

# BABY BONUS?

It's been proven that women's earnings fall with each child they have, but Judith Warner found one group that defies expectations

You've undoubtedly heard of the wage gap—that, more than 50 years after the passage of the Equal Pay Act, U.S. women still, on average, earn 82 cents to every man's dollar. And you may have heard, too, of the “motherhood penalty”—that moms not only earn less than dads (who actually get a “fatherhood bonus” of more than 6 percent when they procreate) but earn less than nonmothers as well.

But what you probably *haven't* heard about is that for a small subpopulation of American women—well-off women—the motherhood penalty simply doesn't exist.

And for the very best-off women there's actually a pay *premium* for becoming a mom. Just as there is for dads.

Multiple studies show it. Most recently, Michelle J. Budig, PhD, a sociologist at the University of Massachusetts Amherst, looked at data from the National Longitudinal Survey of Youth between 1979 and 2004: She found that the average woman lost 4 percent of her wages per child, and that this difference couldn't be attributed to things like mothers being less educated than nonmothers, or spending more time out of the workforce. Those who suffered most were mothers who could least afford it: low-wage women, who saw a 6 percent earnings deduction for each child. But here's the twist: There was no wage penalty for mothers at the ninetieth percentile of earnings: \$70,109 (adjusted to 2015 dollars). And mothers at the ninety-fifth percentile—\$89,496 in 2015—received

a 4 percent to 5 percent bonus compared to demographically matched childless women. So what's going on?

“It's a mystery,” Budig told me on a cold, windy day in February when she'd blown in to Washington, DC, for a policy meeting held by the Washington Center for Equitable Growth. A youthful 44, with a loose ponytail and a finger broken by the snapping leash of a car-crazy 120-pound dog, she's no newcomer to the ins and outs of statistical analysis, nor to the pressures and pleasures of having a life while building a high-powered career.

She married at 22, but, as a graduate student in a department of mostly childless female faculty at the University of Arizona, she decided not to have children. After she received tenure from UMass, however, and watched the women around her use the family supports on offer (such as a full semester of paid parental leave and on-site child care) without harming their careers, Budig adopted a daughter, at age 39.

Had the other highly successful women in the NLSY79 survey—a database of 12,686 Americans born between 1957 and 1964—made similar choices? “Are women at that level more strategic?” she mused.

That seems far too simple an explanation for such a large and diverse sample of women. In fact, the findings don't, on the surface, make sense to Budig at all. The most remunerative professions in the U.S., among them finance and law, are also known to be the most demanding in terms of hours and round-the-clock availability, as well as the ones in which women who choose family-friendly schedules are punished the most in pay and advancement. All the prevailing theories as to why mothers earn less—that they interrupt or downscale their careers to be with their kids, are more distracted and less productive, or are docked by employers who just assume they're less committed to their work—would predict that women in high-powered jobs would take the biggest hits when they became mothers.

Budig's results are fascinating because they complicate what has long been a pretty clear story line: While our culture seems to value working dads a lot, rewarding breadwinning “family men” with fatter salaries and more promotions, they're ambivalent, to say the least, about their female counterparts. Workplace attitude studies regularly show that mothers are viewed as less competent and devoted to the office than women without children (and men) and are held to higher

performance standards. At the same time, mothers who live to work—thereby overcoming the slacker-mom image—are seen as selfish, arrogant, domineering, colder.

Given the “stickiness” of this prejudice, why would high-earning women be the exception? Budig’s “fixed effects” model (researchers examine changes in an individual woman’s wages over time, comparing her to herself, rather than engaging in the potential apples-and-oranges game of comparing her to other women) allowed her to eliminate some prime explanatory suspects. The earnings pattern couldn’t be accounted for by differences in education or ambition, the age at which women had children, whether they’d chosen to work in lower-paid “family-friendly” jobs or marry men who were likely doing more housework. “We just can’t find anything in the data that tell us why,” Budig says, clearly delighted by the novelty of wading into all-but-uncharted territory in an otherwise well-mined field of study. “It’s something we talk about over drinks.”

She will offer a few educated guesses, however: Perhaps “women with such high earnings can afford nannies or live-in help, which makes a huge difference in their home. Or they can afford really good child care. Order more meals in. Their ability to pay lets them stay at work.” Or maybe they earn more in order to *afford* those services.

