workers in sales and less than one third of those in services are covered by employer-provided health care. Even fewer are covered by employer-provided pension plans (27.6 and 22.0 percent respectively). Administrative support personnel fare relatively better with regard to fringe benefits. However, even here, almost half are not covered by health insurance. The low wages in this occupational category suggest that workers so employed may face an extreme financial burden in obtaining health insurance, particularly since the cost of obtaining coverage under individual plans is higher than in group plans.

Women in sales and services also face high rates of unemployment. The national unemployment rate in these two occupations is higher than the economy-wide unemployment rate. Further, women in sales and services face the problem of high rates of involuntary part-time employment. In services, the rate of involuntary part-time employment for women is more than *double* the economy-wide national average for women. In sales occupations, the rate of involuntary part-time employment is more than one and a half times the national average for all occupations.

These figures imply that women's low earnings are coupled with insecure employment status, a lack of fringe benefits, and inadequate access to full-time employment. Yet, women in these occupations are in greatest need of full-time employment since their wages are so low. Administrative support workers tend to fare better in all of these regards. The unemployment rate for women in this category is at 81 percent of the national average. Administrative support workers also have relatively low rates of involuntary part-time employment. One factor that may explain the better working conditions of women in this category is that clerical workers are more likely to be unionized than sales and service workers.

Other characteristics of the occupations in which women are concentrated in Maine are problematic as well. A large percentage of people employed as service workers (almost half) are shift workers. For single heads of household, this type of work schedule can create difficulties in trying to balance work and family. Finally, as the last row in Table 11 shows, even within these relatively low-wage occupations, women's hourly earnings are substantially below men's.



**Table 10.- Characteristics of Occupations in Maine Employing Women, 1992**

Characteristic	Sales	Admin. Support	Services
1. Women's Estimated Avg. Weekly Earnings	\$223	\$273	\$170
2. Women's Earnings as % of Avg. Weekly Earnings, All Maine Workers	61.2%	74.9%	46.7%
3. Women's Earnings as % of Avg. Weekly Earnings of all Full-Time Workers	50.8%	62.2%	38.8%
4. Women's Earnings as % of Poverty Level, 3-person family	100.2%	122.7%	76.4%
5. % of Workers in Occupation Covered by Employer-Provided Health Care	41.1%	56.5%	30.3%
6. % of Workers in Occupation Covered by Employer-Provided Pension Plan	27.6%	46.9%	22.0%
7. National Female Unemployment Rate in Occupation	8.2%	5.6%	7.9%
8. Female Unemployment Rate as % of Economy-Wide Unemployment Rate for Women in U.S.	118.8%	81.2%	114.5%
9. National Female Rate of Involuntary Part-Time in Occupation	10.0%	3.8%	12.9%
10. Female Involuntary Part-Time Rate as % of Economy-Wide Invol. Part-Time Rate for Women in U.S.	156.0%	59.0%	202.0%
11. % of Workers on Shift Schedules	13.8%	13.8%	42.5%
12. Ratio of Female to Male Hourly Earnings in Occupation	48.8%	67.7%	73.2%

Sources and notes:

- (1) Data are from 1990 Census, and are adjusted to 1992 levels by calculating the decline in real earnings from 1990 to 1992. (1.5 percent). The change in hourly earnings is for all workers, and is from the Statistical Abstract, 1993, Table 667, p. 424.
- (2) Employment and Earnings, January 1994, Table C-1.
- (3) Employment and Earnings, January 1994, Table 55, p. 240.
- (4) The poverty threshold for a 3-person family in 1992 is \$11,570.
- (5) Statistical Abstract of the United States 1994, Table 672, p. 433.
- (6) Statistical Abstract of the United States 1994, Table 672, p. 433.
- (7) Employment and Earnings, January 1994, p. 194.
- (8) Ibid.
- (9) Employment and Earnings, January 1993, p. 213.
- (10) Ibid.
- (11) Statistical Abstract of the U.S., 1993, p. 404, Table 642. Data for sales and administrative support are grouped.
- (12) Author's calculations using unpublished 1990 Census data.

## B. Women's Employment in Industries

Women's earnings, as noted above, also depend on the industry in which they are employed. Trends in women's employment by industry between 1981 and 1992 are given in Table 11. Women tend to be concentrated in service-producing industries, a trend which became more pronounced between 1981 and 1992. In fact, by 1992, 58.7 percent of women were employed in just two industries -- retail trade and services. The percentage of women employed in manufacturing sharply declined during the last decade from 22.3 percent in 1981 to 11.7 percent in 1992. (In contrast, over 25 percent of men were employed in the manufacturing sector in 1992)

An interesting characteristic of retail trade and service industries is that they tend to be female-dominated. That is, women comprise over 60 percent of employees in both of these industries. This contrasts with the manufacturing industry which is male-dominated (only 29.3 percent of all employees were female in 1992, down from 33.9 percent in 1981). In fact, over the last decade, the entire goods-producing sector has become more male-dominated, with women holding only 29.3 percent of jobs in that sector, compared to 33.9 percent in 1981.

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<sup>11</sup> Women's earnings in these industries may be even lower than the average indicates. This is because reported industry earnings are an aggregate of the earnings of workers in all occupational categories (e.g, managerial and executive, technical, etc). Women tend to be underrepresented in higher paid managerial and supervisory slots, and thus, their earnings in the industry may fall below the reported average. Unfortunately, industry earnings data by sex are not available for Maine.

A striking feature of the gendered employment pattern is that women tend to be concentrated in those industries that pay the lowest wages.<sup>11</sup> Average 1992 weekly earnings in retail trade (\$247) and services (\$385) were the lowest of all service-producing industries and were substantially below those paid in non-agricultural goods-producing industries such as manufacturing. The disparity between earnings in retail trade and manufacturing is particularly great, with workers in retail trade earning on average less than half that of manufacturing workers.

**Table 11.- Maine: Trends in Employment by Industry and Gender, 1981 to 1992**

Industry	1981		1992		Average Weekly Earnings 1992
	Women's Share of Employed In Industry	Distribution of Women In Industries	Women's Share of Employed In Industry	Distribution of Women In Industries	
<b>Goods Producing</b>	30.5%	24.1%	26.3%	13.5%	\$495
Agriculture	28.3%	0.8%	34.7%	0.9%	\$304
Mining	13.4%	0.0%	16.9%	0.0%	\$617
Construction	9.5%	1.0%	10.6%	1.0%	\$443
Manufacturing	33.9%	22.3%	29.3%	11.7%	\$519
<b>Service Producing</b>	50.5%	75.9%	54.8%	86.5%	\$390
Trans, Comm, Util.	25.9%	2.4%	25.8%	2.3%	\$521
Wholesale Trade	21.1%	0.3%	25.5%	2.5%	\$525
Retail Trade	51.5%	21.2%	55.5%	24.9%	\$247
Fin, Ins, Realn Est.	61.2%	6.1%	63.6%	6.6%	\$559
Services	66.5%	29.6%	65.2%	33.8%	\$385
Local Government	42.9%	10.0%	53.5%	11.7%	\$494
State Government	39.0%	4.3%	46.1%	4.6%	\$405
<b>Total</b>	<b>43.6%</b>	<b>100.0%</b>	<b>47.8%</b>	<b>100.0%</b>	<b>\$416</b>

Source: Data are from Maine Employment Statistical Handbook, 1981 and 1991. Sectoral weekly earnings are calculated as a weighted average of industry earnings.

The Maine economy has undergone structural change in recent years, evidenced by the decline in manufacturing jobs and the increase in the number of service-producing jobs. The data in Table 12 indicate that women have lost a disproportionate share of the high-paid manufacturing jobs (54 percent). Women are overrepresented among the job gainers in some other industries -- in the financial, insurance, and retail estate (FIRE) industry, retail trade, and services. Women also obtained the overwhelming majority of jobs created in local and

state government. Job gains in the public sector and the FIRE industry are positive trends in the sense that these jobs tend to pay wages that are above the state average (except for state government, where weekly earnings are 97 percent of the state average). But, as noted above, women's overrepresentation among the job gainers in the retail trade and service industries is a factor contributing to low weekly earnings since these tend to be low-wage industries.

**Table 12.- Change in Employment Levels and Average Earnings by Industry  
in Maine, 1981 to 1992**

Industry	Job Growth ( Loss) 1981-92		Women's Share of Jobs Gained (lost)	Avg. Weekly Earnings	Industry Earnings as % of Avg. Annual Earnings	
	Total	Women			Avg. Earnings	Avg. Earnings
<b>Goods Producing</b>	(16,267)	(10,008)	-61.5 %	\$495	119 %	\$25,766
Agriculture	1,164	701	60.2 %	\$304	73 %	\$15,812
Mining	(91)	(8)	-8.8 %	\$617	148 %	\$32,099
Construction	3,541	577	16.3 %	\$443	107 %	\$23,048
Manufacturing	(20,881)	(11,278)	-54.0 %	\$519	125 %	\$26,993
<b>Service Producing</b>	107,617	69,986	65.0 %	\$390	94 %	\$20,291
Trans, Comm, Util	4,889	1,231	25.2 %	\$521	125 %	\$27,100
Wholesale Trade	4,096	1,880	45.9 %	\$525	126 %	\$27,310
Retail Trade	33,393	21,363	64.0 %	\$247	59 %	\$12,838
Fin, Ins, Real Est.	6,908	4,796	69.4 %	\$559	134 %	\$29,063
Services	43,740	27,559	63.0 %	\$385	93 %	\$20,031
Local Government	10,669	9,974	93.5 %	\$494	119 %	\$25,705
State Government	3,922	3,183	81.2 %	\$405	97 %	\$21,084
<b>Total</b>	<b>91,350</b>	<b>59,978</b>	<b>65.7 %</b>	<b>\$416</b>	<b>100 %</b>	<b>\$21,638</b>

Source: Author's calculations. Data are from Maine Department of Labor, Maine Employment and Earnings Statistical Handbook, various years.

