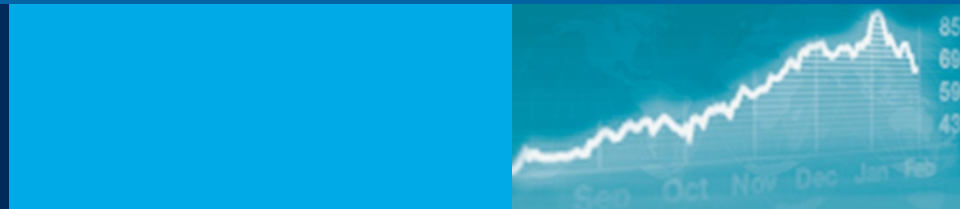




Women In the Economy

Financial Success for Women Summit

April 17, 2024



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The U.S. Economy (and Women)

Women in the economy—the good news

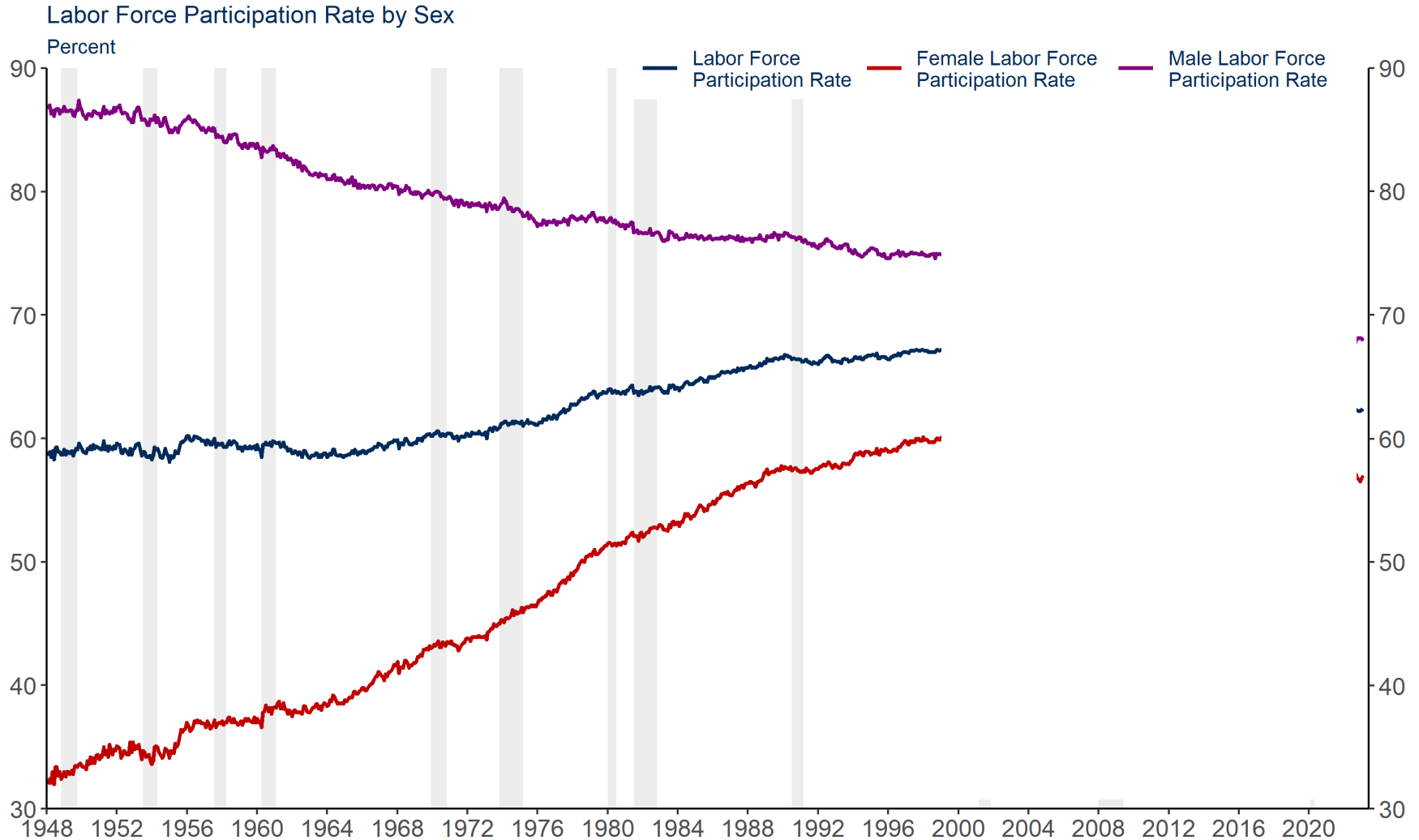
- Labor force participation among women has risen a LOT since the 1950s—which has considerably helped the U.S. economy
- Many more women are in higher-paying, higher-skilled jobs
- Women are getting educated—actually at a higher rate than men
- Most generations of women have had better labor market outcomes than the prior generation (and none have done worse!)

