Women's Employment and Participation

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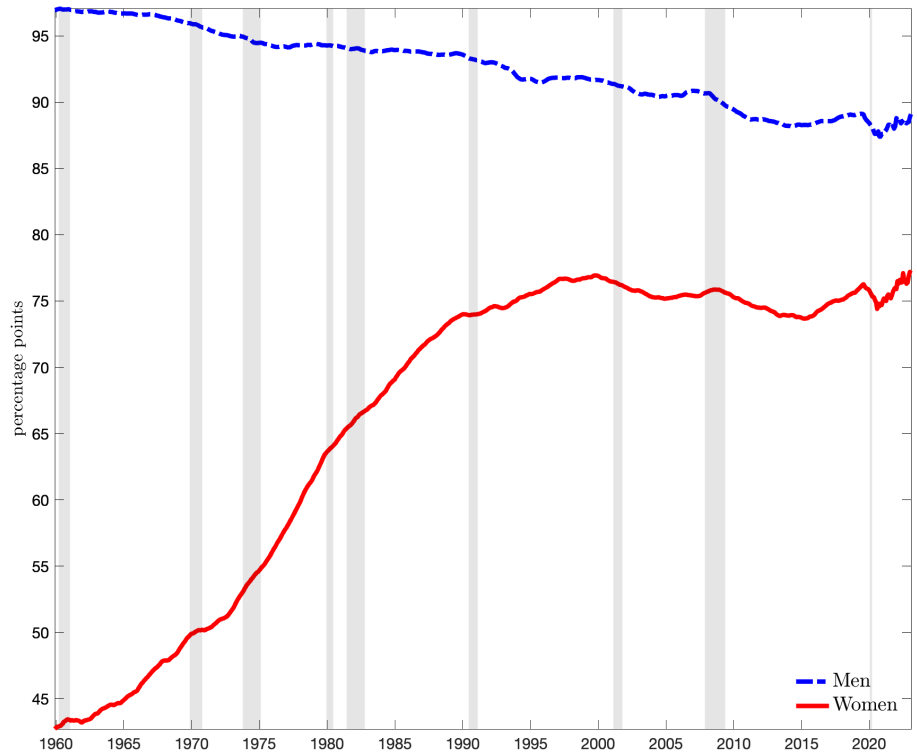
Women's Labor Force Participation in the U.S.

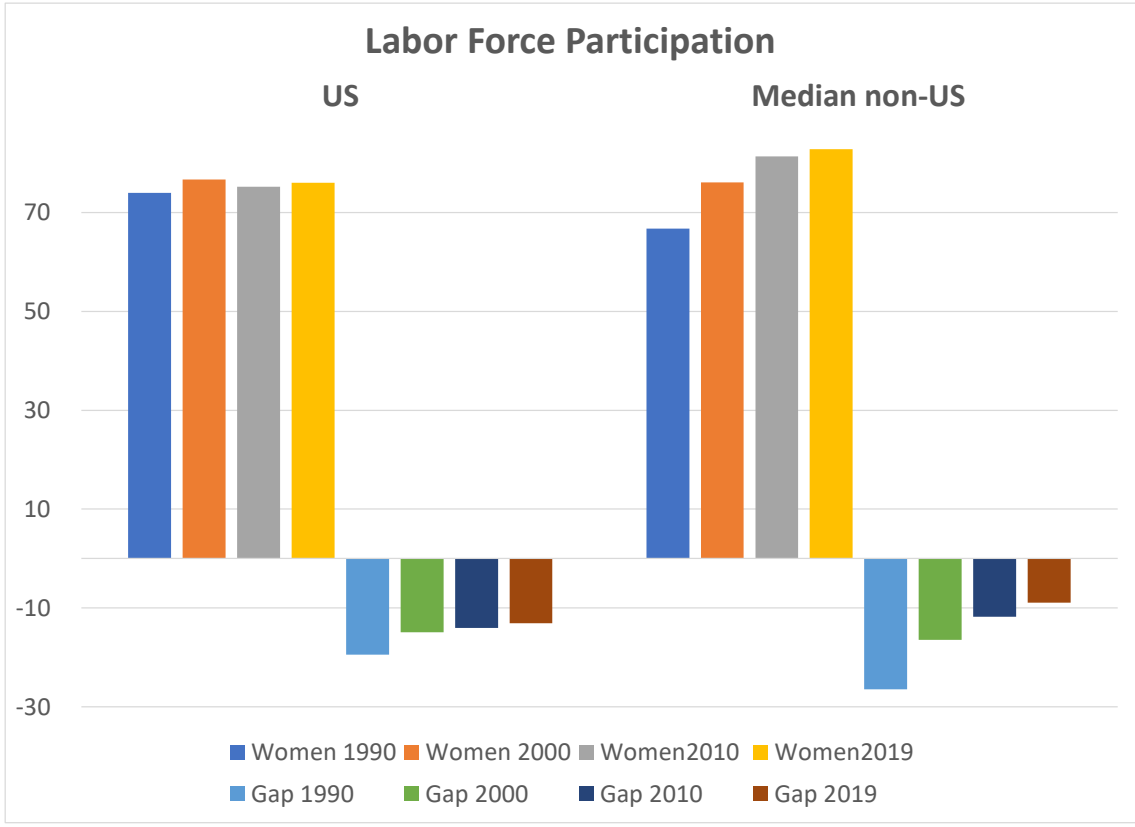
- Grew rapidly into the 1990s, then flattened out



Labor force participation rate by gender 25-54 yo, 1960-2023.
Gray bars denote NBER recessions.
Source: Author's calculations from OECD data.

Women's Labor Force Participation in the U.S.

- Grew rapidly into the 1990s, then flattened out
- Muted progress in comparison to other OECD countries



Labor force participation rate for women and female-male gap, 25-54 yo, 1990-2019, selected OECD countries.
Source: Author's calculations from OECD data.

Outline

- What determined the slowdown in women's participation in the U.S.?

1. Changes in the earnings structure
2. Lack of progress in family policies

- Insights from the post-COVID recovery

Why Did Women's Participation Stop Growing?

