

Testimony before the U.S. Congressional Joint Economic Committee Hearing:

**“NEW EVIDENCE ON THE GENDER PAY GAP FOR WOMEN AND MOTHERS IN MANAGEMENT”**

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## INTRODUCTION

Chairwoman Maloney and members of the committee, I thank you for the opportunity to speak. My name is Michelle Budig, and I am an Associate Professor of Sociology and Faculty Associate at the Center for Public Policy Administration at the University of Massachusetts. My expertise is in gender, work, and family issues, and most relevant to today, the wage penalty for motherhood and work-family policy.

Today I will testify that a significant portion of the persistent gender gap in earnings, among workers with equivalent qualifications and in similar jobs, is attributable to parenthood. Specifically, to the systematically lower earnings of mothers and higher earnings of fathers, among comparable workers. Thus, **public policies that target the difficulties families face in balancing work and family responsibilities, as well as discrimination by employers by workers' parental status, may be the most effective at reducing the gender pay gap.**

My testimony today will address 4 points. *First*, I will discuss the relative absence of wives and mothers among managers and leaders of organizations. *Second*, I will compare gender pay gaps among young childless workers and among parents. *Third*, I will summarize statistical evidence of unaccountably lower wages for mothers and higher wages for fathers. *Finally*, I will present research on work-family policies and their impact on the wage penalty for motherhood, with an eye to drawing policy implications for the United States.

The report presented by the GAO demonstrated that, relative to men, women in management are younger and less educated. This begs the question, where are the older, more educated and experienced, female managers? And why are they under-represented? A generation ago we might have hypothesized this relative absence of more senior women was simply due to the lack of qualified and experienced women in potential pool of women managers. However, since the 1980s, these qualifications and experience differences between women and men have eroded, so much so that women now earn college degrees at higher rates than men.<sup>1</sup> If a lack of qualified candidates cannot explain the absence of experienced female managers, what can?

My research and others demonstrates that **a significant portion of gender-based differences in employment, earnings, and experiences of discrimination are increasingly related to parenthood, and the greater struggles of mothers to balance careers and family demands.**

## POINT ONE: PARENTHOOD, GENDER, AND EMPLOYMENT

Let us first step back from the pay gap to look at gender differences in the family structures of managers in the GAO report.

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<sup>1</sup> U.S. Bureau of Labor Statistics, *Employment and Earnings: January 2010*, Table 7, (accessed 9-22-2010 at <http://www.bls.gov/cps/cpsa2009.pdf>).

**Wives and mothers are relatively more absent among managers, compared with the representation of husbands and fathers.**

If we subtract the rates of marriage among men from those among women, we might compute a Managerial Gender Marriage Gap: Women managers are far less likely to be married overall, compared with male managers. This gap in marital rates ranges from 8 to 19 percentage points across industries, with an average gap of 15 percentage points.

Second, if we subtract the rates of parenthood among men from those among women, we would compute a Managerial Gender Parenthood Gap: Women managers are less likely to be mothers, and have smaller family sizes, relative to male managers. The parenthood gap ranges from 0 to 9 percentage points across industries, with an average gap of 6 percentage points.

The absence of mothers and the rise in childlessness among highly skilled women is also found in national data. Table 1 in your handout shows that, controlling for differences in age, marital status, education, and other household income, the gender employment gap among the childless is minimal whereas the gender employment gap among parents is quite large.

Table 1. Likelihood of Being Employed by Parenthood and Gender

Childless Men	Childless Women	Fathers	Mothers
88.5%	82.2%	93.0%	73.4%

Note: Current Population Survey data, from statistical models controlling for age, marital status, education, and other household income), Non-institutionalized Civilians, Aged 25-49<sup>1</sup>

Childlessness has risen among American women since the 1970s, and particularly among highly educated women. In 2004, among college educated white women in their 40s, fully 27% were childless.<sup>2</sup> Researchers estimate about 44% of this childlessness is voluntary, while 56% is due to age-related infertility.<sup>3</sup> **A major reason why women delay or forego motherhood is due to the perceived and experienced incompatibility between careers and motherhood.**<sup>4</sup>

Thus, **high-achieving women are forgoing families at rates not observed among high-achieving men.**

Before we move on to considering the link between the persistent gender pay gap and parenthood among the employed, we need to recognize that we are missing the mothers from these statistics. Thus, the mothers who persist are a qualitatively select group, or potentially the cream of the crop, if you will. This implies that our current estimates of the gender pay gap may be much smaller than they would be if mothers were not disproportionately absent from the work force.