The quality of employment in an industry is in part determined by access to full-time jobs. Workers in some industries are more vulnerable to problems of unemployment and involuntary part-time employment than workers in other industries. Table 13 gives unemployment and involuntary part-time employment rates for Maine for 1990 and 1993. The data indicate that on average, rates of unemployment and involuntary part-time

**Table 13.- Unemployment and Involuntary Part-Time Employment by Industry in Maine, 1990 and 1993**

Industry	Percent Unemployed		Percent Involuntarily Employed Part-Time		Sum of Unemployment and Involuntary Part-Time Rates		Percentage Point Change in Sum of Unemployment Rate and Invol. Part-Time Rate 1990 to 1993
	1990	1993	1990	1993	1990	1993	
Agriculture	9.1%	11.6%	na	na	na	na	na
Mining	4.8%	7.3%	1.8%	1.5%	6.6%	8.8%	2.2%
Construction	11.1%	14.3%	6.8%	7.6%	17.9%	21.9%	3.9%
Manufacturing	5.8%	7.2%	2.6%	2.7%	8.4%	9.9%	1.5%
Durable Mfg.	5.8%	7.1%	1.8%	1.8%	7.6%	8.9%	1.3%
Non-Durable Mfg.	5.8%	7.3%	3.7%	3.9%	9.5%	11.2%	1.6%
Trans, Comm, Util.	3.8%	5.1%	2.7%	3.2%	6.5%	8.3%	1.8%
Trade	6.4%	7.8%	6.6%	8.4%	13.0%	16.2%	3.2%
Wholesale Trade	4.5%	6.1%	---	---	---	---	---
Retail Trade	6.8%	8.2%	---	---	---	---	---
Fin, Ins, Real Est.	3.0%	4.1%	1.8%	2.3%	4.8%	6.4%	1.6%
Services	5.0%	6.1%	4.7%	5.9%	9.7%	12.0%	2.4%
Professional services	3.2%	4.1%	---	---	---	---	---
Other service industries	7.2%	9.0%	---	---	---	---	---
Public Sector	2.3%	2.9%	1.0%	1.3%	3.3%	4.2%	0.9%
Total	5.5%	7.0%	4.5%	5.3%	10.0%	12.3%	2.3%

Source: Data are from Employment and Earnings, January 1991 and January 1994.

Notes: Unemployment data include self-employed and unpaid family workers. Involuntary part-time rates are for wage and salary workers only.

employment rose in all industries in this period. Some industries have particularly high rates of unemployment and involuntary part-time employment. Of particular interest are those industries in which women are concentrated. Rates of unemployment in retail trade and other service industries are higher than the average for all industries. Rates of involuntary part-time employment are highest in construction, trade (wholesale and retail trade combined), and services. Almost 60 percent of women are employed in the latter two industries, indicating that their access to full-time employment is limited, and their market hours are constrained by the industries in which they have found employment.

Table 13 also gives the sum of involuntary part-time and unemployment rates for 1990 and 1993. These combined rates serve as an indicator of variations in job security and access to full-time employment by industry. Women are concentrated in two of the three industries with the highest combined rates of unemployment and involuntary part-time employment. Note also that these are the industries in which increases in both unemployment and involuntary part-time employment from 1990 to 1993 are the highest. The construction industry is also facing these problems but women comprise only about 1 percent of all workers in this industry. It should be emphasized, however, that higher than average earnings in the construction industry and the availability of unemployment benefits not generally available to persons performing seasonal work somewhat mitigate the problem of involuntary part-time employment.

These data suggest that women's low earnings in Maine relative to those of men and absolutely are in part a function of the type of industries in which they are concentrated. Efforts to improve women's economic status might include measures that facilitate women's entry into male-dominated industries which pay higher wages and have lower rates of unemployment and involuntary part-time employment. In addition, those efforts might include measures to improve women's access to full-time jobs. One approach to achieving this goal, for example, is to develop policies to address those factors which cause employers to offer only part-time employment.

The pattern of women's concentration in retail trade and service industries is a state-wide phenomenon with few exceptions. Table 14 gives women's share of employment in these industries by county. In some counties, women hold almost three quarters of all jobs in the service industry. Women are also slightly overrepresented in the retail trade industry in all counties. There is, however, significant variation in the level of earnings in each industry. For example, weekly earnings in the service industry in Franklin county are only 67 percent of average weekly earnings in Maine while in Cumberland county, the ratio is 106 percent. Part of this has to do with the fact that the service industry includes some very high-paid jobs such as business services (advertising) and computer services. In a relatively populous and urban county such as Cumberland, these high-tech services may make up a large share of all service sector jobs, driving up average industry wages in that county. Unfortunately, the data are not available at the state level to assess the extent to which county variations in industry earnings are due to compositional factors such as that noted above or due to variations in earnings within industry sub-sectors. Within the retail trade industry, there is less variation in

earnings by county which may be explained by the fact the establishments grouped in this industry are more similar than those in services. In all counties, weekly earnings in retail trade are well below the state average. In most counties, retail trade workers earn between 50 to 60 percent of the state average weekly wage for all industries.

**Table 14.- Maine: Women's Employment and Earnings in Services  
and Retail Trade by County, 1992**  
(in percent)

County	Services		Retail Trade		Total % of Women Employed in Retail Sales and Services
	Women's Share of Jobs in Industry	Industry Earnings as % of Avg. Weekly Earnings for Maine	Women's Share of Jobs in Industry	Industry Earnings as % of Avg. Weekly Earnings for Maine	
Androscoggin	72.7%	99.3%	55.7%	57.2%	60.1%
Aroostook	73.8%	72.8%	51.0%	52.0%	58.2%
Cumberland	59.8%	106.4%	56.1%	67.2%	62.6%
Franklin	66.1%	67.4%	59.2%	48.4%	51.5%
Hancock	70.0%	83.0%	57.3%	58.0%	66.3%
Kennebec	67.1%	93.4%	53.7%	60.1%	51.4%
Knox	73.6%	85.0%	59.8%	54.7%	64.7%
Lincoln	68.7%	79.1%	63.4%	56.0%	65.8%
Oxford	65.1%	78.1%	55.1%	55.0%	57.6%
Penobscot	67.3%	99.8%	50.8%	58.9%	57.3%
Piscataquis	69.6%	67.6%	51.0%	0.9%	40.8%
Sagadahoc	58.1%	95.4%	58.6%	56.4%	51.2%
Somerset	65.4%	73.4%	55.4%	57.9%	49.0%
Waldo	66.9%	72.7%	58.6%	50.4%	56.8%
Washington	76.7%	72.3%	58.6%	51.1%	53.1%
York	67.1%	83.0%	57.7%	58.4%	61.3%

Source: Author's calculations. Data are from Maine Employment Statistical Handbook, 1981 and 1991.

The final column in Table 14 gives the percentage of all women employed in the two industries discussed here -- retail trade and services. With the exception of Sagadahoc county, more than half of all Maine women are employed in these two industries. Table 15 below highlights the characteristics of these two industries.

Retail sales workers in Maine, primarily women, earn less than two thirds the average weekly earnings of all workers in the U.S. Service workers' earnings are also below the national average. A comparison of the earnings in these two industries with the national average of weekly earnings of all full-time workers shows that the ratio is even lower, and may be attributable to the prevalence of short hours in these industries. Unemployment rates in both industries are above the national average female unemployment rate in 1992 while the rate of involuntary part-time employment exceeds the national average only in retail trade. Nevertheless, fully a quarter of Maine women are employed in this industry, which has a rate of involuntary part-time employment more than one and a half times the national average for all industries combined. This points to the difficulty that a large number of Maine women have in obtaining enough paid work to meet their income needs.

In summary, although Maine women have increased their representation in some well-paid occupations and industries, they continue to be concentrated (and overrepresented) in occupations and industries that pay low wages. They have relatively less access than men to the types of employment that pay a wage sufficient to support themselves and their families. Interestingly, a decade of growth and the erosion of gender stereotypes has not succeeded in moving women into a position of equity with men in the labor market. Women are not only overrepresented in the lowest echelons of the labor market; they also earn less than men with a similar education and within the same occupational categories.

The slow pace of change is important for two reasons. Women are more frequently heads of household than in the past, and thus increasingly children's economic status depends on the extent to which their mothers experience fairness and equity in labor markets. The slow pace of change both discourages women and puts children in jeopardy. A second important aspect of the slow pace of progress is that the 1980s were seen as a period of rapid growth which to some extent created opportunities for women to enter a number of high-paid occupations. In spite of rapid growth, however, many women were left behind economically, as evidenced by the wide gender wage gap and the high rates of poverty in female headed households. In this context, the prognosis of slow growth in the 1990s and beyond bodes poorly for women.