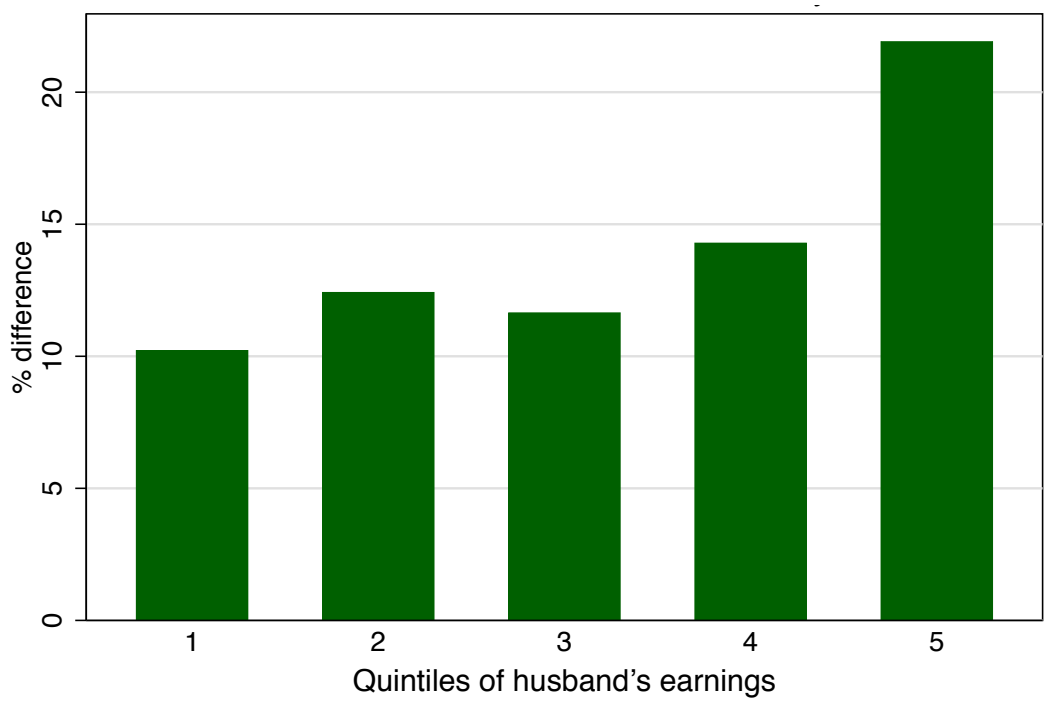
- Slowdown in participation only for married women, largest for wives of college husbands

	Married Women's Participation			
Household Types (M-F)	HS-HS	C-HS	HS-C	C-C
Average 1995-2005				
Actual	0.6	0.56	0.73	0.63
Projected	0.66	0.67	0.79	0.75
Actual-Projected	-0.06	-0.11	-0.06	-0.12
Actual-Projected%	-9.8	-17	-8	-17

Projections based on probit estimated on 1975-1994 data. Household types correspond to husband's and wife's education (HS or C). Source: Albanesi and Prados (2022) based on Current Population Survey.

Why Did Women's Participation Stop Growing?

- Slowdown in participation only for married women, largest for
  wives of college husbands
  wives of high income husbands

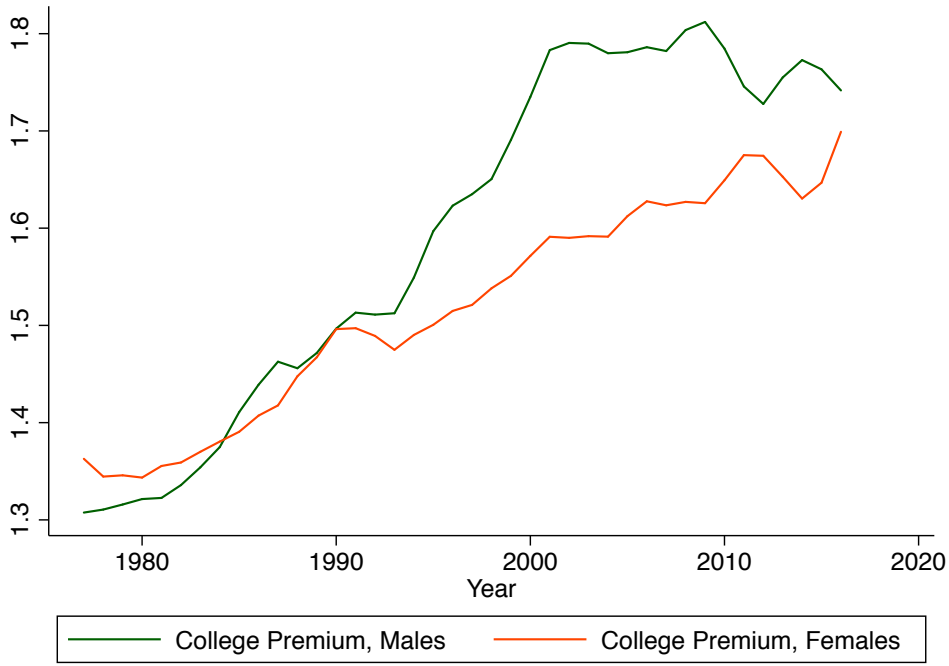


Difference between projected and actual labor force participation rate. Projections based on probit estimated on 1975-1994 data. Source: Albanesi and Prados (2022) based on Current Population Survey.

Why Did Women's Participation Stop Growing?

- Slowdown in participation only for married women, largest for wives of college husbands

  wives of high income husbands
- Slowdown in closing of college gender wage gap



Married 25-54 yo, full time full year.
Source: Albanesi and Prados (2022) based on Current Population Survey.

1. Changes in the Earnings Structure in the 1990s

- Rise in top wages for men, driven by performance pay (Lemieux, McLeod & Parent 2009)
- Women less likely to receive performance pay (Albanesi & Olivetti 2009, Albanesi, Olivetti & Prados 2015)
- Increase in wage penalty for low hours in professional and managerial occupations (Goldin 2014)

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- Mechanism:

1 Women's greater contribution to caregiving/childcare

$\Rightarrow$ lower market hours, lower wages

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2 Rise in top wages due to rise performance pay

$\Rightarrow$ married college men increase labor supply and earnings

3 Negative wealth effect on wives' participation and hours

$\Rightarrow$ rise in gender gap in college premium

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- Quantitatively accounts for 1/3 of slowdown in participation of women married to college educated husbands (Albanesi & Prados 2022)

1. Changes in the Earnings Structure in the 1990s

- Other countries experiencing a similar change in the earnings structure also saw slowdown in women's participation (Albanesi & Prados 2022)
- Why did the U.S. fall behind?
- Rise in top earnings more extreme in U.S.
  (Heathcoate, Perri and Violante 2010)
- Lack of progress in family policies
  (Blau and Kahn 2013, Albanesi, Olivetti & Petrongolo 2023)

