The Economic Role of Paid Child Care in the U.S.

Part 2: Labor Force Participation

FACT SHEET

United States

The use of paid child care is most closely associated with the labor force participation of mothers. This fact sheet is based on the second report from the Committee for Economic Development (CED) of a four-part series related to the use of paid child care. The second CED report examines labor force participation of mothers to gain a better understanding of labor force trends in which mothers with children are a subset.

Key Long-Run Trends in the U.S. Labor Force

The U.S. labor force rose from 1948 to 2000, and then entered a period of decline. For ages 16 and older,

- Female labor force participation surged from 32.7% in 1948 to about 60% in 2000 and declined to 56.1% in 2021.
- Male labor force participation was 86.6% in 1948 declining to 74.8% in 2000 and declined to 67.6% in 2021.

Similarly, the employment ratio (a measure of employment compared to the population, which excludes individuals who are looking for work) has also declined. For men and women age 16 and older,

- Female employment in 1948 was 31.3% surging to 57.5% in 2000 and declined to 53.2% in 2021.
- Male employment in 1948 was 83.5% declining to 71.9% in 2000 and declined to 63.9% in 2021.

COVID-19 U.S. Employment Trends

- The employment ratio declined by 2.7 percentage points for men compared to 2.2 percentage points for women (a 2.4 percentage point overall decline between 2019 and 2021).
- The labor force participation rate, which also includes individuals looking for work, declined by 1.6 percentage points for men compared to 1.3 percentage points for women (a 1.4 percentage point overall decline between 2019 and 2021).

Key Long-Run U.S. Trends for Labor Force Participation of Women Age 16 and Older by Race

- Female labor force participation for all races followed the general trend of rising rates through 2000, followed by a decline to the present.
- Black female participation rates are highest among women, averaging 2.5 percentage points higher compared to White women since 2000.
- Labor force participation among women of all races has mostly converged with the exception of Black women (at 58.8%) who exceed the average by 2.6 percentage points.

COVID-19 U.S. Employment Trends for Women by Race

In 2021, Black women participated in the labor force at a higher rate (58.8%) compared to all women (56.2%), White women and Hispanic women (55.7%), and Asian women (55.5%). However, labor force participation declined by varying rates.

- The percentage point decline related to female labor force participation dropped by 1.5 percentage points for all women and 1.2 percentage points for White women. The decline for Hispanic women was 2 percentage points, for Black women was 2.1 percentage points, and for Asian women was 2.2 percentage points.
- The percent decline (labor force participation in 2019 compared to 2021) was a decline of 2.5% for women overall and 2.1% for White women whereas the percent decline for Black and Hispanic women was 3.4% and for Asian women was 3.7%.

Key Long-Run U.S. Trends in Labor Force Participation by Income

Labor force participation among families is far greater for higher income households.

- The labor force participation rate for families with income of \$100,000 or more (74.5%) is more than double the rate for those in families with income under \$25,000 (36.8%).
- The long-run decline in labor force participation has been greatest for those in lower income households.

Key Long-Run U.S. Trends in the Demographics of Women (Mothers Compared to Women with No Children)

- The number of mothers ages 18-54 with a child under the age of 15 has declined by 2.2 million (9.3%) since 2007.
- The number of mothers ages 18-54 with a child under age 5 has declined by 1.1 million (11.3%) since 2007.
- The number of women ages 18-54 with no children has increased by 4.6 million (13.5%) since 2007.

Note: Data for this analysis is from the Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) sponsored jointly by the U.S. Census Bureau and U.S. Bureau of Labor Statistics. The underlying CPS data used in the analysis are extracted from the IPUMS-CPS database maintained by the Minnesota Population Center at the University of Minnesota. In some states, the sample size is too limited to accurately assess the data.



Key Long-Run U.S. Trends in Labor Force Participation of Women and Mothers

Among women ages 18-54, mothers with children ages 5-14 have surpassed women with no children as the group with the highest labor force participation rate.

- Mothers with children ages 5-14 participated in the labor force at a rate of 57.9% in 1977, rising to 77.9% in 2000, and declining to 74.4% in 2021.
- Women with no children participated in the labor force at a rate of 71.2% in 1977, rising to 78.5% in 2000 and declining to 73.5% in 2021.
- Mothers with children ages 0-14 participated in the labor force at a rate of 50% in 1977, rising to 72% in 2000, and declining to 70.7% in 2021.

Mothers with all children under age 5 were the only group of women whose labor force participation grew over the 2000-2021 years.

• Mothers with all children under age 5 participated in the labor force at a rate of 42% in 1977, rising to 66% in 2000, and increased to 69.3% in 2021.

Key Long-Run U.S. Trends in Labor Force Participation by Marital Status

Labor force participation for mothers is closely tied to marital status. About two-thirds of mothers ages 18-54 with a child under age 15 are married.

Married Mothers

- Married mothers with children ages 0-14 participated in the labor force at a rate of 47.5% in 1977, rising to 69.5% in 2000, before declining to 69% in 2021.
- Married mothers with a youngest child under age 5 participated in the labor force at a rate of 38.1% in 1977, rising to 61.9% in 2000, increasing to 64.9% in 2021.

Unmarried Mothers

- Unmarried mothers with children ages 0-14 participated in the labor force at a rate of 61.8% in 1977, rising to 78.5% in 2000, before declining to 74.7% in 2021.
- Unmarried mothers with a youngest child under age 5 participated in the labor force at a rate of 48.7% in 1977, rising to 72% in 2000, before declining to 68.2% in 2021.

COVID-19 U.S. Employment Trends

By Age of Child

• Mothers with children ages 5-14 participated in the labor force at a rate of 76.9% in 2019 declining to 74.4% in 2021.

- Mothers with children ages 0-14 participated in the labor force at a rate of 71.9% in 2019 declining to 70.7% in 2021.
- Mothers with all children younger than age 5 participated in the labor force at a rate of 68.8% in 2019 increasing to 69.3% in 2021.

By Marital Status and Age of the Child

Mothers with Children 0-14

- Married mothers with children ages 0-14 participated in the labor force at a rate of 69.5% in 2019 declining to 69% in 2021.
- Unmarried mothers with children ages 0-14 participated in the labor force at a rate of 77.4% in 2019 declining to 74.7% in 2021.

Mothers with a Youngest Child Under age 5

- Married mothers with a youngest child under age 5 participated in the labor force at a rate of 64% in 2019 increasing to 64.9% in 2021.
- Unmarried mothers with a youngest child under age 5 participated in the labor force at a rate of 69.9% in 2019 declining to 68.2% in 2021.

Key Long-Run U.S. Trends in Labor Force Participation by Level of Education

Since 2000, labor force participation for mothers with a bachelor's degree or higher level of education has increased by 3.3 percentage points (76.6% to 79.9%). The labor force participation of mothers with less than a high school degree has declined by 6.9 percentage points (53.4% to 46.5%).

Mothers of Children 0-14

 In 2021, the labor force participation rate for mothers with a bachelor's degree or higher was nearly 80% compared to only 46.5% for mothers not completing high school and 62.3% for mothers with a high school degree or GED.

Women Ages 18-54 (With and Without Children)

 In 2021, the labor force participation rate for women with a bachelor's degree or higher was 84% compared to only 45% for women not completing high school and 65.8% for women with a high school degree or GED.

Women Ages 18-54 Without Children

 In 2021, the labor force participation rate for women with no children with a bachelor's degree or higher was 87% compared to only 41.3% for those not completing high school and 66.5% for those with a high school degree or GED.

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