**POINT TWO: GENDER PAY GAPS AMONG THE CHILDLESS AND AMONG PARENTS**

**In the GAO report, among the mothers who persist in management, their gender pay gap relative to fathers is far larger (ranging from 21% to 34%) than the gender pay gap among childless managers (17% to 24%).**

The shrinking gender gap among young childless workers has captured national attention this month with the highly publicized study by James Chung of Reach Advisors, on the lack of a gender gap among childless workers. Chung, who analyzes data from the American Community Survey, shows that among 20-something unmarried, childless workers in urban areas, there is no gender pay gap.<sup>2</sup> Moreover, in multiple instances in this unencumbered group, women out-earn men. Chung notes that these women are also largely unmarried.

Estimates from my research of the gender pay gaps among full-time workers are presented in table 2 in your handout. **Whereas childless women earn 94 cents of a childless man’s dollar, mothers earn only 60 cents of a father’s dollar.**

Table 2. Unadjusted Gender Pay Gap for Full-time Employed Civilians, Aged 25 to 49<sup>5</sup>

<b>Women’s Pay per \$1 Male Dollar</b>	<b>Mother’s Pay per \$1 Father Dollar</b>	<b>Childless Woman’s Pay per \$1 Childless Man’s Dollar</b>
79¢	60¢	94¢

Note: Author’s calculations from Current Population Survey data.

While causality is complex, there is a strong empirical association between the gender gap (pay differences between women and men) and the family gap (pay differences between households with and without children).<sup>6, 7, 8</sup> Economist Jane Waldfogel’s research (1998a) shows that **40% to 50% of the gender gap can be explained by the impact of parental and marital status on men’s and women’s earnings.** Moreover, Waldfogel (1998b) shows that while the gender pay gap has been decreasing, the pay gap related to parenthood is increasing.

This greater gender inequality found among parents brings me to my next point, the wage penalty for motherhood.

### POINT THREE, PART A: THE WAGE PENALTY FOR MOTHERHOOD

The finding that having children reduces women’s earnings, even among workers with comparable qualifications, experience, work hours, and jobs, is now well established in the social science literature.<sup>9, 10, 11, 12, 13, 14, 15</sup> In your handout, Table 3 shows the effect of children on earnings from my published research. **All women experience reduced earnings for each additional child they have.** This

<sup>2</sup> <http://www.time.com/time/business/article/0,8599,2015274,00.html>

penalty ranges in size from -15% per child among low-wage workers to about 4% per child among high-wage workers.

That mothers work less and may accept lower earnings for more family-friendly jobs explains part of the penalty experienced by low wage workers, and that mothers have less experience, due to interruptions for childbearing, explains a part of the penalty for high-wage workers.

**But a significant motherhood penalty persists even in estimates that account for these differences, such that the size of the wage penalty after all factors are controlled is roughly 3% per child. This means we would expect the typical full-time female worker in 2009<sup>16</sup> to earn roughly \$1,100 less per child in annual wages, all else equal.**

Table 3. Effect Each Additional Child on Women’s Hourly Wage<sup>17</sup>

	Low-Wage Women (5 <sup>th</sup> Percentile)	Average Earner (50 <sup>th</sup> Percentile)	High-Wage Women (95 <sup>th</sup> Percentile)
Baseline Model <sup>a</sup>	-15.1%	-5.7%	-3.9%
+ Controls for Work Hours <sup>b</sup>	-10.6%	-4.0%	-5.0%
+ Controls for Education, experience, seniority <sup>c</sup>	-11.1%	-2.4%	-2.3%
+ Controls for Job Characteristics <sup>d</sup>	-4.4%	-1.4%	-2.5%
Controlling for all differences, averaging across all women		-3.0% = \$1,100	

Notes: <sup>a</sup> Model controls for number of children, age of respondent, region of country, population density, marital status, spouse’s annual earnings, and spouse’s work hours.

<sup>b</sup> Model also controls for usual weekly hours and annual weeks worked.

<sup>c</sup> Model also controls for education, experience, seniority, and employer changes.

<sup>d</sup> Model also controls for level of job gender segregation, professional/managerial status, public sector, irregular shift work, self-employed status, employer-sponsored health insurance, employer-sponsored life insurance, labor union membership, and 12 dummies for industrial sector.