**Table 15.- Characteristics of Maine Industries Employing Women, 1992**

Industry	Average Weekly Earnings (1)	Earnings as % of Avg. Weekly Earnings, all Industries, National Data (2)	As % of Avg. Weekly Earnings, All Full-Time Workers, Nat'l Data, (3)	Female Unemp. Rate in Industry Nat'l Data (4)	As % of Economy- Wide Female Unemp. Rate (4)	Female Rate of Invol. Part-Time Employment in Industry Nat'l Data (5)	As % of Economy- Wide Female Invol. Part- Time Rate (5)	% of Maine Women Employed in Industry (1)
Retail Trade	\$247	60.1 %	58.3 %	9.2 %	133.3 %	8.4 %	153 %	24.9 %
Services	\$385	93.7 %	90.8 %	9.8 %	142.0 %	5.4 %	98 %	33.8 %

**Sources and notes:**

(1) Maine Department of of Labor.

(2) Maine Department of of Labor; Employment and Earnings, January 1994..

(3) Employment and Earnings, January 1994, Table 60, p. 251.

(4) Employment and Earnings, January 1994, p. 195. Data are for women in 1992.

(5) Employment and Earnings, January 1994, p. 221, Table. 32. Data are for retail and wholesale trade.

## V. "Rising Tides and Leaky Boats": Women's Job Prospects to the Year 2000

A popular adage has it that "rising tides lift all boats." Generally, what is meant by this phrase is that the impact of economic growth and development on working people is undifferentiated. That is, economic growth is expected to affect all working groups more or less equally and positively. Recent research indicates that this adage is an inaccurate characterization of wage and employment trends in the new economic environment.<sup>12</sup> The boom of the 1980s was paradoxically accompanied by declines in real earnings for a number of groups. Those most negatively affected were blue collar workers and service workers. This phenomenon is also evident among women workers. For example, during the period 1979 to 1993, Mishel and Bernstein (1995) found for the U.S. that the real wages of women in blue collar jobs fell 6.2 percent and those of women in service occupations fell 4.2 percent. At the same time, the earnings of women in white collar jobs rose 12.2 percent.

Numerous explanations of the phenomenon of the growth of wage inequality in the U.S. have been offered, ranging from the impact of Third World low-wage competition on blue collar wages in the U.S. to declining unionization rates to shortages of skilled labor.<sup>13</sup> Whatever the causes, there is relative consensus among economists that economic growth is not likely to affect all groups of workers in a similar manner. Public policy concerned with reducing economic inequality between women and men in the state may, therefore, find it useful to consider the potential for newly created jobs to benefit women and to improve their absolute and relative earnings. This is particularly critical in an environment of declining expenditures on social programs, since even more of women's and their families' income will have to be derived from earnings in the labor market.

In this regard, employment forecasts for the state of Maine are not entirely encouraging. Maine Department of Labor projections of job growth in Maine by occupation to the year 2000 indicate that most job growth will be in occupations that pay women low wages (Table 16).<sup>14</sup>

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<sup>12</sup> There is an extensive literature on recent shifts in the relationship between economic growth, employment, and earnings. See, for example, Bluestone and Harrison (1988); Blackburn, Bloom, and Freeman (1990); Mayer and Jencks (1991); Cutler and Katz (1991); and Danziger and Gottschalk (1993).

<sup>13</sup> For a survey of that literature, see Levy and Murnane (1992). Also see Bluestone and Harrison (1988), Katz and Murphy (1992), and Blau and Kahn (1994).

<sup>14</sup> The State Planning Office projects total employment to expand 5.2 percent between 1995 and 2000, for a total of approximately 26,000 jobs and an annual increase of approximately 5,200 jobs.

**Table 16.- “Rising Tides and Leaky Boats”: Maine Women’s Job Prospects to the Year 2000**  
(in 1992 dollars)

Rank of Occupations with Greatest No. of Expected Annual Openings in Maine, 1988-2000	National Median Weekly Earnings YRFT Workers		Ratio Female to Male Earnings	Median Weekly Earnings of YRFT Workers as % of Poverty Level for 3-Person Family	
	Women	Men		Women	Men
1. Retail Sales	\$219	\$336	65.2 %	108 %	165 %
2. Managers and Executives	\$485	\$742	65.4 %	239 %	365 %
3. Janitors and Cleaners	\$248	\$294	84.4 %	122 %	145 %
4. Nursing Aids	\$248	\$284	87.3 %	122 %	140 %
5. Cashiers	\$210	\$231	90.9 %	103 %	114 %
6. Stock Clerks, Sales Floor	\$326	\$373	87.4 %	161 %	184 %
7. Registered Nurses	\$608	\$616	98.7 %	299 %	303 %
8. Bookkeeping and Accting. Clerks	\$335	\$391	85.7 %	165 %	193 %
9. General Secretaries	\$343	na	na	169 %	na
10. Carpenters	na	\$413	na	na	203 %

Source: Data on occupations with greatest number of annual openings expected is from “Trends In Maine Labor Market 1988-2000,” Technical Services Monograph EDR-22, Maine Department of Labor. Median weekly earnings are for 1990 and are for year-round full-time wage and salary workers in the U.S. Data are from *Employment and Earnings*, January 1991, Table 56, p. 233.

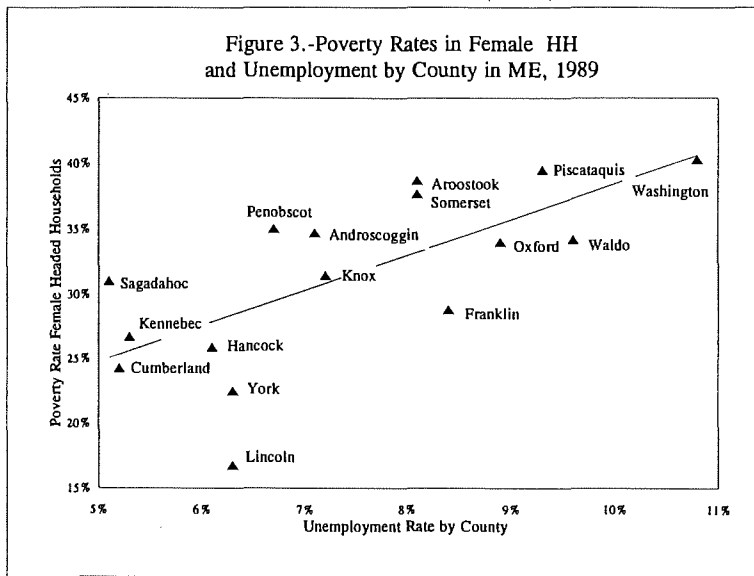
The exceptions are managerial and executive occupations and registered nurses, both occupations that pay very high wages by current standards. Retail sales clerks, nursing aids, and cashiers are paid wages that hover around the poverty level for a family of three. It should be noted that men employed in these occupations earn low wages as well, suggesting that our current economic development trajectory does not hold much promise of a higher standard of living for some men as well. Nevertheless, an important aspect of these projections is that wage inequality by gender is high in a number of these occupations (with the notable exception of registered nurses), indicating that further economic growth is unlikely to pull a large number of women out of poverty unless public policies are developed which result in rising wages in the occupations for which there is the greatest growth. Alternatively (or perhaps in addition to strategies to raise wages in existing occupations), economic development policies can be shaped in such a way that the economy generates high-paid jobs for a larger share of all workers.

Another important issue to be considered is that the Maine economy faces numerous structural problems (as does the U.S. economy) which serve to depress women's and men's wages. For example, unemployment rates are high despite the fact that the state is technically out of a recession. The problem is particularly severe in northern and eastern Maine, where unemployment rates are more than double those in southern Maine. There is an important relationship between earnings and unemployment rates since most people's income is derived from jobs. This relationship is clear in Figure 3, which graphs the rate of poverty in female headed households with the rate of unemployment by county in 1989. A strong positive relationship exists between these two variables -- in counties with high rates of unemployment, female poverty rates are correspondingly high.<sup>15</sup> This relationship underscores the point that an important cause of poverty and the need for public assistance is because women and men face structural impediments to earning a living.

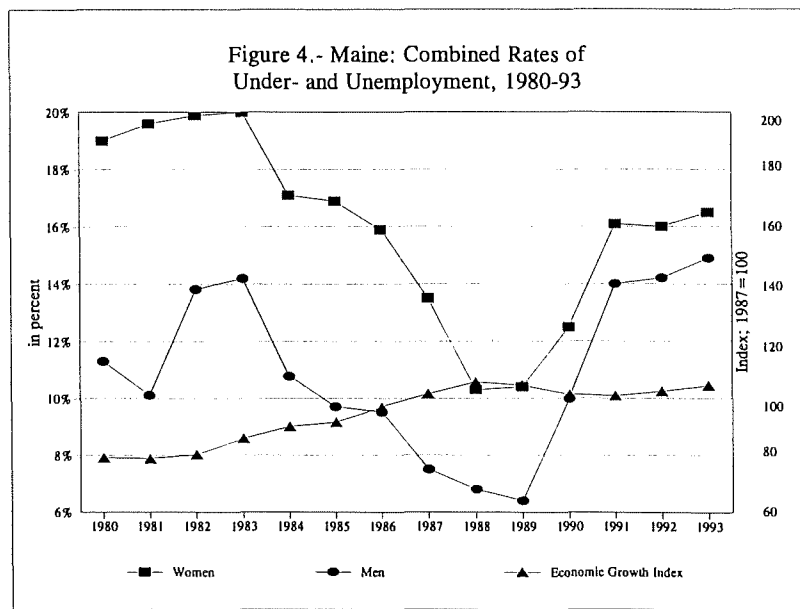
As noted above, along with high unemployment rates, the Maine economy has experienced an increase in the rate of involuntary part-time employment in recent years (see Table 13). A chronic problem is that women experience a higher rate of involuntary part-time employment (or underemployment) than men, a phenomenon which shows no signs of abating (Table 17).