2: Family Policies

- U.S. spends little on family policies, with large component on tax breaks

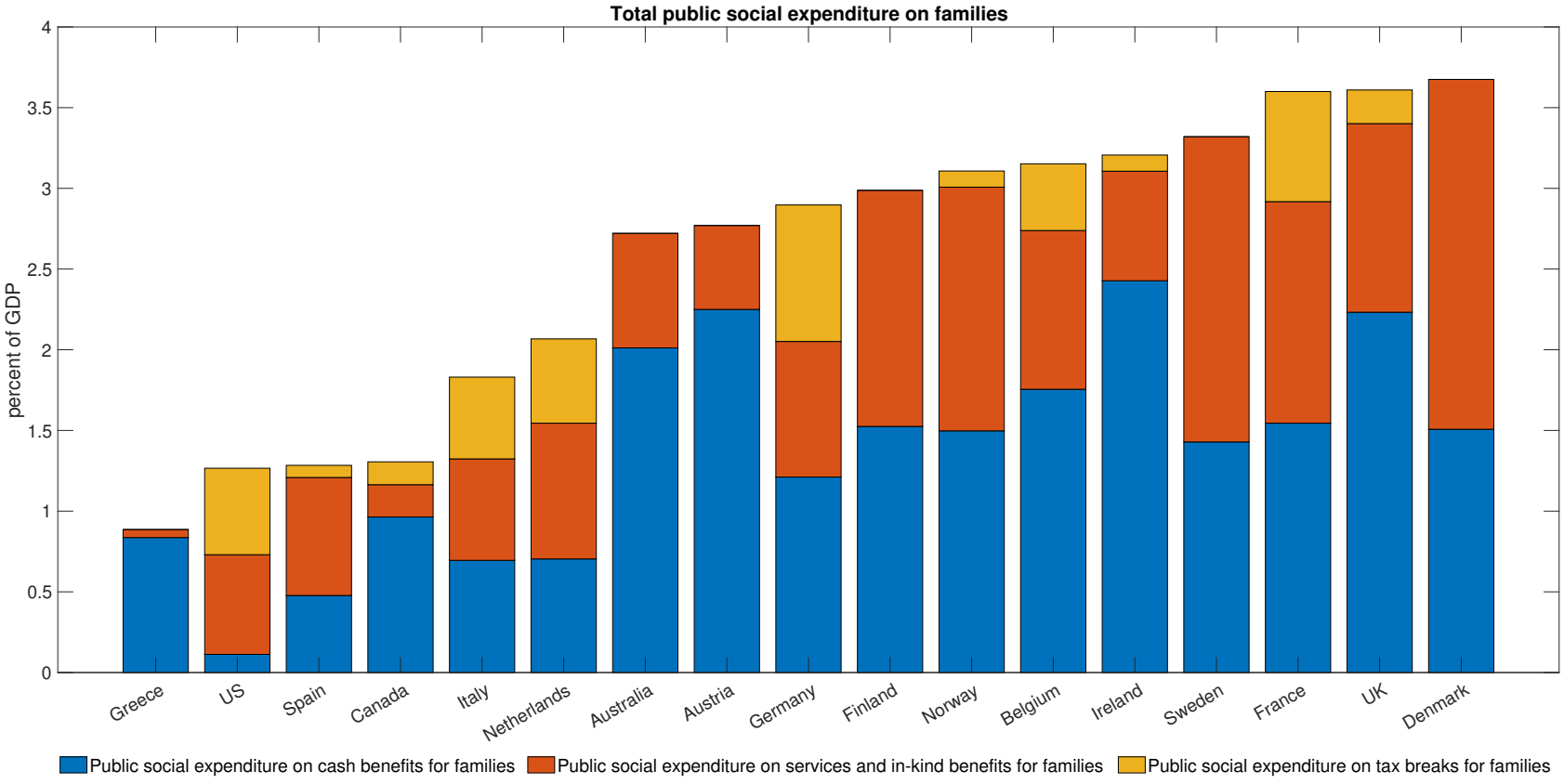
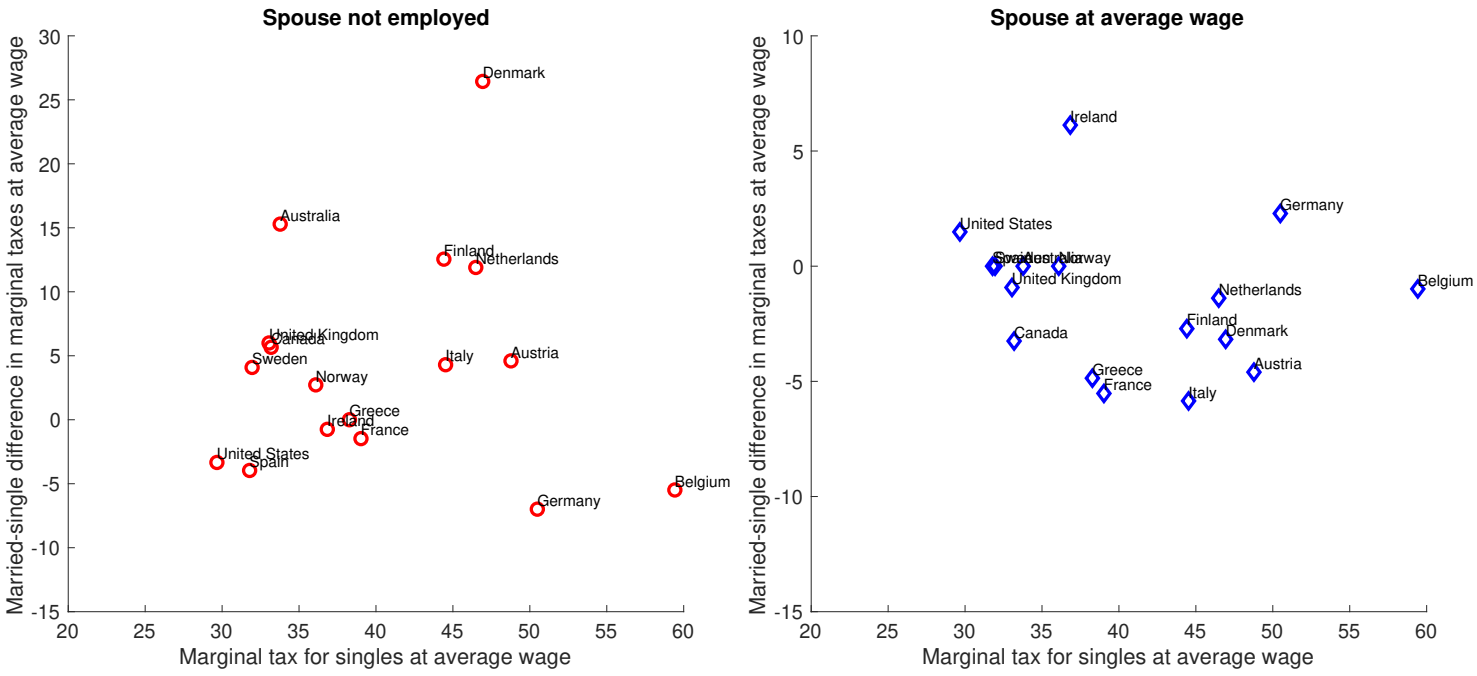


Figure: Total public social expenditure as a fraction of GDP and composition, 2000-2015 average. Source: Author's calculations from OECD Family Policies Database.