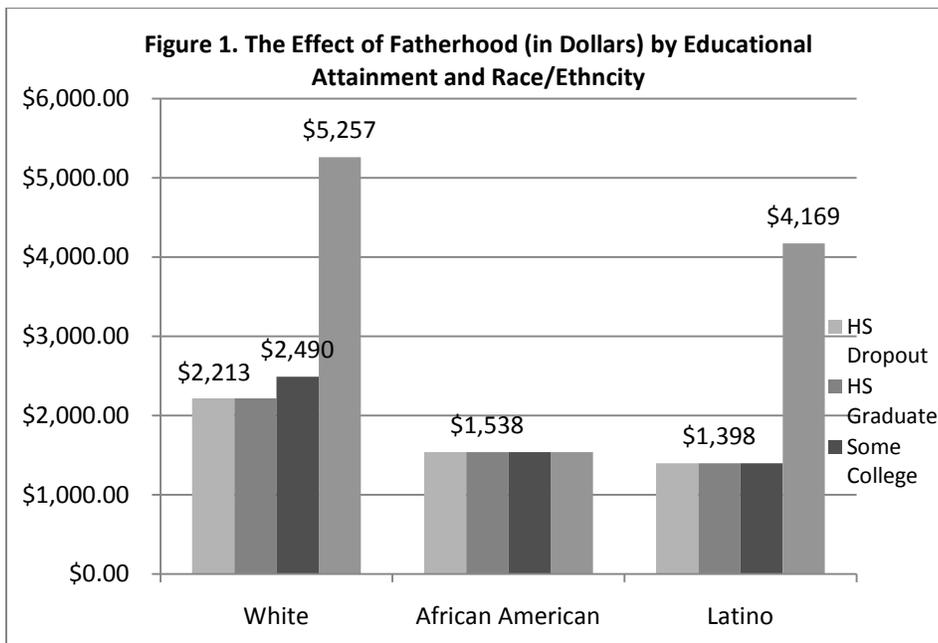
What lies behind this motherhood penalty that is unexplained by measurable characteristics of workers and jobs? One factor may be employer discrimination against mothers. It is difficult to obtain data on discrimination and virtually impossible to match it to outcomes in large-scale national surveys. However, **evidence from experimental and audit studies support arguments of employer discrimination against mothers in callbacks for job applications, hiring decisions, wage offers, and promotions.**<sup>18</sup> Stanford sociologist Shelley Correll’s experimental research shows that, after reviewing resumes that differed only in noting parental status, subjects in an experiment systematically rated childless women and fathers significantly higher than mothers on competency, work commitment,

promotability, and recommendations for hire. Most telling, Correll and colleagues found that raters gave mothers the lowest wage offers, averaging \$13,000 lower than wage offers for fathers.

This privileging of fathers brings me to my next point.

### POINT THREE, PART B: THE WAGE BONUS FOR FATHERHOOD

The motherhood penalty compares women against women to see how children depress their wages. While it is well known that fathers earn more than mothers, new research is highlighting the importance of fatherhood among men in enhancing their wages.<sup>19, 20</sup> A portion of fathers' higher earnings can be explained by the facts fathers tend to work more hours, have more experience, and have higher ranking occupations, relative to childless men. But after we adjust for these differences, we still find a wage bonus for fatherhood, and one that increases with educational attainment. Figure 1 in your handout shows that, **controlling for an array of labor market characteristics, men of all racial/ethnic groups receive a fatherhood bonus in annual earnings, and this bonus is greatest among white and Latino college graduates, whose wages, all else equal, are \$4,000 to \$5,000 higher than childless men.**



Note: figure taken from Hodges, Melissa J. and Michelle J. Budig. 2010. "Who Gets the Daddy Bonus? Organizational Hegemonic Masculinity and the Impact of Fatherhood on Men's Earnings." *Gender & Society* 24(6): December Issue.