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<sup>15</sup> The trend line in Figure 3 is obtained by regressing the rate of poverty in female headed households on the rate of unemployment by county in Maine in 1989. The positively-sloped trend line indicates that high rates of unemployment correspond to high rates of poverty in female headed household



A notable feature of Maine's current economic environment is that women's rates of involuntary part-time employment and unemployment continue to remain high in spite of the end of the recession in 1991 (Figure 4). This phenomenon, which also affects men but to a lesser extent, suggests a shift in Maine labor markets in which employers are restructuring jobs to make them more "flexible."



**Table 17.- Unemployment and Involuntary Part-Time Employment in Maine  
by Gender, 1980 to 1993**

	Involuntary Part-Time Employment Rate		Unemployment Rate		Combined Rates of Under-and Unemployment	
	Men	Women	Men	Women	Men	Women
1980	4.9%	10.9%	6.4%	8.1%	11.3%	19.0%
1981	4.1%	12.1%	6.0%	7.5%	10.1%	19.6%
1982	5.2%	11.4%	8.6%	8.5%	3.8%	19.9%
1984	4.7%	10.9%	6.1%	6.2%	10.8%	17.1%
1985	4.6%	11.0%	5.1%	5.9%	9.7%	16.9%
1987	3.7%	8.4%	3.8%	5.1%	7.5%	13.5%
1988	3.1%	6.5%	3.7%	3.8%	6.8%	10.3%
1989	2.2%	6.3%	4.2%	4.1%	6.4%	10.4%
1990	4.6%	7.7%	5.4%	4.8%	10.0%	12.5%
1991	5.4%	9.8%	8.6%	6.3%	14.0%	16.1%
1992	6.1%	10.0%	8.1%	6.0%	14.2%	16.0%
1993	6.2%	9.5%	8.7%	7.0%	14.9%	16.5%

Source: Maine Department of Labor.

There is an extensive literature on how economic restructuring in industrialized and developing economies has relied primarily on female labor.<sup>16</sup> Labor can be made flexible by transforming full-time jobs into part-time slots so that the cost of “down time” (i.e., a period of slack demand) is borne by the worker, not the firm. Also, large firms may subcontract to smaller firms that hire “home” workers in order to reduce overhead costs. Numerous researchers have noted that women figure prominently in this strategy since it is primarily jobs in female-dominated industries that have become more “flexible” and, in particular, that have higher than average rates of involuntary part-time employment. Thus, a characteristic of the “new” economy is that many jobs in female-dominated sectors are reducing costs by shifting full-time workers to part-time work in order to avoid the cost of fringe benefits. The data in Table 17 indicate that men also experience this cost-cutting technique, but as Figure 4 shows, the combined effects of under- and unemployment hit women hardest.

Also note in that figure that during the 1980s, as the economy grew, the combined rates of underemployment and unemployment steadily declined. Economic growth peaked in 1989, and the period of growth in the 1980s was followed by a recession which began in 1990 and

<sup>16</sup> See, for example, Guy Standing (1989).

ended in the second quarter of 1991.<sup>17</sup> Since then, the Maine economy has been expanding. Yet, the combined rates of unemployment and underemployment have continued to rise even during the recovery, contrary to what would be expected.

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<sup>17</sup> The economic growth index for Maine was developed by Galen Rose at the State Planning Office. The index is a composite of four equally weighted indicators: 1) resident employment, 2) real consumer retail sales, 3) production hours worked in manufacturing, and 4) services employment.

## VI. Two Strikes and You're Out: Accounting for Women's Low Earnings

Women's earnings in Maine are low for two important reasons. First, women face discrimination in the labor market, as evidenced by the earnings differentials between women and men with the same educational attainment. In addition, women are segregated into occupations that pay low hourly wages. Even within those occupations, women earn less than men. Further, women are concentrated in jobs that have high rates of unemployment and involuntary part-time employment, factors that reduce women's labor market time in a way that is beyond their control. Second, women also earn less than men because they spend less time in paid labor, primarily due to the fact that women still have primary responsibility for taking care of the household and children. These two factors combined go some way to explaining why women are so much more likely than men to be poor and why women with children in particular have such high poverty rates in Maine.

Table 18 illustrates how gender and the presence of children affect earnings. Women who work full-time have an income that is about two-thirds of men's who work full-time. The median income of women heads of household is less than that of women who work full-time. This may be explained by the fact that households require labor effort. That is, people must expend labor in order to keep the home together -- for such activities as maintaining the house, paying bills, and so forth. This work may be shared among adults in households (although not always equally). Single heads of household, however, must shoulder the entire burden of carrying out this unpaid work. This responsibility may force them to reduce their labor market time to some extent, causing their income to be relatively lower.

Children also require a significant unpaid labor time commitment. As the data in Table 18 show, female headed households with children under 18 have an income that is 26.8 percent less than that of women who work full-time. This may be explained by the fact that women with responsibility for the care of children and the home in single parent households frequently have to limit their paid labor hours. The problem is most severe for single parents with children under six who put in long hours of unpaid labor. The income of that group is less than half the income received by women who have full-time paid jobs. Further, it is only a quarter of the income received by men who are employed full-time.

Clearly, the presence of children and particularly young children can have negative effects on income. This occurs largely because parents are forced to juggle the demanding burdens of child care and housework on the one hand and a paid job on the other, possibly forcing them to limit the hours they spend in paid labor. An additional question is to what extent is the poverty or near-poverty status of female headed households also due to the fact that women earn low wages? This hypothetical question is examined in Table 18. Assume that labor market discrimination against women is eliminated such that women employed full-time receive income equal to that of men employed full-time. Applying the percentage decrease in income to this level of income in 1989 (\$26,024) that occurs with the change in household status, we can see that women's income status would be significantly improved,



**Table 18.- Earnings by Family Type in Maine: The Impact of Gender and Children on Earnings, 1989**

Category of Worker	Earnings	As % of Male Full-Time Earnings	Change in Women's Earnings with Change in HH Status	Earnings as % of Poverty Level, 3-person Family	Hypothetical Women's Full-Time Earnings Equal To Those of Men	Hypothetical Earnings as % of Poverty Level, 3-person Family
Men						
Worked Full-Time	\$26,024	100%	na	259%	na	na
Women						
Worked Full-Time	\$17,406	67%	na	173%	\$26,024	259%
Household Head (no spouse present)	\$16,153	62%	-7.2%	161%	\$24,151	240%
With Children Under 18	\$11,824	45%	-26.8%	118%	\$17,678	176%
With Children Under 6	\$6,722	26%	-43.1%	67%	\$10,050	100%

Source: Earnings data are from 1990 Census, General Social and Economic Characteristics, Table 42, p. 69.

even in households with children under six. The second to last column of this table gives the annual income that would be received by women in 1989 in various types of households if their full-time earnings were equivalent to those of men. Women with children under six would have an income of \$10,050, for example, an amount that puts the household just at the official 1989 poverty threshold for a 3-person family in spite of the fact that the single parent has reduced hours due to the responsibility of caring for children.

This analysis should be read with a great deal of caution since it rests upon a number of assumptions. For example, we have assumed that the total decline in income that occurs with the presence of children is due to a decrease in work hours. Unfortunately, data on labor market hours by household type are unavailable for Maine. National studies, however, do show that women with pre-school children are less likely to be full-time labor force participants than women or men without children.<sup>18</sup> Additionally, we have assumed that hourly wages are not affected by the number of hours worked per week. But, as noted earlier, research by Tilly (1990) indicates that hourly wages fall as the number of hours worked per week fall. Another difficulty with this analysis is that the actual difference in female and male earnings is, in part, due to the fact that men and women are occupationally segregated and perform different types of labor. To remove the effect of occupational segregation on gender wage differentials, it would be necessary to eliminate barriers to women's entry into male-dominated occupations.

Other factors that this analysis cannot take into account have to do with women's labor supply decisions in response to higher wages. If women, even those with pre-school children, were paid a wage equivalent to that of men, they might very well work full-time. This might occur because with higher wages, women would be able to afford to hire someone to perform the household services they are unable to perform as full-time workers. The result might be that women would stay in full-time paid employment even with children present in the household so long as they earn enough to buy the services needed for the household to function. In addition, women's access to "male" jobs would tend to increase their access to health insurance and pensions, relieving some of burden on the household's budget and insuring the health of the family in the event the single parent stays fully employed in paid labor while raising a family.

These caveats aside, this analysis shows that women's low earnings have dual causes -- 1) labor market discrimination that results in substantial gender wage differentials, and 2) the "double burden" of paid work and unpaid work in the home. These findings suggest that female heads of household would be much less vulnerable to poverty if they were paid similarly to men, given that they have similar levels of education. Thus an eradication of job and wage discrimination is one important step to improving women's economic status.

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<sup>18</sup> See, for example, Jacobs and Davies (1994).

## VI. Back to Basics: The Gap Between Maine Women's Income and Meeting Families' Basic Needs

What level of earnings would permit adults in a family to work full-time *and* provide a basic minimum standard of living for family members? In the United States, policy makers use the official poverty line as a benchmark for determining the adequacy of a household's earnings.<sup>19</sup> Numerous researchers have recognized the deficiency of this measure and the National Research Council of the National Academy of Sciences is evaluating statistical issues involved in measuring and understanding poverty (Spade, 1994). The results of this study may be used to alter the official method of measuring poverty by the Bureau of the Census and other agencies.