2. Family Policies: Income Taxation

1 Marginal taxes lowest for one-earner married households

→ due to *joint* income taxation



(a) One-earner couples (b) Two-earner couples

Figure: Variation in marginal taxes by marital status, 2000-2015.

Source: Author's calculations from OECD Family Policies Database.

2. Family Policies: Income Taxation

2 Marginal taxes rise with the presence of children

$\rightarrow$ due to rapid phase-out of child related tax benefits

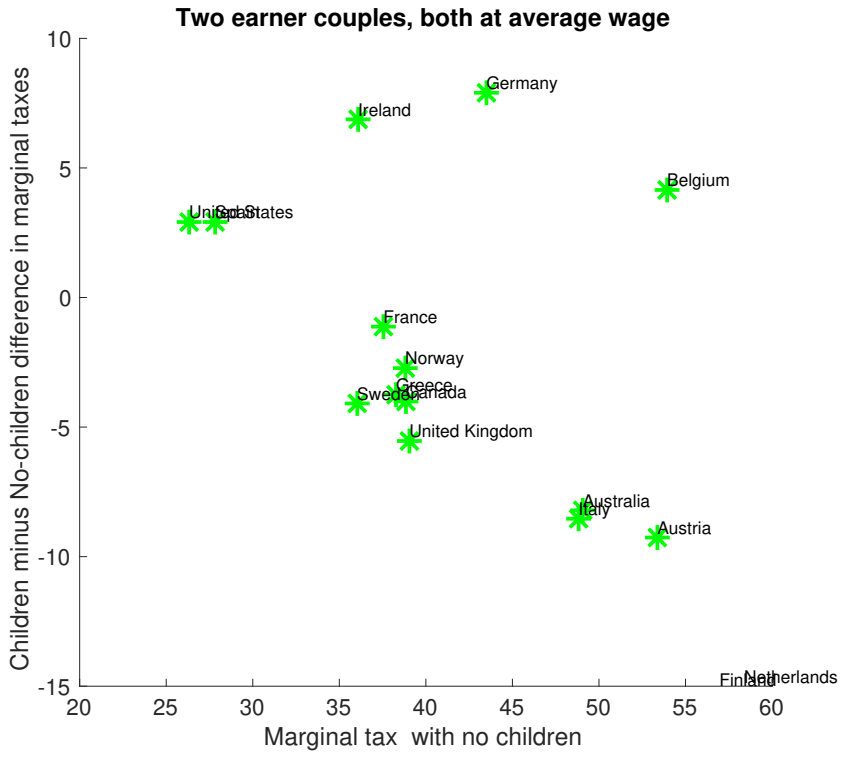


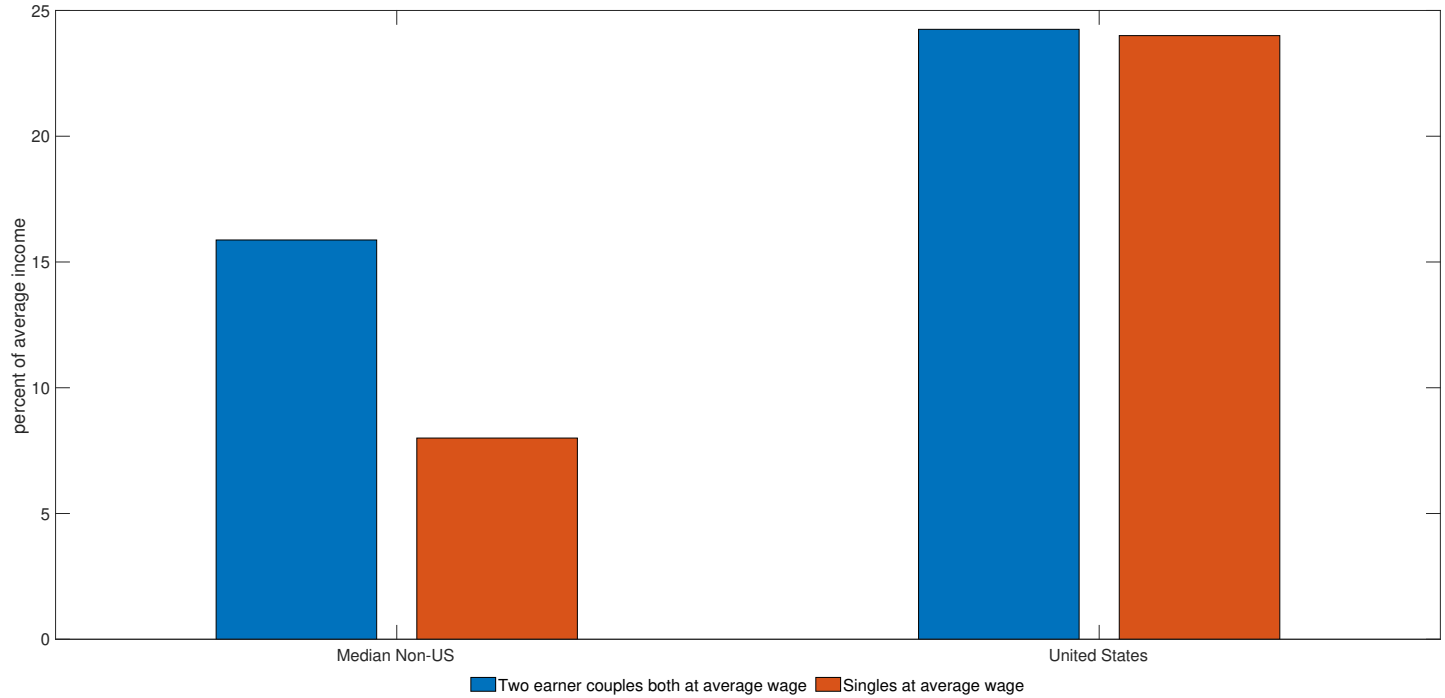
Figure: Variation in marginal taxes by presence of children, 2000-2015

Source: Author's calculations from OECD Family Policies Database.