**Putting these sets of findings together, we see that parenthood exacerbates gender inequality in American workplaces. Mothers lose while fathers gain from parenthood, and these penalties and**

**bonuses are found beyond the differences between parents and childless persons in terms of hours worked, job experience, seniority, and a wide host of other relevant labor market characteristics.**

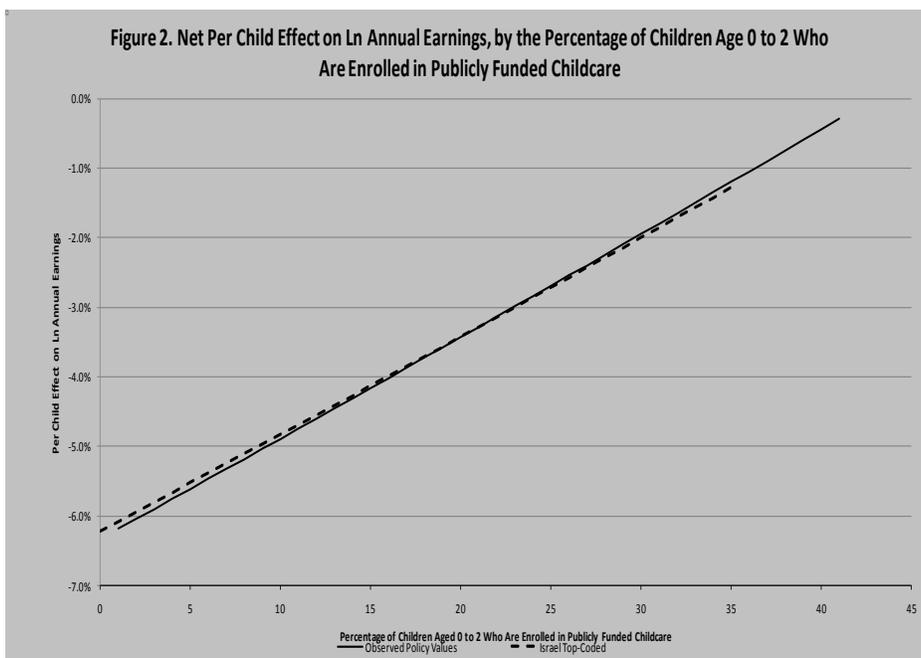
**POINT FOUR: POLICY IMPLICATIONS**

What kinds of policies might enable mothers to maintain employment, workplaces assist parents in balancing work and family demands, and reducing the gender gap in pay attributable to wage bonuses for fatherhood and wage penalties for motherhood?

In an NSF-funded cross-national study of 22 nations I've been conducting with colleague Joya Misra and student collaborator Irene Boeckmann, we've identified three key policies that are linked to smaller motherhood penalties:

**Universal Early Childhood Education for preschool children and increased availability of affordable, high-quality care for very young children reduces the motherhood wage penalty.**

Figure 2 in your handout shows **the wage penalty for motherhood dramatically declines with the availability of publicly funded childcare for infants under 2 years old.** Whereas we observe motherhood penalties of over 6% per child in countries lacking such care, the motherhood penalty declines toward zero as the enrollment of children in publicly funded infant care approaches 40%.

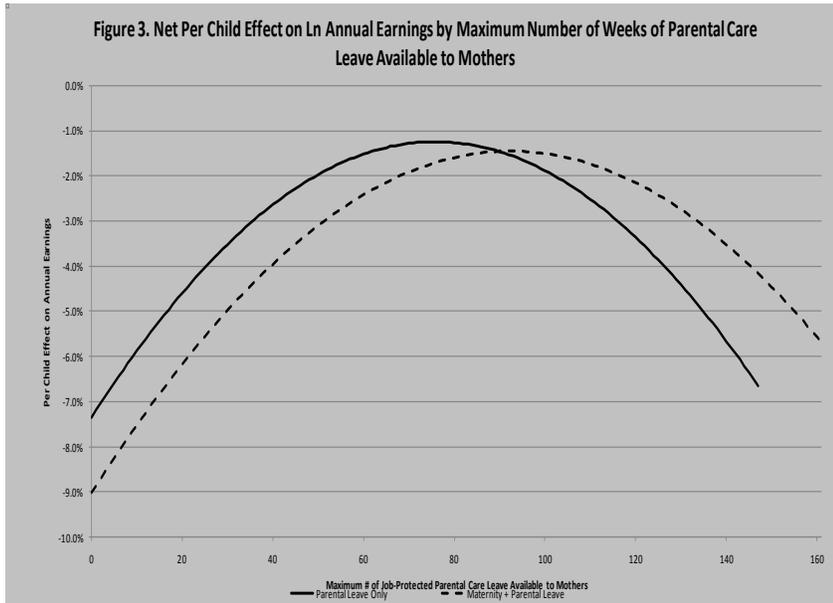


Note: figure taken from Budig, Michelle J., Joya Misra, and Irene Boeckmann. 2010. "The Cross-National Effects of Work-Family Policies on the Motherhood Wage Penalty: Findings from Multilevel Analyses." Paper presented at the 2010 Annual Meetings of the Population Association of America (Dallas, TX).

