Wage and Earnings Trends Among Parents: 1979-2006

Dennis H. Sullivan, Miami University (Ohio) & Andrea L. Ziegert, Denison University

There has been an extended debate about the extent and causes of increasing wage inequality. Most of the controversy has surrounded the question, “Why?” — Skill-biased technological change? Globalization of product and factor markets (including immigration)? Changing labor market institutions (e.g., unionization, real minimum wage, closer tie of pay to individual performance)? There has been far less scholarly attention paid to the question, “So What?” This paper addresses a “So What?” issue: How have the changes in wage inequality affected the earnings of parents, and how have earnings changes translated into income available to low-income families?

It is heartening to observe that in less than thirty years the proportion of fathers with college educations has gone up by half and the proportion of mothers (married or single) with a college education has more than doubled. Moreover, the improvement in attainments has been particularly rapid among African American parents. On the negative side, some of the overall attainment improvement has been a consequence of the spread of the GED, and overall progress has been slowed by the low attainment statistics among Hispanics.

Looked at through the lens of parental earnings, the labor market attachment data are also generally positive: parents, regardless of gender, are increasingly likely to be in the full-time labor force. Whether this trend is really ideal from the standpoint of child well-being is debatable, and how much increased work translates into increased earnings is in part a matter of wage trends.

Wage trends cannot be readily summarized. Parents participated in the stagnation of median real wages, increased wage inequality and narrowing of the gender gap that characterized the 1980’s labor market. In the 1990’s real wages generally rose, but there were distinct differences based on race: wage inequality continued to rise among full-time white parents, but narrowed at the bottom end for African American parents. The period since 1999 defies any summary description.