Women in the economy—the bad news

- Women make up 50% of the population but (still) less than 50% of the labor force (and female LFP peaked well below men)
- Women with less education and women of color fare worse
- Women take on more household activities—which affects their labor market outcomes

What can we do to improve outcomes for all (women *and* men)?

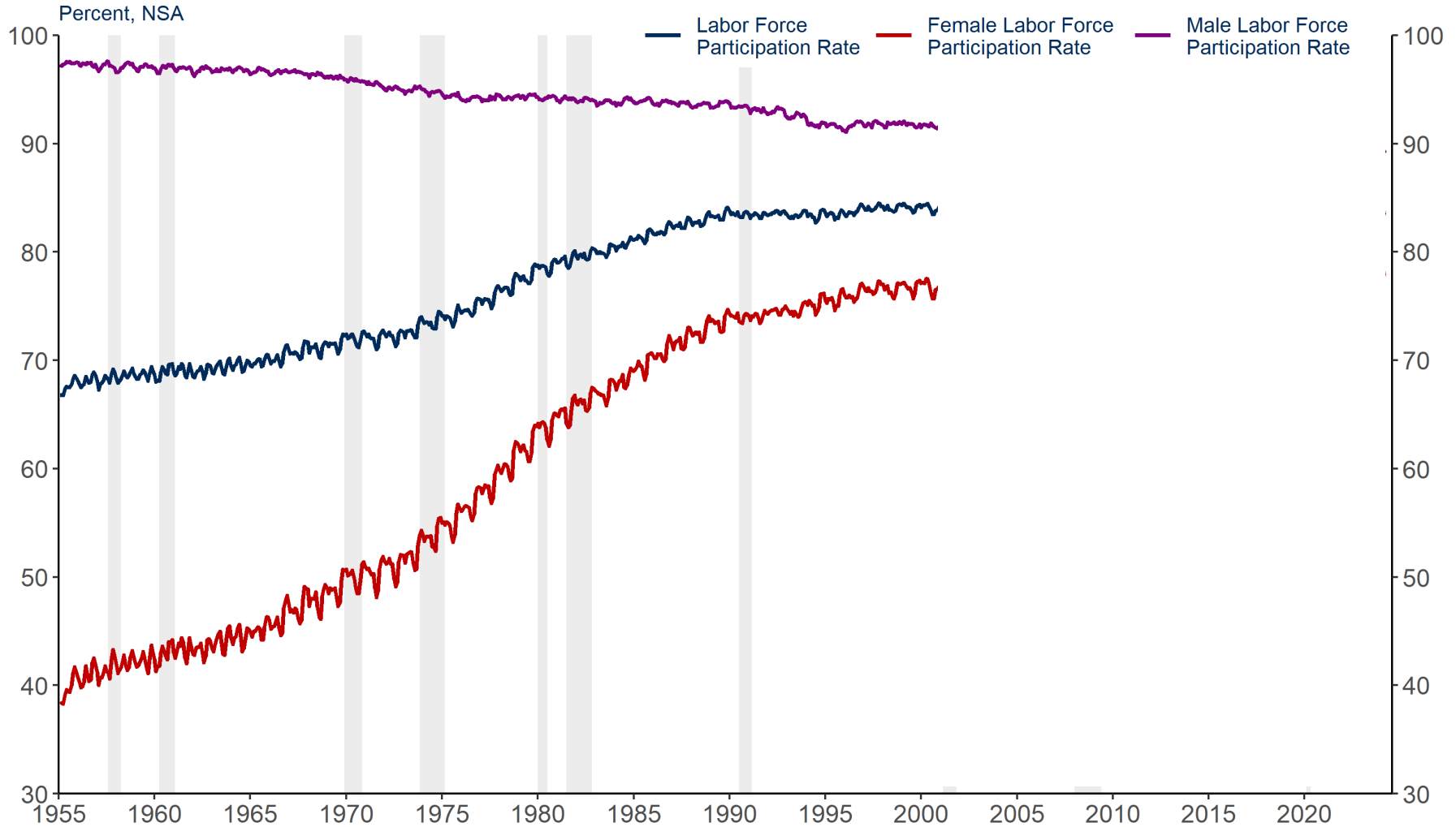
Good news: Female labor force participation grew through many decades and the male/female gap is shrinking