## Universal moderate length job-protected leave following the birth/adoption of a child.

In the US, FMLA was designed to provide short-term unpaid leave to new parents, as well as other family caregivers. But less than a majority of gainfully employed American workers are covered by this act, due to exemptions of employer types from the law. Of those employers covered by FMLA, researchers estimate only 54% to 77% are in compliance with the law.<sup>21, 22</sup> **FMLA needs to be extended to all workplaces and workers, and ideally should be longer than 12 weeks.**

Cross-nationally, job-protected leaves range up to 3 years, as can be seen on figure 3 in your hand out. Our research shows that countries with very short and countries with very long leaves have the highest motherhood penalties. Job-protected leaves of roughly one year do the best at minimizing the wage penalty for motherhood. Obviously, this is far beyond what is currently offered by FMLA, but emphasizes the importance of such leave in minimizing gender inequality.



Note: figure taken from Budig, Michelle J., Joya Misra, and Irene Boeckmann. 2010. "The Cross-National Effects of Work-Family Policies on the Motherhood Wage Penalty: Findings from Multilevel Analyses." Paper presented at the 2010 Annual Meetings of the Population Association of America (Dallas, TX).

## Short-term paid Maternity AND Paternity leave

Short-term paid maternity leave (6 to 12 weeks) reduces the likelihood that women will have to exit jobs to recover from childbirth, and increases their ability to return to the same employer upon re-entry. The ability to return to work with the same employer following the birth of a child greatly reduces the wage penalty for motherhood.<sup>23</sup> The effects of paid leave reserved for fathers on the wage penalty for motherhood, cross-nationally are also dramatic. **Our research shows that countries that offer non-transferable paid leave to fathers evidence significantly lower wage penalties to mothers.**

## **Addressing workplace discrimination against mothers and those making use of family benefits.**

Some American workplaces offer various work-family benefits designed to help parents manage work and family responsibilities, such as **paid leave, flexible scheduling, flexible work location, part-time options, and childcare assistance**, these benefits vary in availability and usage across workplaces. Research finds that many employees are unaware of the benefits available, and many employees fear negative impacts on their careers for making use of such policies.<sup>24</sup> Moreover, some research indicates that usage of these policies can exacerbate the motherhood wage penalty.<sup>25</sup> **Federal-level work-family policies could eliminate many of these problems with uneven access across workplaces to work-family assistance, and discrimination against those workers who make use of legally sanctioned work-family benefits.**

## CONCLUSION

A significant portion of the persistent gender gap in earnings is attributable to parenthood, specifically, the systematically lower earnings of mothers and higher earnings of fathers, among comparable workers. **To reduce the gender pay gap, public policies should target the difficulties families face in balancing work and family responsibilities, as well as discrimination by employers based on workers' parental status.**

I thank you for your time, I hope my testimony is of use to this committee.

## ENDNOTES

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<sup>1</sup> Misra, Joya, Michelle J. Budig and Irene S. Boeckmann. 2010. "Cross-National Patterns in Individual and Household Employment and Work Hours by Gender and Parenthood." Forthcoming at *Research in the Sociology of Work*. Presented at the 2010 annual meetings of the American Sociological Association (Atlanta, GA).

<sup>2</sup> Lundquist, Jennifer Hicke, Michelle J. Budig, and Anna Curtis. 2009. "Race and Childlessness in America, 1988-2002." *Journal of Marriage and the Family* 71:741-755.

<sup>3</sup> Abma, Joyce C. and Gladys M. Martinez. 2006. "Childlessness Among Older Women in the United States: Trends and Profiles." *Journal of Marriage and the Family* 68:1045-1056.

<sup>4</sup> Jacobs, Jerry and Kathleen Gerson. 2004. *The Time Divide: Work, Family, and Gender Inequality*. Cambridge, MA: Harvard University Press.

<sup>5</sup> Misra, Joya, Michelle J. Budig and Irene S. Boeckmann. 2010. "Cross-National Patterns in Individual and Household Employment and Work Hours by Gender and Parenthood." Forthcoming at *Research in the Sociology of Work*. Presented at the 2010 annual meetings of the American Sociological Association (Atlanta, GA).