2. Family Policies: Childcare Support

- Relatively high childcare costs in the U.S.

Figure: Childcare costs as a fraction of average income.

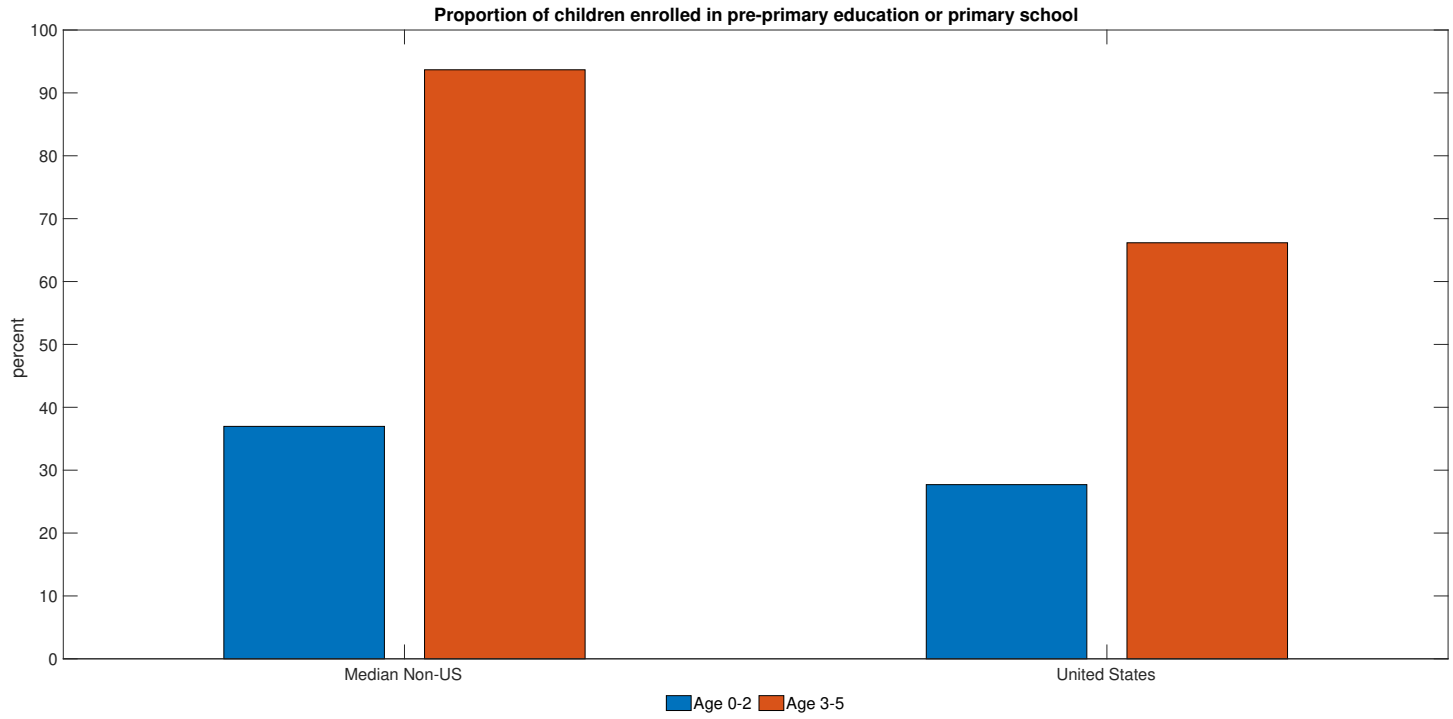


Notes: All values in percentage, 2000-2015 average. Source: Author's calculations from OECD Family Policies Database.

2. Family Policies: Childcare Support

- Relatively high childcare costs in the U.S.
- Enrollment in early childhood education relatively low

Figure: Fraction of young children enrolled in pre-primary or primary school



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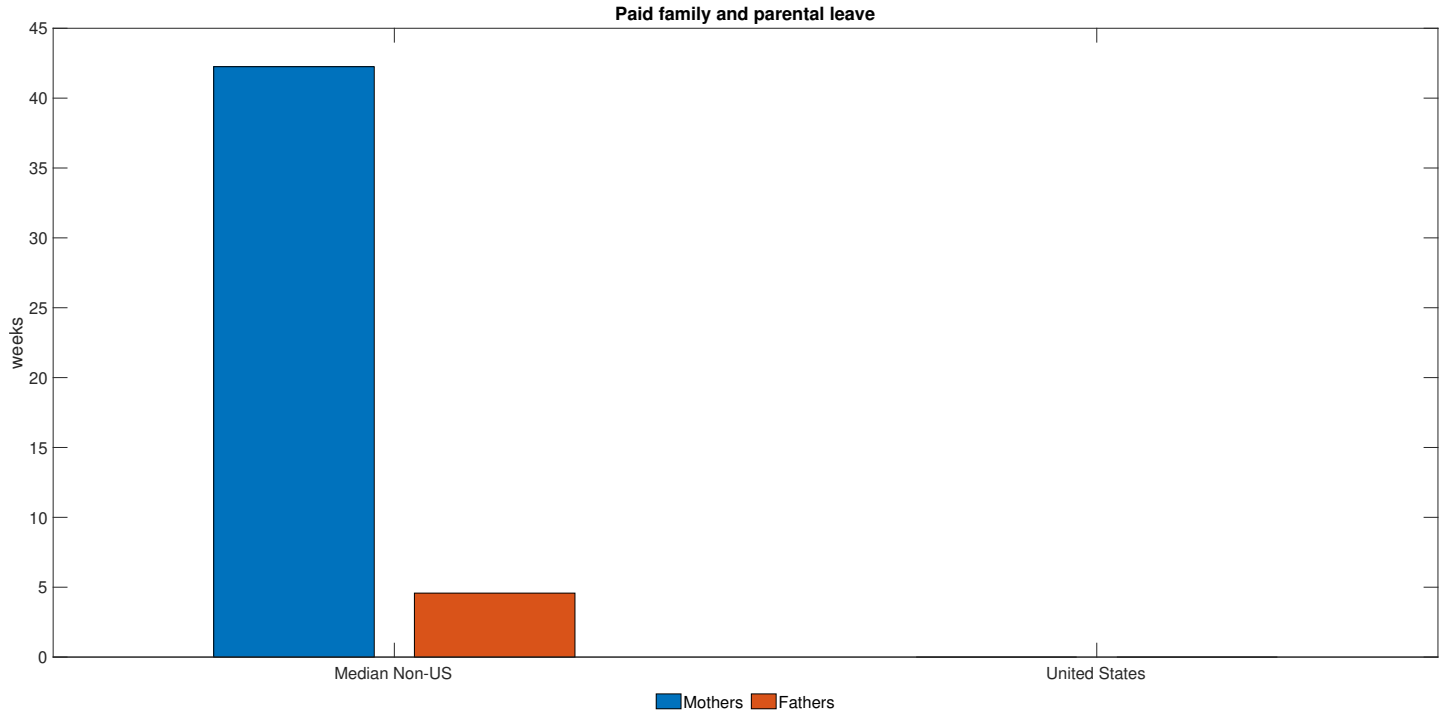
2. Family Policies: Workplace Regulations