Source: Bureau of Labor Statistics/Haver Analytics

Prime age female labor force participation grew through many decades and the male/female gap is shrinking

Labor Force Participation Rate by Sex for Prime Age Workers (25 - 54 Years)



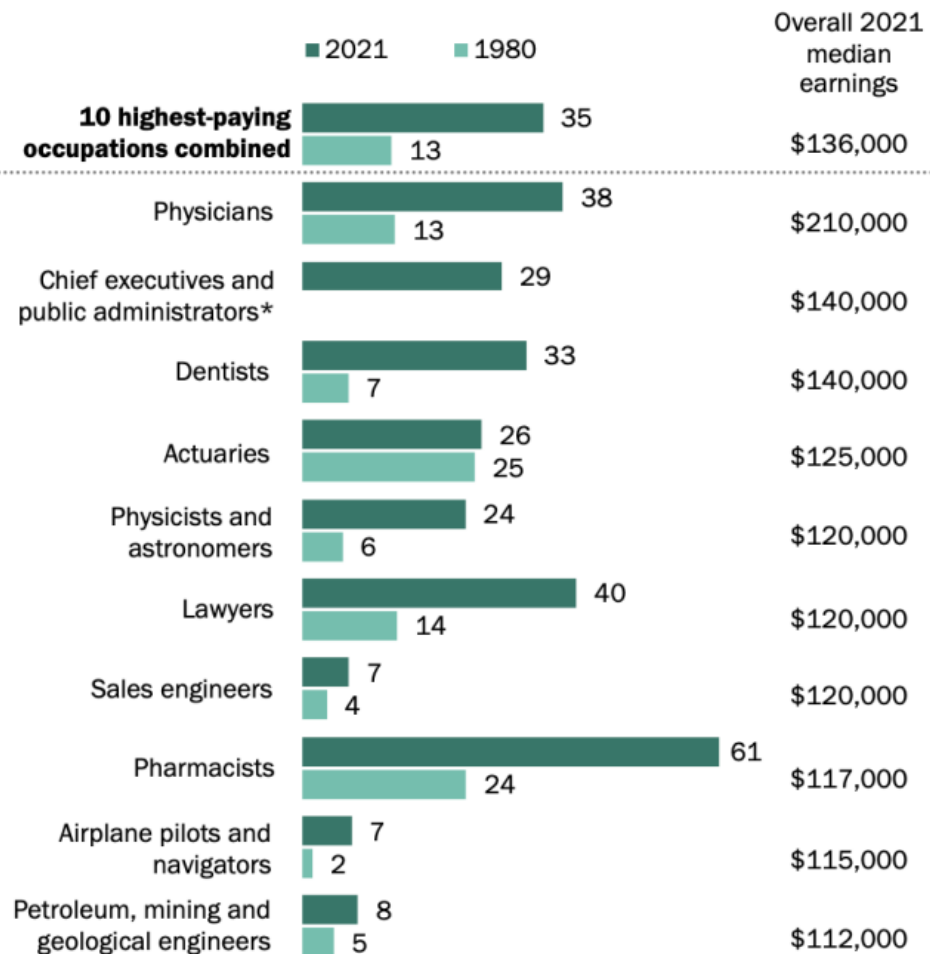
Good news: Working women have had a very positive effect on the U.S. economy

