

Equality of the Sexes Widens the Class Divide

di Jordan McGillis

What's the secret of affluence? In modern America, high-income households are powered not by a single breadwinner, but by two sustained professional careers. The Great Decompression—the phenomenon of incomes rising faster for families above the median—is often blamed on slow wage growth for middle-class men since the 1970s. But the rise of educated women is the true driver of the change.

Fifty years of progress in women's education and career opportunities have led to professional men and women marrying each other, staying in the workforce and leaving traditional couples behind. Inequality between the sexes has declined, but inequality between classes has increased.

The two-income model is generating significant household wealth. The median two-income family today earns about \$140,000, double what the median single-income family earns. Roughly 30% of two-income families have an income of more than \$200,000 a year, compared with only 11% of single-income families. Today, more than two-thirds of young couples buying homes are dual-income. In the 1970s, the opposite was true.

But the two-income model comes with trade-offs, chiefly child care. The median cost in the U.S. to send one child to daycare for five years is \$44,000. In major cities and suburbs, that price tag can exceed \$100,000. Having more children multiplies the cost.

This fearsome child-care threshold gives an advantage to educated, egalitarian families. For all the talk of a decline in the college wage premium, the stubborn fact is that college-educated women earn much more money than less-educated members of their cohort. Using 2024 data, working women age 25 to 34 without a bachelor's degree earn a weighted mean income of \$41,063, according to the Census Bureau. Women in the same age group with a bachelor's degree earn \$72,456—a 76% premium. Women with

degrees can clear the child-care challenge that compels less-educated mothers to stop working.

This pattern shows up in labor-force participation statistics. Among married women with children at home and a high school diploma, 60% are employed in some form; among such women with bachelor's degrees, 77% are; among those with higher degrees, 86% are. There may be some women for whom culture and identity drive labor-force attachment, but generally if a woman's income outpaces child-care costs while she's in her 20s or 30s, she likely has high expected lifetime earnings and has a lot to gain by pursuing her career. When credentialed professional women do exit the labor force after having children, they have on-ramps for return that less-educated women don't. Antonia Johnson, an attorney I interviewed, had a child in her late 30s. She took several years off but has now passed the bar exam in a new state and is again practicing law.

Highly educated mothers also enjoy an income-compounding effect over their peers. By staying in the labor force during the decade when children are young, these women build experience, earnings growth and retirement funds that set their families apart financially. As Nobel Prize-winning economist Claudia Goldin has found, education raises women's wages as well as the payoff for staying attached to the workforce.

Child care is a large but temporary fixed cost that arrives before careers have fully matured. Yet labor-force exit has enduring consequences. Women who remain attached preserve the economic trajectory of a two-income family that compounds long after child-care costs have diminished. The result is a sorting of families onto different long-run paths.

The modern affluent household isn't sustained by a single worker but by two long, uninterrupted careers. That shift is a marker of educational and professional progress, while also a catalyst for class divergence. As high-earning women marry high-earning men and stay in the workforce, families with two professional incomes cluster at the top. Families with one income occupy the middle. Rational choices within families result in the Great Decompression, with deep consequences for the nation's social structure.

Mr. McGillis is a fellow at the Economic Innovation Group.