

The fatherhood bonus and the motherhood penalty: Parenthood and the gender gap in pay ^[1]

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Overview

For the past forty years at least, progressive advocates have been concerned about the status of working women in American society. At the center of that issue has been the persistence of the “wage gap”—the difference between men’s and women’s earnings. Certainly progress has been made. In 1979, as the first large generation of feminists were making their way into the work force, women made 63 cents for every dollar men made. By the turn of the century, however, that gap had closed to 81 cents on the dollar and for certain selected sub populations, unmarried, childless women in urban areas, women were making more money than men. Overall, never married women in 2012 had almost closed the wage gap—earning 96% of what men earn. So why are we still concerned about the wage gap? Is this issue over?

Michelle J. Budig, a professor at the University of Massachusetts-Amherst, clarifies this debate by looking at the wage gap in terms of the one thing that the majority of adults experience in their lifetime—parenthood. In a new and provocative paper, Budig looks at fathers and mothers. For most men the fact of fatherhood results in a wage bonus; for most women motherhood results in a wage penalty. “While the gender pay gap has been decreasing, the pay gap related to parenthood is increasing,” says Budig.

The persistence of the wage gap occurs because the fatherhood bonus and the motherhood penalty are not evenly distributed across all income and social class levels. Using a sophisticated statistical technique on a large sample of American workers, Budig controls for a variety of variables that could produce a gap between fathers and non-fathers. Her conclusion is that the fatherhood “bonus” is not equal across the income distribution; in fact it is much greater for men at the top. “Fatherhood,” she concludes, “is a valued characteristic of employers, signaling perhaps greater work commitment, stability, and deservingness.”

The opposite pattern emerges when Budig turns her attention to the effects of motherhood on women’s wages. Each child costs women. But as with the fatherhood bonus the motherhood penalty is not evenly distributed across income levels. In fact, at the very top of the income distribution for women, there is no motherhood penalty at all. But at the bottom of the wage distribution, low income women bear a significant and costly motherhood penalty. In other words, “the women who least can afford it, pay the largest proportionate penalty for motherhood.”

Understanding the nuances of this report is critical to social policy. The fact that low income women bear a substantial motherhood penalty that is not offset by a fatherhood bonus among low income men means that simple fixes such as encouraging marriage are not likely to solve the problem. And given that people tend to marry people who are similar to them, these effects are likely to exacerbate inequality.

Budig’s paper, “The Fatherhood Bonus and the Motherhood Penalty: Parenthood and the Gender Gap in Pay” is the latest in a series of ahead-of-the-curve, groundbreaking pieces published through Third Way’s NEXT initiative. NEXT is made up of in-depth, commissioned academic research papers that look at trends that will shape policy over the coming decades. In particular, we are aiming to unpack some of the prevailing assumptions that routinely define, and often constrain, Democratic and progressive economic and social policy debates.

In this series we seek to answer the central domestic policy challenge of the 21st century: how to ensure American middle class prosperity and individual success in an era of ever-intensifying globalization and technological upheaval. It’s the defining question of our time, and one that as a country we’re far from answering.

Each paper dives into one aspect of middle class prosperity—such as education, retirement, achievement, or the safety net. Our aim is to challenge, and ultimately change, some of the prevailing assumptions that routinely define, and often constrain, Democratic and progressive economic and social policy debates. And by doing that, we’ll be able to help push the conversation towards a new, more modern understanding of America’s middle class challenges—and spur fresh ideas for a new era.

Region: United States ^[3]

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