Between 1948 and 1990, the rise in female participation contributed about **1/2 percentage point per year** to the potential growth rate of real gross domestic product. And this estimate does not take into account the effect of the increases in women's education and work experience that also occurred over that period and boosted their productivity.” ([Yellen 2017](#))

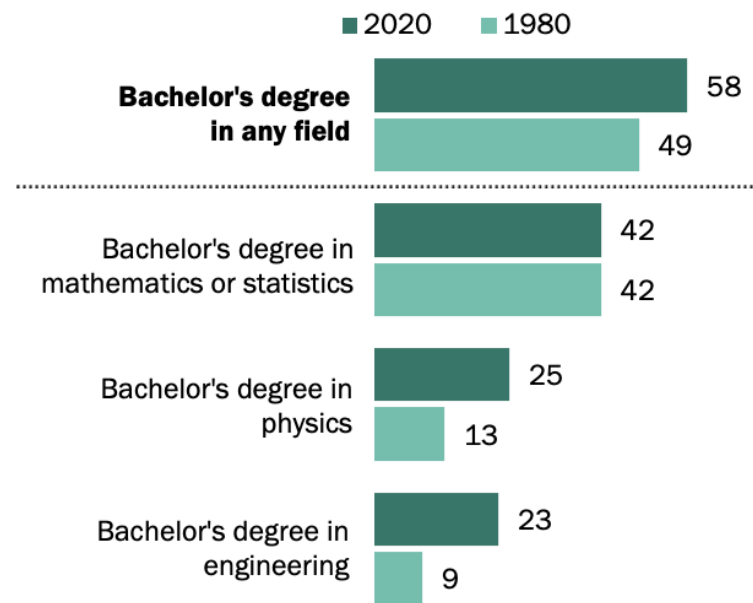
According to the [Council on Foreign Relations](#):

- Global GDP could increase 26% by closing gaps between men and women in the workforce
- The U.S. could add \$4.3 trillion (well over \$10,000/person) to the U.S. economy if women's labor force participation was equivalent to men's

Good news: Since 1980, women have increased their presence in the highest-paying occupations in the U.S. (share of women)



Among the following undergraduate degrees conferred each year, % received by **women**