An alternative method is to establish a minimum budget required to cover a family's basic needs.<sup>20</sup> Since needs may vary according to family size, the presence and ages of children, geographic location, and the work status of adults, it is useful to take these variations into account when developing a basic needs budget. (For example, adult(s) may work full-time or part-time, which will affect the costs of child care). In this section, I present a basic needs budget for three scenarios.<sup>21</sup> The budgets are developed for single parent families in which the adult works full-time and has children of varying ages. Budgets can easily be developed for different types of households. The reason for choosing this group is in part to examine the adequacy of the potential wage earnings of single parents who have been targeted in the debate on welfare reform. In the current environment of social dissatisfaction with welfare programs, society has focused its attention on moving single parents (primarily women) from welfare to paid work. An important question is *how much do parents need to earn in order to be able to afford to work full-time in the labor market?*

### A. Basic Needs Budget Categories

The basic needs budget establishes standards of adequacy for seven categories of expenditures: 1) food, 2) housing, 3) transportation, 4) health care, 5) child care, 6) clothing, and 7) personal care. A basic explanation of the standards and the assumptions used to define adequacy are presented below.

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<sup>19</sup> See Section III for description of the measure.

<sup>20</sup> Renwick and Bergmann (1993) have done path-breaking work in this area and the budgets developed here draw extensively on their methodology.

<sup>21</sup> In a very large sense, these budgets are illustrative. The determination of who is poor and who has adequate income is a social one -- our definition of poverty and wealth depend on our own status and our perception of the times. Thus, a basic needs budget must reflect a broad spectrum of society's values about what constitutes a *basic and decent minimum standard of living*. It is hoped that the budget presented here for Maine is a step in that direction.

## **1. Food**

The budgets rely on the U.S. Department of Agriculture's (USDA) 1994 low-cost food plan. The USDA's "thrifty" budget was rejected as a standard of adequacy for food expenditures because that budget is intended only for emergency or temporary use. The low-cost food budgets are adjusted for family size and the monthly cost is adjusted to 1993 dollars using the consumer price index for food.

## **2. Housing**

We assume that households with young children have insufficient income to purchase a house and that therefore the household rents a living space. The size of the unit is a two-bedroom rental unit, under the assumption that a basic sense of decency requires parent(s) and children to sleep in separate rooms. The data on rental costs are from the Department of Housing and Urban Development (HUD) which calculates Fair Market Rent (FMR) values by geographic area on an annual basis. The data used in these budgets are for 1993 and represent an average of non-metro rental costs in the sixteen counties in Maine. These figures include utility costs. (Metropolitan rental costs are substantially higher in Maine, but to keep estimates conservative, I have utilized the lower figures). I have added the cost of telephone service to the FMR figures. Telephone service is a basic necessity for at least two reasons: 1) for health and safety reasons in households with pre-school children, and 2) to make contacts regarding employment opportunities. Basic telephone charges within the state of Maine rarely exceed \$16 per month. Assuming a few necessary long distance calls, basic telephone charges per month are estimated to be \$20.

## **3. Transportation**

We assume that families rely on a second-hand car to meet their transportation needs. Estimates of annual mileage were obtained from the Maine Automobile Association of America (AAA). According to that organization, low mileage is assumed to be about 10,000 miles per year. AAA also estimates the annual costs of maintaining an auto, using a 1994 Ford Escort LX 4-cylinder 4 door hatch back as a basic model. We rely here on those estimates with, however, some adjustments. We assume that the second-hand car in use has 5 years of life remaining, and incurs double the maintenance costs of a 1994 auto. While AAA calculates depreciation on an auto, we assume that low income families must finance the cost of a new car out-of-pocket over a five year period (the life of the current auto) and will be able to find a similar second-hand car for \$2,500 at the end of that period. With these assumptions, transportation costs are calculated as follows:

**Table 19.- Basic Transportation Costs, 1993**

Category of Expense	Annual Operating Costs
Maintenance	\$ 500
Gasoline & Oil	\$ 470
Tires	\$ 70
Insurance (liability only)	\$ 400
License, registration, taxes	\$ 100
Savings for new used car	\$ 500
<b>Total Cost per Year</b>	<b>\$2,040</b>
<b>Monthly Cost</b>	<b>\$ 170</b>

Source: Author's calculations. Data are from the Maine Automobile Association of America.

#### **4. Health care**

Parents' income must cover two categories of health care costs -- health care insurance and out-of-pocket expenditures. Estimates of health care insurance costs are from Blue Cross/Blue Shield of Maine, a competitive carrier which provides comprehensive coverage. Coverage does not include dental services, vision and hearing care, or routine services, among other exclusions. Mental health and substance abuse coverage is limited. The monthly rate in a group plan for a family of one adult (age 40 or less) and 1 or more children is \$240.95 with a \$150 deductible (\$3 million maximum total lifetime benefits per individual). Once the annual deductible has been met, the customer pays 20 percent of the next \$5,000 (\$1,000), and the carrier pays 80 percent (\$4,000). The carrier covers all costs thereafter. Out-of-pocket expenditures are drawn from the National Health Care Expenditure Survey as reported by Renwick and Bergmann (1993). Expenditures vary with age and by family size, and also depend on whether the family has health insurance. In setting the allowance for this expenditure, following Renwick and Bergmann, we rely on cost estimates of middle income families since low income families have much higher out-of-pocket expenditures due to lack of health insurance.

#### **5. Child care**

We assume that full-time working adults require full-time child care for children under six and part-time care for children over six. The BNB child care expenditure standard utilizes the IRS's maximum allowed expenditure for purposes of claiming child and dependent care tax credits, following Renwick and Bergmann (1993). This was set at \$2,400 in 1982. Adjusting

for inflation, the estimated cost of child care in 1993 is \$3,463 annually or \$66.60 weekly. We assume that children over six require 1/4 time care at \$17 per week. These costs are slightly below child care costs in Piscataquis, Penobscot, and Somerset counties which are \$90 per week for infants and \$75 per week for toddlers.<sup>22</sup> Part-time care can be obtained in these counties at the rate of \$2.50 an hour, subject to the availability of slots. Costs are lower in rural areas in Maine, however. For example, in Aroostook County, the average cost per week for infants is \$65 per week and for toddlers, \$60 per week.

## **6. Clothing**

We include in this category the cost of clothing and of laundering clothes at a laundromat. Clothing expenditures are put at \$200 per year per person or \$600 per year for a family of three. This figure includes the cost of \$2.50 per week for three persons to cover laundering expenses or \$130 per year. The remainder (\$430) covers the cost of new or used clothing.

## **7. Personal care**

This category of expenditures includes items such as diapers, haircuts, reading material, and modest recreational expenditures. Some of these may be viewed as luxury expenditures, although diapers are necessities. We assume that families will restrict their consumption of this type of goods to a percentage of their monthly income. We make the conservative assumption that a family that can only meet its basic needs will spend no more than 2 percent of monthly income on this category of goods.

## **B. Prescribed Basic Needs Expenditures and Actual Earnings**

Using the assumptions outlined in the preceding section, Table 20 lays out basic needs budgets for three types of single parent families in which the adult works full-time. The family with two children under six (Budget 1) requires the highest income, owing to the cost of child care. To meet its basic needs that family will require an annual income of \$23,693 per year.<sup>23</sup> Alternatively viewed, the parent must have a job that pays at least \$456 weekly or \$11.39 hourly. In a family with only one child under six (Budget 2), family income requirements drop to \$21,205 annually. Families with two children over the age of six (Budget 3) require an annual income of \$18,717 per year, or a job that pays at least \$9.00 an hour.

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<sup>22</sup> Costs were obtained from Penquis Community Action Child Care Program.

<sup>23</sup> The simplifying assumption is made here that families which are only able to meet basic needs have before-tax income that is roughly equivalent to after-tax income, due to tax credits and a variety of deductions.

**Table 20.- Basic Needs Monthly Budget for Single Parent 3-Person Family  
in Maine in 1993**

(Adult Works Full-Time, Pays Full Cost of Health Insurance)

Categories of Expenditure	Budget 1 Two Children Under 6	Budget 2 One Child Under 6	Budget 3 Two Children Over 6
1. Housing	\$508	\$508	\$508
2. Transportation	\$170	\$170	\$170
3. Child Care	\$573	\$359	\$146
4. Health Care Insurance	\$241	\$241	\$241
and Out-of-Pocket Expenses	\$84	\$94	\$104
5. Clothing	\$50	\$50	\$50
6. Food	\$310	\$310	\$310
Sub-Total	\$1,936	\$1,732	\$1,529
7. Personal care expenses @ 2% of Monthly Budget	\$39	\$35	\$31
Total Income Required to Meet Basic Needs			
Monthly	\$1,974	\$1,767	\$1,560
<b>Annually</b>	<b>\$23,693</b>	<b>\$21,205</b>	<b>\$18,717</b>
Weekly	\$456	\$408	\$360
<b>Hourly</b>	<b>\$11.39</b>	<b>\$10.19</b>	<b>9.00</b>

Source: Author's Calculations.

At first glance, these budget figures may appear to be very high. They, however, have very little fat and go some way to highlighting why families, even those with two working adults might have a hard time making ends meet. As noted above, estimates of expenditures in several categories are quite conservative.