<sup>6</sup> Polachek, S.W. 2006. "How the Life-Cycle Human Capital Model Explains Why the Gender Wage Gap Narrowed." Pp. 102-124 in *The Declining Significance of Gender?* F.D. Blau, M.C. Brinton, and D.B. Grusky, eds. New York: Russell Sage Foundation.

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- <sup>7</sup>Waldfogel, Jane. 1998a. "Understanding the 'Family Gap' in Pay for Women with Children." *Journal of Economic Perspectives* 12(1):137-56.
- <sup>8</sup>Waldfogel, Jane. 1998b. "The Family Gap for Young Women in the United States and Britain: Can Maternity Leave Make a Difference?" *Journal of Labor Economics* 16 (3): 505-545.
- <sup>9</sup>Anderson, D., M. Binder, and K. Krause. 2003. "The Motherhood Wage Penalty Revisited: Experience, Heterogeneity, Work Effort, and Work-Schedule Flexibility." *Industrial and Labor Relations Review* 56:273-94.
- <sup>10</sup>Avellar, S. and P. Smock. 2003. "Has the Price of Motherhood Declined over Time? A Cross-Cohort Comparison of the Motherhood Wage Penalty." *Journal of Marriage and the Family* 65:597-607.
- <sup>11</sup>Budig, Michelle J. and Paula England. 2001. "The Wage Penalty for Motherhood." *American Sociological Review* 66:204-25.
- <sup>12</sup>Budig, Michelle J. and Melissa J. Hodges. 2010. "Differences in Disadvantage: Variation in the Motherhood Penalty Across White Women's Earnings Distribution." *American Sociological Review* 75 (5): Oct. (In press).
- <sup>13</sup>Glauber, R. 2007a. "Marriage and the Motherhood Wage Penalty among African Americans, Hispanics, and Whites." *Journal of Marriage and the Family* 69:951-61.
- <sup>14</sup>Taniguchi, H. 1999. "The Timing of Childbearing and Women's Wages." *Journal of Marriage and the Family* 61:1008-19.
- <sup>15</sup>Waldfogel, J. 1997. "The Effect of Children on Women's Wages." *American Sociological Review* 62:209-17.
- <sup>16</sup>Median earnings taken from IWPR report, "Gender Wage Gap 2009", accessed 9/22/2010, (<http://www.iwpr.org/pdf/C350.pdf>)
- <sup>17</sup>Table taken from Budig, Michelle J. and Melissa J. Hodges. 2010. "Differences in Disadvantage: Variation in the Motherhood Penalty Across White Women's Earnings Distribution." *American Sociological Review* 75(5): Oct.
- <sup>18</sup>Correll, Shelley J., Stephen Benard, and In Paik. 2007. "Getting a Job: Is There a Motherhood Penalty?" *American Journal of Sociology* 112:1297-1338.
- <sup>19</sup>Glauber, Rebecca. 2007. "Race and Gender in Families and at Work: The Fatherhood Wage Premium." *Gender & Society* 22: 8-30.
- <sup>20</sup>Hodges, Melissa J. and Michelle J. Budig. 2010. "Who Gets the Daddy Bonus? Organizational Hegemonic Masculinity and the Impact of Fatherhood on Men's Earnings." *Gender & Society* 24(6):December Issue.
- <sup>21</sup>Armenia, Amy, Naomi Gerstel, and Coady Wing. 2009. "Estimating and Predicting Compliance with FMLA: Pressures from Above and Below." Paper presented at the Annual Meetings of the Southern Sociological Society.
- <sup>22</sup>Gerstel, Naomi and Amy Armenia. 2009. "Giving and Taking Family Leaves: Right or Privilege." *Yale Journal of Law and Feminism*. 21(1): 161-184.
- <sup>23</sup>Gangl, Markus and Andrea Ziefle. 2009. "Motherhood, Labor Force Behavior, and Women's Careers: An Empirical Assessment of the Wage Penalty for Motherhood in Britain, Germany, and the United States." *Demography* 46:341-69.
- <sup>24</sup>Hochschild, Arlie. 2001. *The Time Bind: When Work Becomes Home and Home Becomes Work*. Owl Books.
- <sup>25</sup>Glass, Jennifer. 2004. "Blessing or Curse? Work-Family Policies and Mothers' Wage Growth Over Time." *Work and Occupations* 31:367-94.