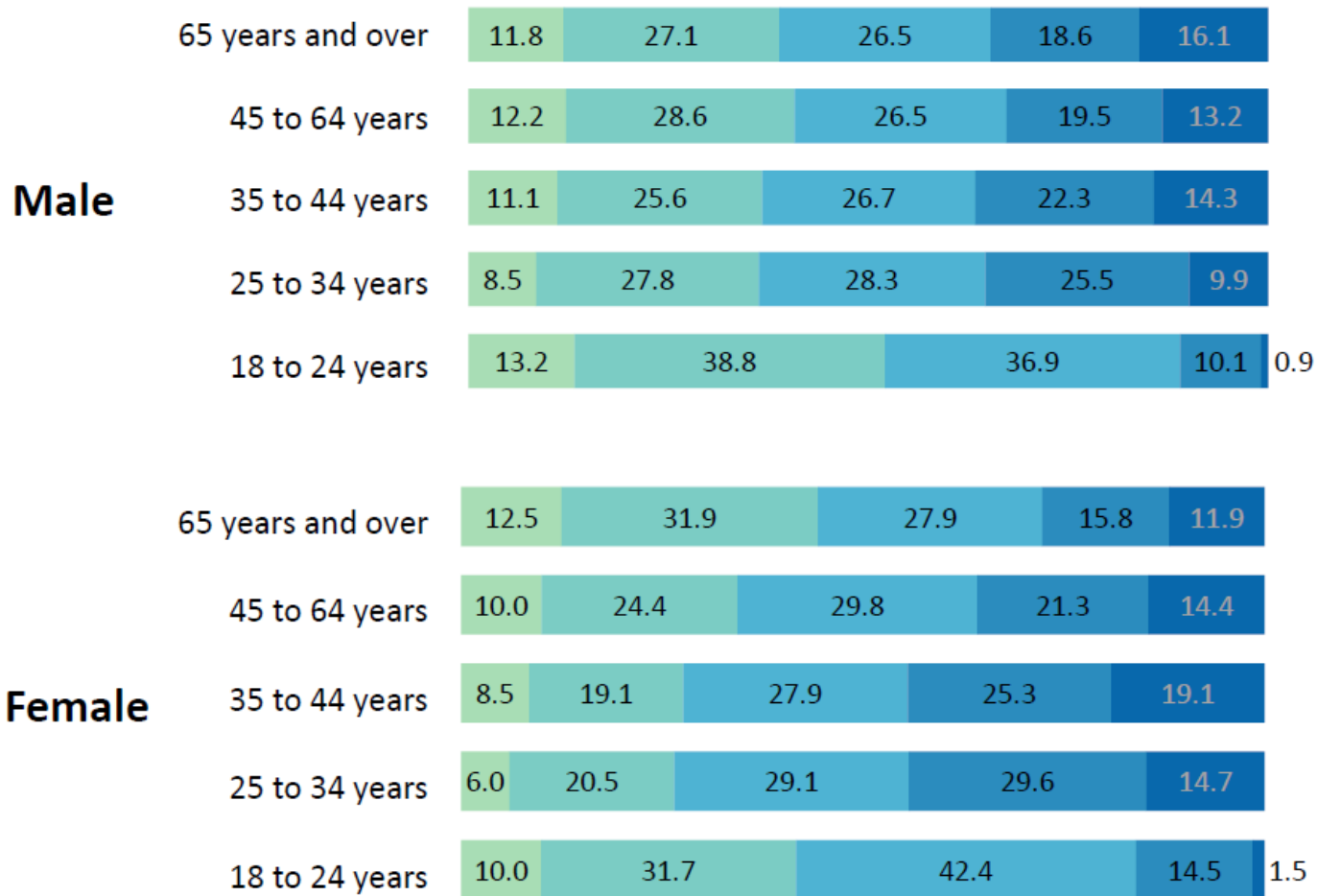
Source: Pew Research Center analysis of data from the National Center for Education Statistics (NCES) Integrated Postsecondary Education Data System (IPEDS).

* Data for chief executives and public administrators from the 1980 census is not available.
 Note: Highest paying occupations are based on 2021 median earnings estimates.
 Source: Pew Research Center analysis of the 1980 census and 2021 American Community Survey (IPUMS).

Source: Pew Research Center, <https://www.pewresearch.org/short-reads/2023/11/02/women-have-gained-ground-in-the-nations-highest-paying-occupations-but-still-lag-behind-men/>

Good news: Women are getting more educated

United States



■ Less than High School
 ■ High School
 ■ Some College or Associate's
 ■ Bachelor's
 ■ Graduate or Professional