It is also useful to consider the impact on the basic needs budget of changes in two assumptions used in the previous section. In an alternative scenario, it may be assumed that the parent's employer funds half the cost of health care insurance. An additional assumption we make is that education costs are part of the basic needs budget. Education is a significant determinant of children's future earnings. It is increasingly likely that children will require a college education in order to have a decent standard of living in the future. It is, therefore,

reasonable that society would view parents' commitment to the funding of at least part of children's future college education as essential to their future welfare. For this reason, education may be seen as a fundamental component of a basic needs budget. In order to afford the cost of children's college education, the parent(s) must budget for these future expenditures early. We assume that parents of pre-school children face financial constraints that force them to delay saving until the child reaches the age of six. The estimated monthly cost of fully financing a child's public university education (with current costs at about \$7040 per year), beginning when the child is six, is \$177 per month, according to Fidelity Investment Company. We make the assumption that at a minimum, families will finance roughly one quarter of that cost, equivalent to the cost of the first year of schooling.

Incorporating these assumptions, the annual income required to cover a basic needs budget for single parent families with two children under six (Budget 1) is \$22,225. (The alternative budget is presented in Appendix A, Table A.2). Alternatively, the parent would have to earn \$10.69 per hour in a year-round full-time job in 1993 in order to meet her or his family's income needs. A family with two children over the age of six (Budget 3) would require less income to meet basic needs -- \$18,473 per year or hourly earnings of \$8.88, assuming the adult held a year-round full-time job.

The figures in Table 20 (and Table A.2) suggest the inadequacy of current poverty measures -- and of women's current wages and earnings. *The average female hourly wage in Maine is only 68 percent of the hourly wage required to meet the basic needs budget of a single parent household with two children under six* (Table 21). Of course, many women earn less than the average. As noted in Section III, Maine women are concentrated in sales, administrative support, and service occupations -- occupations in which average hourly earnings are below the average for women in all occupations. The situation for women in services is most acute. They earn less than half the hourly wage necessary to meet Basic Needs Budget 1. The difference between the prescribed basic needs wage and women's average hourly wage in various occupations is highlighted in Figure 5.



**Table 21a.- Reality Check: Prescribed Basic Needs Wage and Women's  
Actual Average Wage in Maine**

	Hourly Wage	Women's Actual Average Hourly Wage as % of Hourly Wage	Men's Actual Average Hourly Wage as % of Hourly Wage
<b>Basic Needs Budget<sup>(1)</sup></b>			
1. Two Children Under 6	\$11.39	68%	109%
2. Two Children, One Under 6	\$10.19	76%	122%
3. Two Children Over 6	\$9.00	86%	138%
<b>Poverty Level<sup>(1)</sup></b>			
Three Person Family	\$5.72	136%	217%
Four Person Family	\$6.90	113%	180%
Women's Actual Avg. Hourly Wage <sup>(1)</sup>	\$7.78	100%	159%

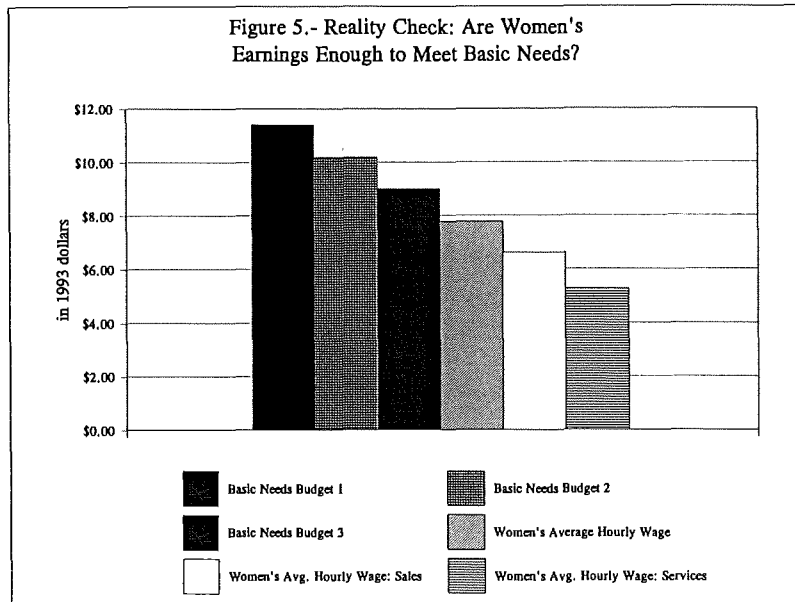
**Table 21b.- Comparing Real Earnings in Maine with Standards of Adequacy**

	Annual Earnings	Women's Actual Annual Earnings as % of Annual Earnings
<b>Basic Needs Budget</b>		
1. Two Children Under 6	\$23,693	62%
2. Two Children, One Under 6	\$21,205	69%
3. Two Children Over 6	\$18,717	78%
<b>Poverty Level</b>		
Three Person Family	\$11,890	123%
Four Person Family	\$14,350	102%
Women's Average Annual Earnings	\$14,656	100%
Women's Annual Earnings, Full-Time Workers	\$17,180	85%

Source: Author's calculations. Women's hourly wages are calculated using 1990 Census data and are deflated (2.2 percent) to 1993 levels using national hourly earnings from *Employment and Earnings*, January 1994.

<sup>(1)</sup> The basic needs budget data are from Table 20. Assumes person works year-round, full-time.

Again referring to Table 21, note that women's average hourly earnings are not adequate to support a family of three with both children over the age of six. Interestingly, men on average earn a wage that is adequate to maintain themselves and their children, even if they are single heads of households. Also note that the hourly wage required to keep a 3-person family out of poverty was \$5.72 in 1993, considerably lower than the BNB hourly wage for all family types.



These data highlight the inadequacy of women's hourly earnings. Another important aspect of women's low earnings is that they lack access to jobs that are full-time. The bottom half of Table 21 contrasts the annual earnings required to meet the BNB and the poverty level with women's actual earnings in the state. Women's average annual earnings are only 62 percent of the income required to cover the BNB budget for a 3-person family with two children under six.

The basic needs budgets presented in this section can serve as an important benchmark to gauge women's opportunities in the labor market. The evidence suggests that on average, men who are employed full-time are paid a wage that is high enough to support themselves and at least two children under the age of six. Women, however, fare considerably worse, owing to their lower wages and the greater chance of being involuntarily part-time employed. It can hardly be the case that women lack the skills to obtain higher paying jobs relative to men since on average women, especially young women, have similar or greater educational attainment than men in Maine. Clearly, women's poor economic prospects stem from barriers and obstacles they face in labor markets.

Table 22 contrasts women's and men's earnings in the Maine labor market according to a variety of criteria. For example, the percentage of women employed in occupations where

average female earnings are below the poverty level for a family of three is 22 percent. The corresponding figure for men is 0.1 percent. Similarly, 43.0 percent of women are in occupations with average female earnings below 125 percent of the poverty level; 7.1 percent of men are occupations in which average male earnings are below 125 percent of the poverty level.

**Table 22.- How Maine Women and Men Fare in the Labor Market, 1990**

Percent employed in occupational categories where:	Women	Men
1. Women's (men's) average weekly earnings are below the poverty threshold for a family of three.	22 %	0.1 %
2. Women's (men's) average weekly earnings are less than 125 percent of the poverty threshold for a family of three.	43 %	7.1 %
3. Women's (men's) average weekly earnings are below the BNB for a single parent (adult working full-time, two children, including one under 6).	74 %	13.7 %
4. National rates of involuntary part-time employment for women (men) that exceed the average rate for all workers in 1990 (4.5 percent).	44 %	36.8 %

Sources: Author's calculations. Earnings data are from the 1990 Census. Part-time employment rates are from *Employment and Earnings*, January 1991, Table 34, p. 203.

Notes: The poverty threshold for a family of three in 1990 was \$10,560. Basic Needs Budget for a single parent family of three with one child under the age of 6 is \$19,191 in \$1990. Occupational categories used in this analysis correspond to the subheadings found in Table 9.

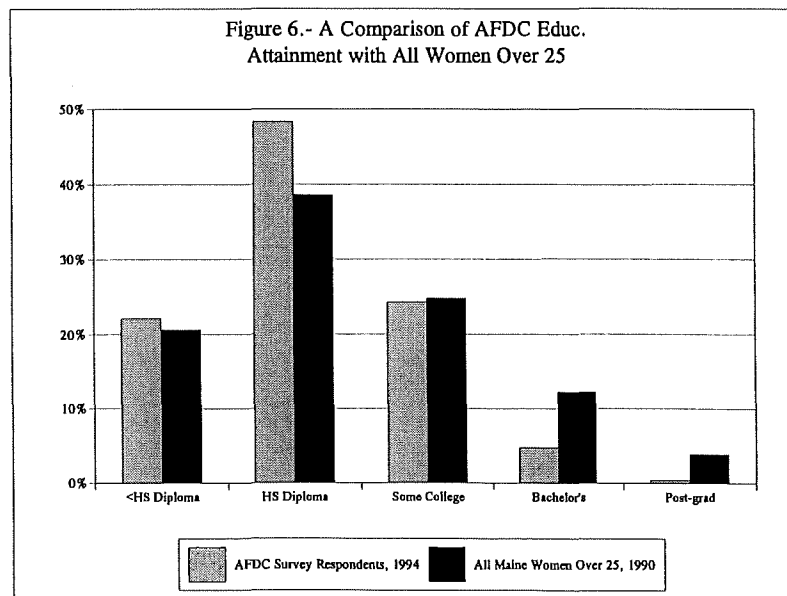
Again in Table 22, the contrast between men's and women's labor market outcomes is more striking when we consider the percentage of women (men) in occupations in which female (male) average earnings are less than the BNB hourly earnings required to provide a minimum standard of living for a 3-person family with one child under six. Approximately 74 percent of women fall into this category, compared to only 13.7 percent of men. Finally, women more than men are likely to be in occupations in which the female (male) involuntary part-time employment rate exceeds the economy-wide national rate for all workers. However,

the difference here is slight (44.0 percent compared to 36.8 percent for men) and suggests that a significant portion of both women and men face difficulties in obtaining full-time employment.