Such outsourcing may also lead employers to view them differently: not like “moms,” who might threaten to stay home at the first sign of a kid’s sniffle, but more like, well, dads, who, the assumption is, have a wife to handle the homefront. “Maybe at that level, motherhood doesn’t carry that burden [of perceived care] because everyone knows they have a nanny,” she says.

On the flip side, Budig speculates that motherhood, “especially if it doesn’t interrupt work,” may humanize high-achieving women in the eyes of their bosses and coworkers, soften the perceived

## THE ELLE AGENDA BOARD SOUNDS OFF

**Michelle Freeman,** president, Carl M. Freeman Companies, Freeman Foundations

“I grew up in real estate, where commissioned sales positions are transparent: 6 percent is 6 percent. It wasn’t until I took the CEO position and had my daughter that this issue came into my consciousness. That Juliana works as hard as my boys but would potentially make less than her brothers doesn’t work for me. It is going to take more people in leadership roles standing up for women and pay equity to right this ship.”

**Stephanie Cutler,** partner, Precision Strategies

“The most important first step is ensuring transparency in pay. The burden shouldn’t be on female employees to determine whether they are getting paid the same as men for the same work. The burden should be on the employer to prove that they are. Most women have run into the problem of unequal pay, and many of them aren’t even aware of it. It’s important to understand that pay inequality doesn’t impact just women but the economics of whole families.”

**Courtney Kemp Agboh,** executive producer, Starz’s *Power*

“I recently had a negotiation, and my worth to the company was based on the performance of my show. I don’t think it had anything to do with my gender; I think I did well, and they wanted to compensate me for it. The word *compensation* is very important. I pay my nanny well because she is good at her job. I’m compensated for my time away from my kid, and this woman is compensated for her time, because that’s how our system has to work.”

hard edges that accompany female talent and drive. Such a “corrective to negative stereotypes,” she says, could push up pay.

And, of course, there’s just the bottom line: Employers are always competing for top talent—and the women who make the most money tend to fall into that category. They’re also the ones who, disproportionately, have access to family-friendly policies, which are offered as perks to keep them at work and away from income-reducing job hiatuses (read: “opting out,” which is expensive, in terms of turnover costs, for employers as well). “Maybe these women are just valuable. Employers really want to retain them.”

Relatively affluent, successful women don’t merit much attention in academia. “That’s a bias in the field: We don’t study elites,” Budig says. And as a result, we’re not likely to get data to solve this riddle anytime soon. But it may be shortsighted to write off the experiences of the most fortunate women.

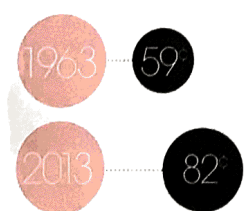
For one thing, a deeper understanding of what keeps high-earning mothers

on par with men could suggest policy changes. If outsourcing is truly the secret, is it so inconceivable that we’d find a way to help middle-class and even low-income women gain access to at-home child care and maybe even housekeeping help?

This is less crazy than it sounds. A number of countries—including France, Belgium, and Sweden—subsidize services to lighten the load of domestic tasks that still usually fall to women. In France, as long as you declare an at-home employee, pay them at least minimum wage, and fund their social security coverage, you get a tax break worth up to half the annual cost of such work as child care, gardening, housecleaning, even homework help (up to a cap of about \$15,000).

More basically, it’s worth finding out what the highest-earning women have going for them—whether it’s how they work, how they live, or merely that they have a healthy enough sense of entitlement to demand the pay they deserve. Armed with that information, maybe the rest of us can get in on the game. ●

## WHAT THE WAGE GAP LOOKS LIKE



When the Equal Pay Act was passed in 1963, women earned 59 cents on the male dollar. A half-century later, that number is still only 82 cents.



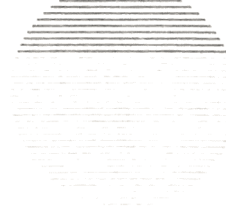
Latina women earn 61 cents for every dollar earned by a white man.



Black women earn 69 cents for every dollar earned by a white man.



At 93 percent of white men’s salaries, Asian-American women’s wages show the smallest gap.



Until we turn 35, women earn roughly 90 percent of what men make; after that, the number drops to 75 percent to 80 percent.