Source: Federal Reserve Bank of Richmond/ACS 5-Year Estimates 2018-2022

Good news: Every generation of women is doing better

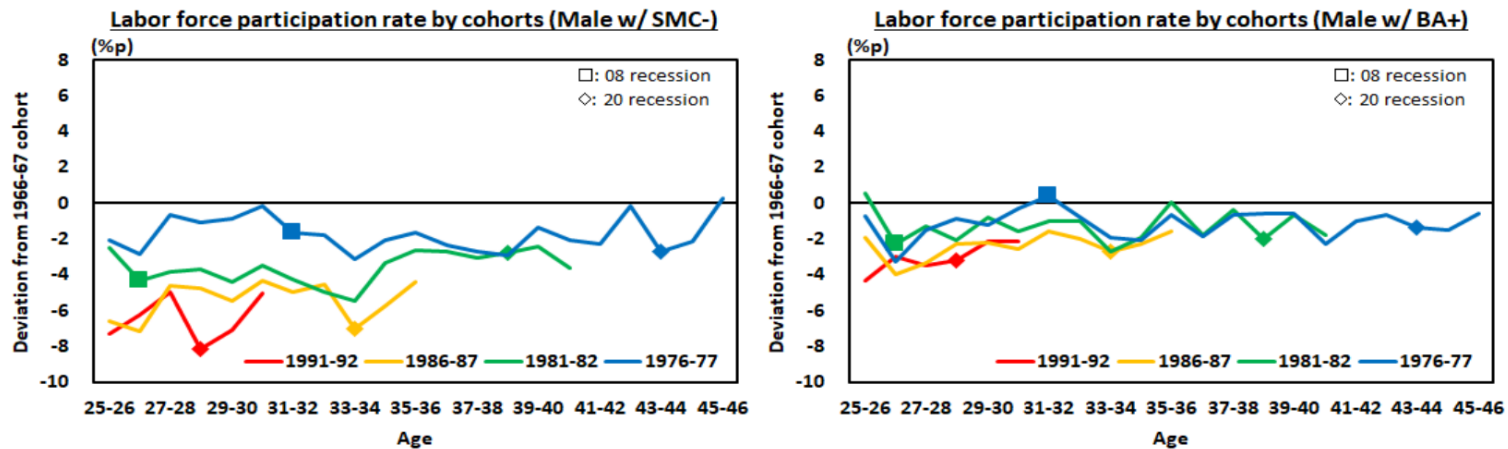


Figure 4: Participation Rates over Life Cycle, Deviation from the 1966-67 Cohort's