## VII. Why Women and Their Families Require Welfare Assistance: The Labor Market Experience of A Sample of Maine AFDC Recipients

Women who cannot earn enough to support their families due either to low wages or the responsibility of caring for young children that limits time spent in paid labor (or both) may require welfare assistance. It is useful, in light of the issues raised in this paper, to consider the labor market experience of AFDC recipients in Maine in order to assess the adequacy of their earnings (when they last worked) for keeping their families' heads above water. Data on the work and educational experience of a sample of Maine AFDC recipients were obtained from the Women's Development Institute which conducted a mail survey of randomly selected AFDC recipients in the summer of 1994. Approximately 14 percent of all recipients received a survey and the return rate was about 30 percent. The characteristics of the sample population are similar to those of the whole AFDC population in age distribution, geographic distribution, and numbers of children (Table A.3 in Appendix A). One important difference, however, is that the percentage of survey respondents with children under 5 (54.1 percent) is significantly higher than for the whole AFDC population (37.4 percent).

The large majority of survey respondents are female (96 percent). Their geographic distribution is as follows: 26 percent rural, 37 percent urban, and 37 percent in towns with a population greater than 2,500. The average number of own children per household is 1.85. The educational attainment of this population differs somewhat from that of the entire female population in Maine (Table A.4 in Appendix A and Figure 6 below). A slightly higher percentage of AFDC survey respondents have not finished high school than of all Maine women and considerably fewer have a college degree (4.8 percent compared to 12.2 percent of all Maine women). One reason that the educational attainment of these AFDC recipients may



be lower is that the sample includes women under 25 (26.3 percent) while the data for Maine women are from Census data which tabulated percentages only for women 25 and over. Younger women are less likely to have had time to complete high school or college.

Survey respondents were asked several questions about their desire for paid employment and impediments to working outside the home. Among survey respondents currently not working, the overwhelming majority expressed the desire to obtain a paid job (93.6 percent).<sup>24</sup> Of those who indicated they did not want to obtain a paid job, roughly three quarters were either disabled, had disabled children, or were grandmothers. These findings suggest that the public's understanding of the personal goals of AFDC recipients is imperfect at best, since among those able to work in the paid labor market, almost all indicated a desire to do so.

AFDC survey respondents appear to face substantial barriers to paid work, however. When asked the reasons for leaving previous employment, a significant portion pointed to the problem of affordable child care (31 percent). Other reasons noted were that a temporary job had ended (30.2 percent); the worker was laid off (28 percent); wages were too low (24 percent); and the respondent lacked transportation (19 percent).<sup>25</sup>

The survey results provide evidence that parents with children under five in this population spend considerably more hours on household labor per day (12.5 hours) than those with children over five (8.9 hours). The weekly time commitment for household labor of those with children under five is 88.2 hours (equivalent to more than two full-time jobs), compared to 66.3 hours for those with children over five. These responsibilities can place limits on the number of hours spent in the paid labor market. The high cost of child care relative to the low hourly earnings of this group may also be an impediment to obtaining a job.

The most common reasons cited for resorting to welfare assistance were pregnancy (49.9 percent) and divorce or separation (43.4 percent). A look at the labor market experience of the survey respondents may indicate why the loss of a partner's income or the onset of a pregnancy which reduces labor market time (and increases expenses) may have required these people to seek welfare assistance. Table 23 gives the average weekly hours and hourly wages of survey respondents who currently have a job or have worked within the last 12 months. On average, this group spent 26.7 hours a week in paid labor although the median is slightly lower at 25 hours per week. One likely cause for the limited number of hours this group spends in paid labor is the presence of young children in the households (recall that half have children under five). Another cause may be the fact that earnings beyond a certain threshold result in deductions to welfare assistance payments. This may cause survey respondents to limit the number of hours spent in paid labor.

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<sup>24</sup> The sampling error for this question is plus or minus 1.7 percentage points.

<sup>25</sup> Respondents were allowed to select multiple reasons and thus percentages may sum to greater than 100.

Hourly wages among respondents are very low (Table 23). The average is 5.37 per hour and the median is lower at \$5.13. This amount is clearly well below the hourly wage required to cover a basic needs budget for a family of three. The average hourly wage of survey respondents is barely half that required to support a family with two children under six and about 55 percent of the hourly wage required to support a 3-person family with one child under six. Survey respondents with young children earn less per hour than those with no children under five. Although the data indicate that respondents with young children spend fewer hours in paid labor than those with no children under five, this difference is not statistically significant.

**Table 23.- Maine AFDC Survey Respondents: Earning A Buck (Just Barely)**

**a. Weekly Hours Worked at Paid Job and Hourly Wages, 1993-94**

	Hourly Wage	Weekly Hours
Average	\$5.37	26.3
Median	\$5.13	24.5

**b. Average Hourly Wage as % of:**

BNB 1	47.1%
BNB 2	52.7%
BNB 3	59.7%

**c. Average Wage and Weekly Hours by Age of Children**

Maine AFDC Sample Respondents:	Average Hourly Wage	Average Weekly Hours
With children under 5	\$5.00	25.5
With no children under 5	\$5.84	27.3

Note: The basic needs budget hourly wages used here are from Table 20.

As we might expect, average hourly earnings vary by educational attainment (Table 24). Survey respondents who have a bachelor's degree or have completed some post-graduate work earn on average 18 percent more per hour than those with some college and 25 percent more

than those with less than a high school education. It should be noted that even for this “credentialed” group, hourly earnings are well below the amount required to provide a basic minimum standard of living for a three-person family with children. (The difference between the average hourly wage for those with less than a high school diploma and those with a diploma is not statistically significant).

**Table 24.- Average Wages and Hours by Educational Attainment  
of Maine AFDC Survey Respondents**

	Hourly Wage	Weekly Hours	Hourly Wage as % of BNB one child under 6	Hourly Wage As % of Poverty Wage 3-person Family
Less than High School	\$5.24	23.8	50%	92%
High School Diploma or GED	\$5.12	28.0	49%	90%
Some College or Associate's degree	\$5.49	25.6	52%	96%
Bachelor's or Post-Graduate Degree	\$6.27	23.3	60%	110%

Regarding the distribution of women in occupations, the occupational categories in which the sample group has found employment is similar to that of Maine women in general. This group has found employment primarily in service, sales, and administrative support occupations (Table 25). They are, however, much more concentrated in these low wage occupations than are Maine women on average. The percentage of survey respondents recipients employed in these occupations is 81.6 percent compared to the average for all Maine women of 55.7 percent.<sup>26</sup> The average hourly wage received by survey respondents in these three categories is very low by all standards. It is also slightly below the average hourly wage (in constant dollars) received by Maine women in these occupations (with the exception of services). This may be a result of a variety of factors, including the part-time employment status of the survey respondents as well as their age, with younger workers earning less on average than older workers (Mishel and Bernstein, 1995). Note that very few survey

<sup>26</sup> There are some reasons these comparisons should be viewed with caution. First, the data for all Maine women is from the 1990 Census while the survey results are for 1993-94. Second, the occupational categories of the two samples vary slightly and may not be exactly comparable although there are few differences with regard to the three occupational categories cited here.



respondents have been or are employed in managerial and professional occupations. Those that have had such employment, however, earn relatively higher wages, as we would expect. The weekly hours of those in sales, services, and administrative support are also very low. The combination of short hours with low wages indicates how difficult it would be to support a family on earnings received in these occupations.

**Table 25.- Distribution of Maine AFDC Survey Respondents in Occupations, 1994**

Occupational Category	Average Hourly Wage	Average Weekly Hours	Distribution of Women in Occupations
Manag. and exec.	na	52.5	0.7%
Professional and technical	\$9.09	38.0	0.7%
Health practioners, technical	\$6.77	22.2	4.3%
Sales and related workers	\$5.14	25.0	23.4%
Administrative support	\$5.89	25.3	13.5%
Service occuaptions	\$5.22	24.3	44.0%
Farming, Forestry, Fishing	\$5.66	42.5	4.3%
Precision production	\$6.08	31.7	3.5%
Operators, laborers	\$5.51	29.3	5.7%
Total			100.0%

Source: Authors calculations. Data from Women's Development Institute Survey

Other characteristics of the jobs survey respondents have held are problematic. For example, only about 5.1 percent of those currently employed are covered by employer-provided health insurance while 13.3 percent of those employed within the last 12 months were similarly covered. In addition, 96 percent of respondents noted that they would lose pay if they missed work because of a sick child, suggesting that most do not have paid sick leave. Finally, only 10 percent of respondents reported receiving unemployment benefits after leaving their last job. Eligibility for unemployment benefits, of course, is determined by a variety of factors (e.g., number of hours worked per week, duration of employment, and cause of job separation) and those who did not receive benefits may not have met current eligibility criteria. A person who voluntarily separates from a job, for example, is not eligible for unemployment, but "voluntary" in the case of single parents may mean lack of transportation or child care. Unfortunately, circumstances such as these which impede a person from working at a paid job do not result in unemployment coverage.