- U.S. only country without federal paid job-protected parental leave policy

Figure: Weeks of paid parental and family leave

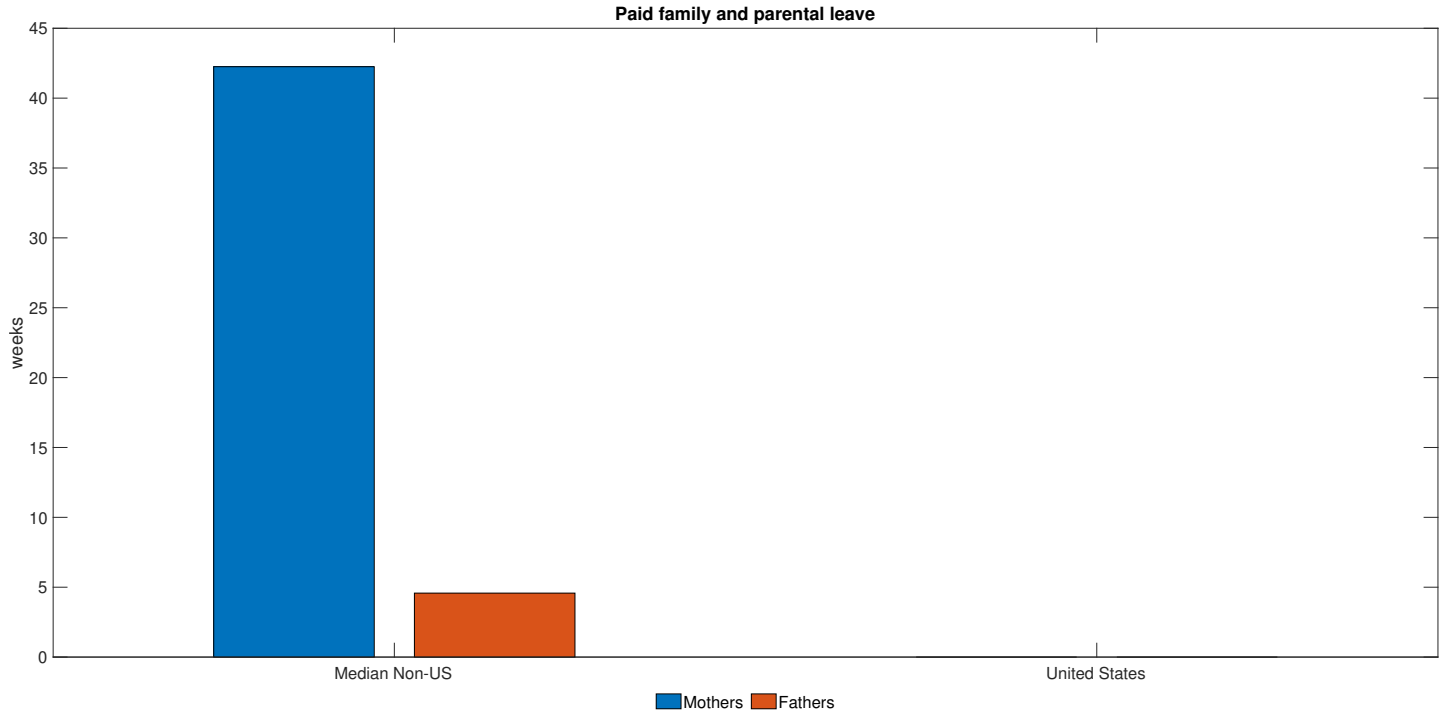


Notes: 2000-2015 average. Source: Author's calculations from OECD Family Policies Database.

2. Family Policies: Workplace Regulations

- U.S. only country without federal paid job-protected parental leave policy
- U.S. ranks last in generosity of part-time arrangements among comparable OECD countries

Figure: Weeks of paid parental and family leave



Notes: 2000-2015 average. Source: Author's calculations from OECD Family Policies Database.

2. Family Policies and Labor Market Outcomes

- Labor income taxes:

  negative impact of high marginal taxes on women's labor supply (Guner, Kaygusuz, Ventura 2012, Borella, De Nardi, Yang 2023, Bronson & Mazzocco 2022)

- Childcare support:

  positive impact of childcare support on maternal labor supply (Attanasio, Law & Sanchez-Marcos 2008, Domej and Klein 2012, Bick 2016, Guner, Kaygusuz & Ventura 2020)

- Parental leave benefits:

  positive impact on maternal employment for short leaves

  negative impact on earnings and employment for long leaves (Ruhm 1998)

  mixed evidence for U.S. state leave programs

- Part-time benefits

  may lead to lack of career advancement and reduce wages (Goldin 2014)