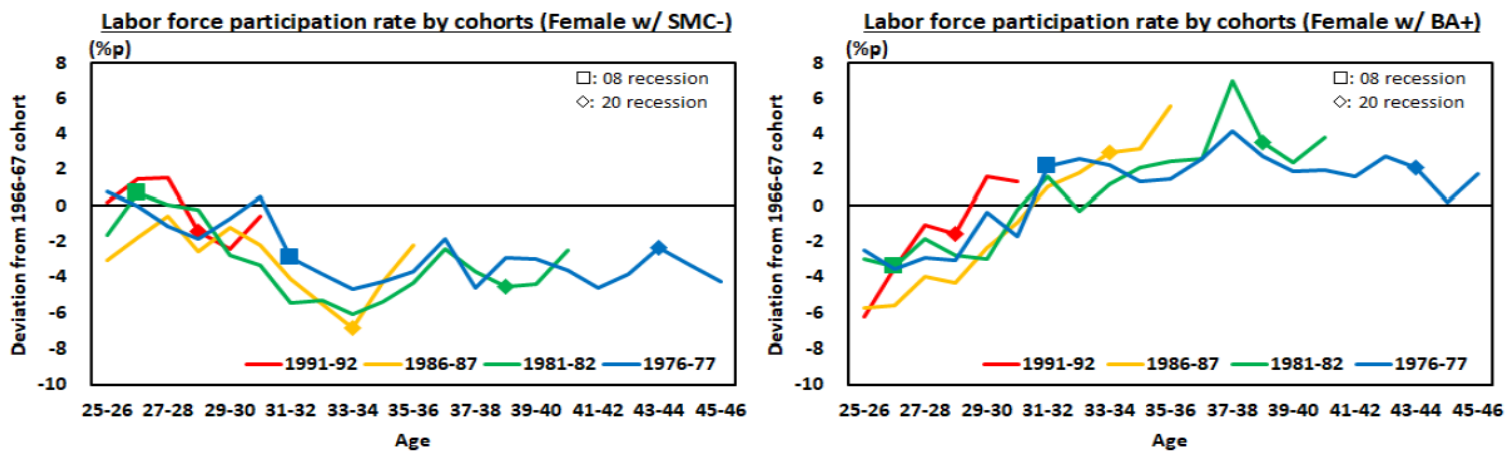
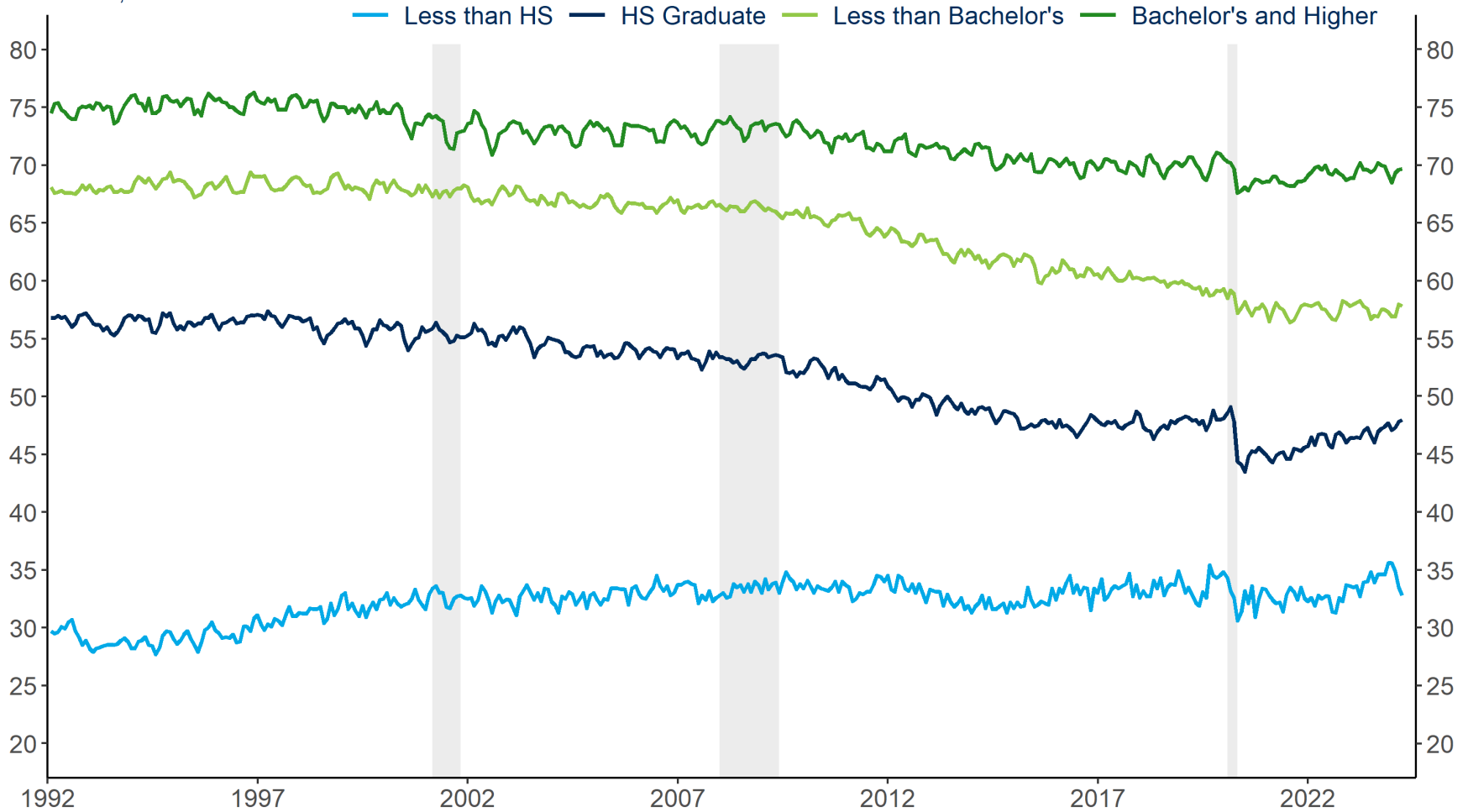


Figure 5: Participation Rates over Life Cycle, Deviation from the 1966-67 Cohort's