Access to a high paying job for this group is to some extent determined by educational attainment (Table 26). For example, those with less than a high school degree tend to be more concentrated in sales and service occupations than those with a high school or college education. But the difference is actually very slight -- fully 30 percent of survey respondents with a college education or better have been employed recently or are currently in service occupations where the average wage is \$5.22 per hour. This is not meant to suggest that, in general, a college education has no impact on earnings. To the contrary, the data in Table 4 indicate that on average, Maine women with a college degree who work year-round full-time earn 50 percent more than women with a high school degree. According to those data, the annual income of women with a college degree is high enough to cover a basic needs budget for a single parent family with two children under six. Clearly, then, a college education can pay off for women, assuming they can find a job that fully utilizes their skills.

**Table 26.- Distribution of Maine AFDC Survey Respondents in Occupations by Educational Attainment**

Occupational Category	Less than High School	High School Graduate or GED	Some College or Assoc. Degree	Bachelor's Degree +
Manag. and exec.	0.0%	0.8%	0.9%	0.0%
Professional and technical	0.0%	0.0%	1.9%	0.0%
Health practitioners	0.0%	2.3%	3.7%	25.0%
Sales and related workers	26.5%	21.1%	28.0%	25.0%
Administrative support	11.8%	15.0%	14.0%	15.0%
Service occupations	47.1%	45.9%	40.2%	30.0%
Farming, forestry, and fishing	5.9%	6.0%	1.9%	0.0%
Precision prod. craft, and repair	8.8%	1.5%	2.8%	5.0%
Operators, fabricators, and laborers	0.0%	7.5%	6.5%	0.0%
	100.0%	100.0%	100.0%	100.0%

Source: Author's calculations. Data are from Women's Development Survey.

These findings suggest, however, the difficulty that even those with an education have in finding a job that pays a living wage.<sup>32</sup> In fact, those with some college and college degrees figured prominently among survey respondents who indicated that they desire a job but could not find one that pays enough. Recall that those with some college comprise 24.2 percent of survey respondents while those with a college degree are 4.7 percent of the sample. These two educational groups comprise a proportionate share of those who indicated that they cannot find a job that pays enough (26.8 percent and 4.2 percent, respectively). This finding underscores the point that skills are not the only prerequisite to earning a minimum standard of living. Structural impediments to finding a good job that pays a living wage appear to exist even for those with an education. This point should not be lost on those involved in the development and implementation of welfare policy. The low income status of AFDC recipients is not simply a supply-side problem that can be fully addressed by assisting recipients to increase their educational attainment *although this is clearly an important part of the problem*. There are also demand-side problems to be considered. In particular, there is an insufficient demand for labor, even for those workers with skills. An appropriate response to this problem might be to take steps to stimulate the growth of jobs that pay a living wage.

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<sup>27</sup> This finding is consistent with recent research which indicates that over 20 percent of college graduates have been forced to settle for jobs that do not normally require a college degree (Howell, 1994).

## IX. Summary and Conclusions

Women's labor market opportunities are apparently greater than a decade ago when the doors to many occupations were closed to them. The increase in the percentage of women employed in high-paid occupations such as managerial, executive, and professional positions is heartening. And yet, the growing national problem of earnings inequality is evident in Maine and affects women. The majority of women are concentrated in occupations with low wages, few benefits, and high rates of involuntary part-time employment. With regard to future job prospects, a number of the occupations with the greatest projected growth are those that continue to pay women low wages -- too low to support themselves and their families. There is also evidence of underemployment among women, due perhaps to the lack of jobs that require greater skill levels and pay higher wages. For example, as noted above, among the AFDC survey respondents, a significant portion of those with some college or college degrees are employed in occupations such as sales and services, along side those with high school diplomas and less. Respondents with higher education may be required to accept these slots because of the lack of jobs that require greater skills or jobs that permit hours flexibility so that a woman can both work at home and work in the paid labor market.

Economic restructuring over the last decade has had both positive and negative effects on women. On the one hand, women have increased their share of relatively well-paid managerial and professional jobs. On the other, women have lost a disproportionately large share of high-paid manufacturing jobs, while gaining in retail trade and services, as well as the relatively well-paid finance, insurance, and real estate industry and the public sector. Unfortunately, the public sector is not likely to continue as a source of employment that offers women upward mobility economically, due to current efforts to reduce public spending. In fact, the findings here suggest that cuts in public spending will have more harmful employment effects on women than on men.

This findings of this study are consistent with those of much research on labor in the U.S. economy -- that gender matters in labor markets. Despite the fact that on average women and men in Maine possess similar levels of education, women earn substantially less than men. This is due to four phenomena -- 1) women are occupationally segregated into low wage occupations, 2) those occupations have higher than average rates of involuntary part-time employment, 3) in the same occupational category, women are paid less than men, and 4) women have primary responsibility for care of children and the household, a factor which limits their labor market hours relative to those of men. The pronounced disparity in earnings accounts for the fact that women have such high rates of poverty when they are household heads.

These results suggest that the policies required to engender economic self-sufficiency in Maine households should address the structural problems that women in particular face in getting a job that pays a living wage. Efforts to ameliorate women's economic status thus might include the development of policies that alleviate the problems of unemployment and

underemployment, wage discrimination, occupational segregation, and lack of flexible hours. This paper has underscored the gendered nature of poverty and economic inequality in Maine. Not all women are poor and not all poor are women. The stagnation and decline in real wages and the proliferation of low paid jobs is a problem for all working people. But as this research indicates, women more often than men are likely to be unable to earn sufficient income to support themselves and their families.

The findings on hours spent in unpaid labor in the home by AFDC survey respondents underscore a widespread misunderstanding about women, family, and work. Conventional economic theory, which has informed the current public debate on welfare reform, assumes that people make a choice between work and leisure. Presumably, people give up leisure only if their work effort is compensated by wages. It is argued that those who are insufficiently motivated will often opt for leisure, a choice that is facilitated by the receipt of a welfare check. The choice for those with families, however, is not between work and leisure but rather *between (paid) work and (unpaid) work*. For those adults responsible for all of the work at home, taking on a paid job means that some of the work at home may not get done at all or someone else must be hired to perform those services. This suggests that there are real costs of going to work outside the home -- and wages must be high enough to cover those costs if families are to thrive.



**APPENDIX A**  
**SUPPLEMENTARY TABLES**

**Table A.1- Median Income of Individuals in Maine, 1989**

Category	Median Income	Median Income Full-time Employed
All Men	\$19,244	\$26,024
All Women	\$9,426	\$17,406
As % of men's income	49.0%	66.9%

Source: Data on median income are from General Social and Economic Characteristics, Maine 1990.



**Table A.2- Alternative Basic Needs Monthly Budget for Single Parent  
3-Person Family in Maine in 1993**

(Adult Works Full-Time, Saves for Children's Education;  
Employer Contributes to Health Insurance Costs)

Categories of Expenditure	Budget 1 Two Children Under 6	Budget 2 One Child Under 6	Budget 3 Two Children Over 6
1. Housing	\$508	\$508	\$508
2. Transportation	\$170	\$170	\$170
3. Child Care	\$573	\$359	\$146
4. Health Care Insurance	\$121	\$121	\$121
and Out-of-Pocket Expenses	\$84	\$94	\$104
5. Clothing	\$50	\$50	\$50
6. Food	\$310	\$310	\$310
7. Education	\$0	\$50	\$100
Sub-Total	\$1,816	\$1,662	\$1,509
8. Personal care expenses @ 2 % of Monthly Budget	\$36	\$33	\$30
Total Income Required to Meet Basic Needs			
Monthly	\$1,852	\$1,696	\$1,539
<b>Annually</b>	<b>\$22,225</b>	<b>\$20,349</b>	<b>\$18,473</b>
Weekly	\$427	\$391	\$355
<b>Hourly</b>	<b>\$10.69</b>	<b>\$9.78</b>	<b>\$8.88</b>

**Table A.3- A Comparison of AFDC Population and Sample Characteristics**  
(in percent, except where noted)

Characteristics	Population	Sample
1. County Distribution		
Androscoggin	10.6%	8.2%
Aroostook	7.5%	8.3%
Cumberland	16.4%	15.6%
Franklin	2.6%	2.8%
Hancock	2.4%	2.6%
Kennebec	9.6%	10.2%
Knox	2.6%	1.7%
Lincoln	1.9%	1.6%
Oxford	4.8%	6.0%
Penobscot	13.5%	14.0%
Piscataquis	1.8%	2.0%
Sagadahoc	2.0%	2.3%
Somerset	5.8%	6.7%
Waldo	3.4%	3.1%
Washington	4.2%	4.2%
York	11.0%	10.7%
2. Average Number of Children	1.77	1.85
3. Percent with Children Under 5	37.4%	54.1%
4. Number of Children		
1 Child	44.6%	42.6%
2 Children	33.7%	37.1%
3 Children	12.9%	13.8%
4 Children	5.7%	4.3%
4+ Children	3.0%	2.2%
5. Age of Respondent		
Under 20	6.6%	5.4%
20-24	22.2%	20.9%
25-29	25.5%	25.2%
30-34	22.6%	22.7%
35-39	12.5%	15.3%
40-44	6.0%	5.0%
Over 44	4.7%	4.5%

Source: Population characteristic data are from Geographic Distribution of AFDC and FS Money Payment, Maine Department of Human Services and Characteristics and Financial Circumstances of AFDC Recipients, FY 1992, U.S. Department of Health and Human Services.

**Table A.4 - Comparing the Educational Attainment of Maine AFDC Survey Respondents  
with that of All Maine Women Over 25**

	AFDC Recipients	All Women Over 25
Less than HS Diploma	22.1 %	20.6 %
HS Diploma or GED	48.3 %	38.6 %
Some College	24.3 %	24.8 %
Bachelor's	4.8 %	12.2 %
Post-graduate studies	0.4 %	0.9 %

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