2. Family Policies: Counterfactual

- Closing the gap with Sweden

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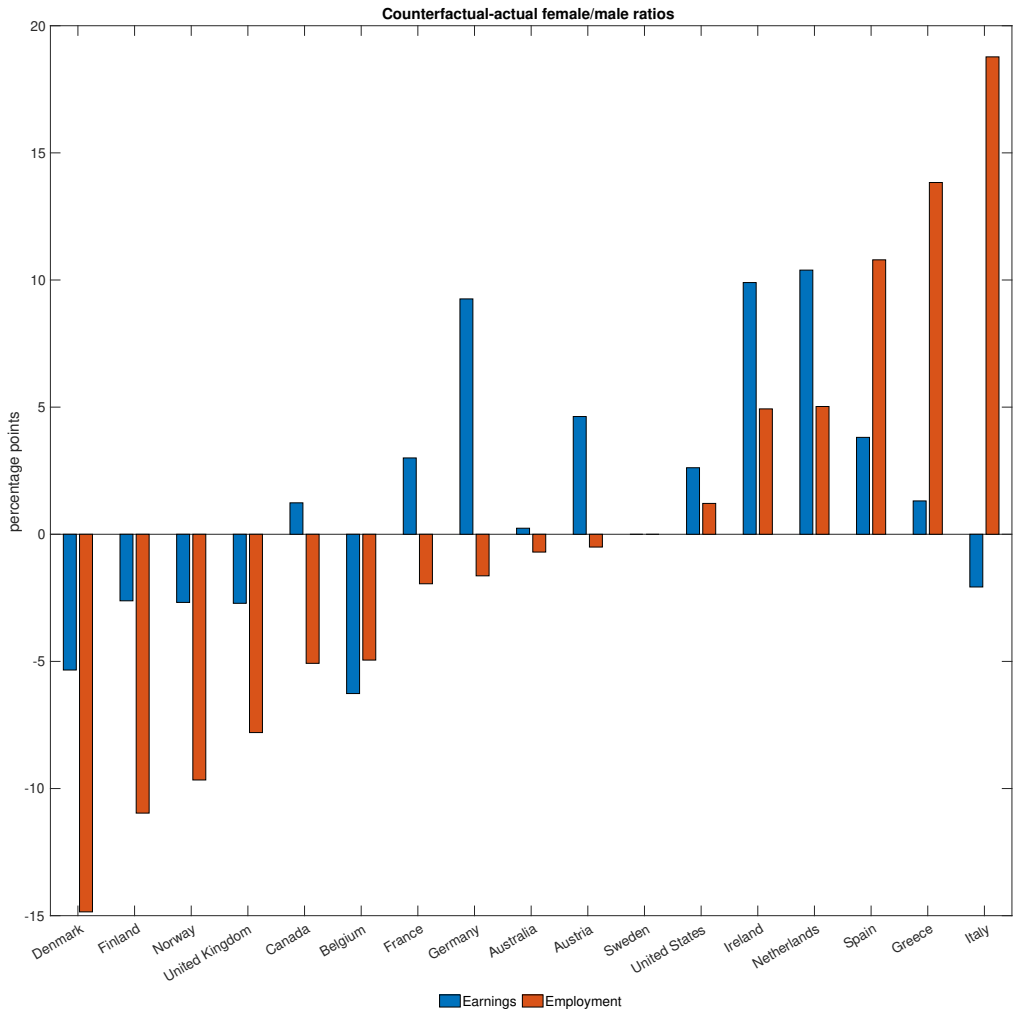

Notes: Changes in female/male employment and earnings ratio associated with adoption of Sweden's policy mix, 2000-2015. Married 25-54 yo. Source: Author's calculations from Luxembourg Income Study and OECD Family Policies Database.

Insights from the Post-COVID Recovery

- COVID-19 recession

  Labor demand: Women over-represented in occupations exposed to infection risk (Albanesi & Kim 2021)

  Inflexible (no WFH possible), High contact

- Labor supply: Mothers saddled with childcare responsibilities due to school closures left the workforce

  (Albanesi & Kim 2021, Alon et al. 2021, Hansen, Shaba & Shaller 2022)

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  women with a job continued working

→ argues WFH kept women in LF who would have quit absent the pandemic

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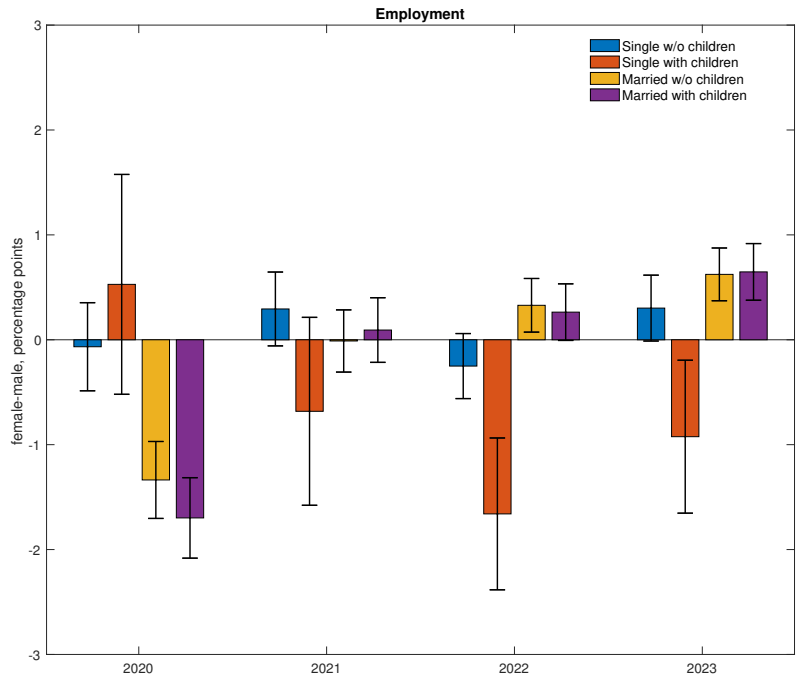
- Albanesi (2022):

  No significant gender differences in quits from employment

  Rise in non-participation from unemployment for mothers

Insights from the Post-COVID Recovery

- Stronger post-COVID employment recovery for married women
- Weak employment recovery for single mothers



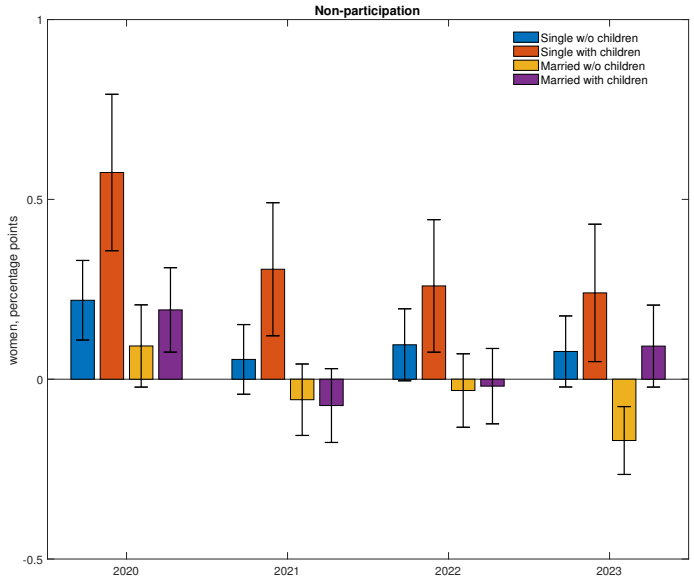
(a) Female-male gap

Changes in employment relative to 2019, controlling for age and education, 25-54 years olds. Error bars denote 90% confidence intervals.

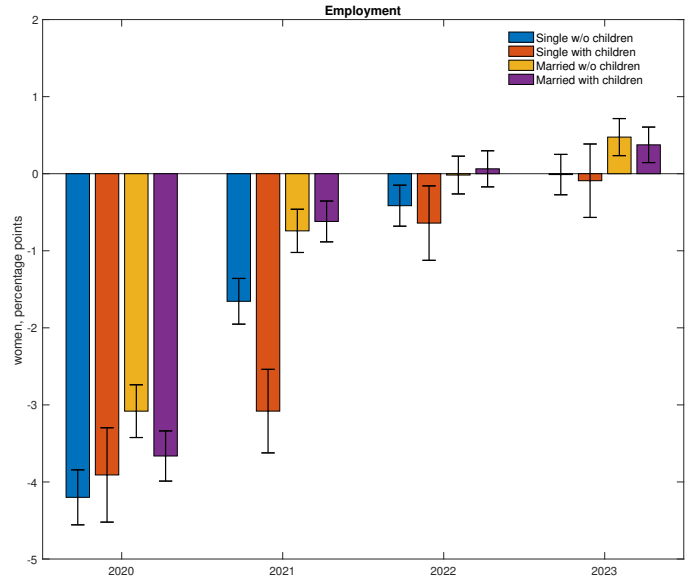
Notes: Source: Author's calculations from Current Population Survey, Bureau of Labor Statistics.

Insights from the Post-COVID Recovery

- Stronger post-COVID employment recovery for married women
- Weak employment recovery for single mothers
- Non-participation still elevated relative to pre-pandemic for mothers



(b) Women's non-participation



(c) Women's employment

Changes in women's non-participation and employment relative to 2019, controlling for age and education, 25-54 years olds. Error bars denote 90% confidence intervals.

Notes: Source: Author's calculations from Current Population Survey, Bureau of Labor Statistics.

Insights from the Post-COVID Recovery

- Is ability to WFH associated with women's stronger employment recovery?

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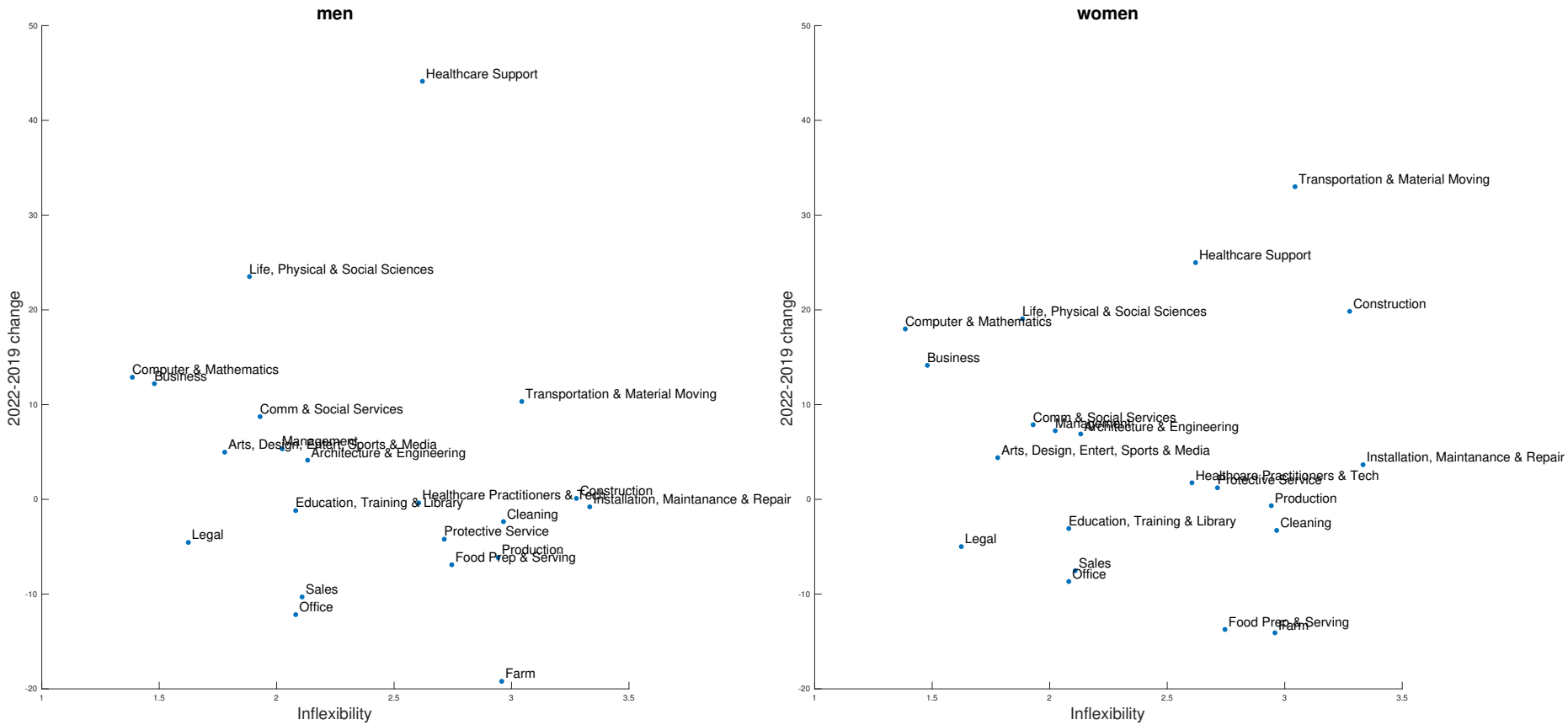

Change in employment 2022-2019 by occupation, population 20 years and over.

Notes: Inflexibility denotes low propensity of tasks to performed remotely. Source: Author's calculations from O'NET and Current Population Survey, Bureau of Labor Statistics.

Insights from the Post-COVID Recovery

- Ability to WFH strongly associated with growth in both men's and women's employment 2022-2019:

  one standard deviation decline in Inflexibility associated with

  8.7 pp increase in employment for men

  9.7 pp increase in employment for women

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  one standard deviation decline in Inflexibility associated with

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- Male dominated occupations experience a resurgence of employment 2022-2019:

  5 pp increase in fraction of men in 2019 associated with

  10.6 pp increase in employment for men

  10.9 pp increase in employment for women

$\rightarrow$ employment growth in male occupations reflects typical cyclical dynamics (Albanesi 2019)