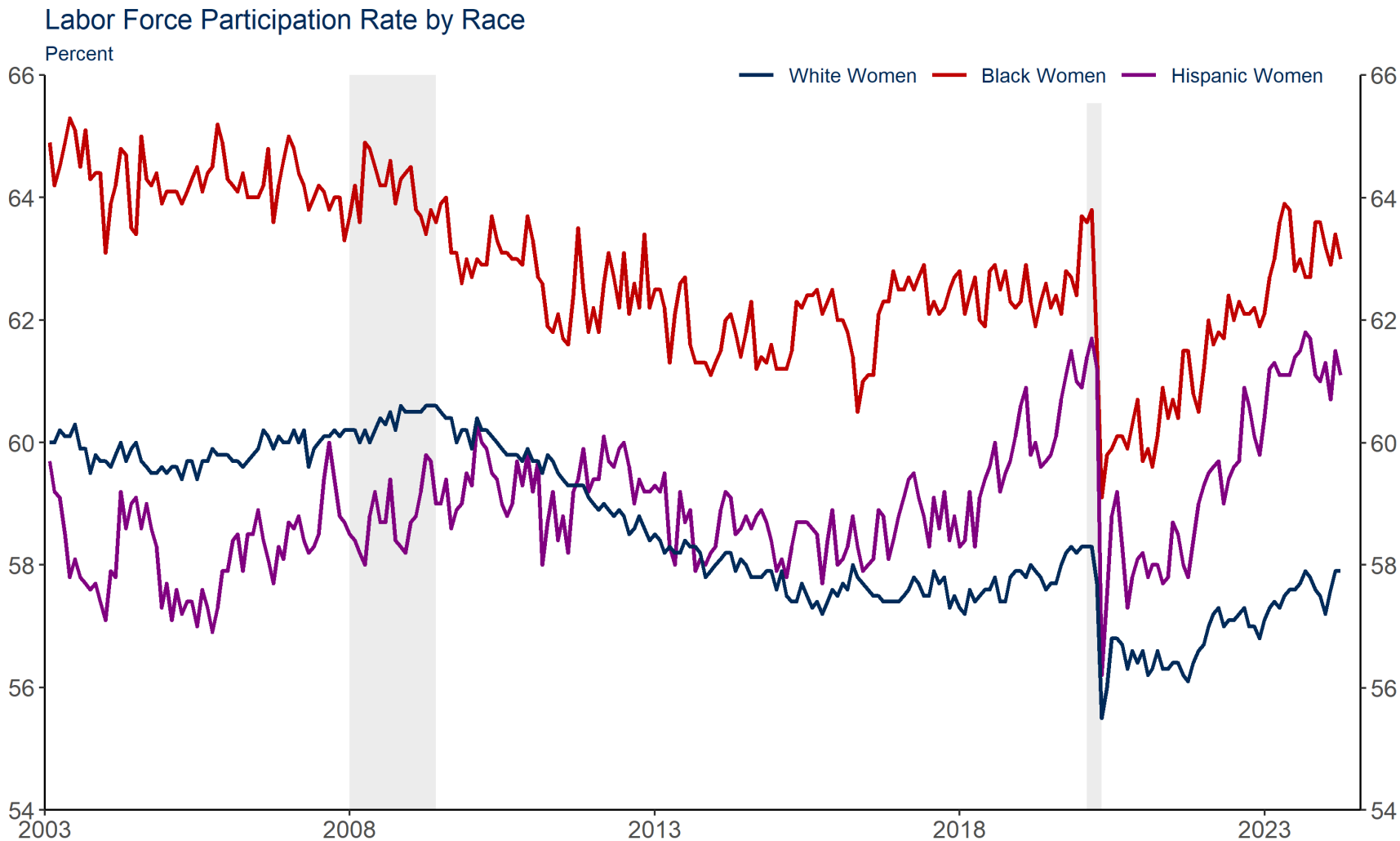
Participation in the labor force depends a lot on education

Labor Force Participation by Education Attainment for Women

Percent, NSA

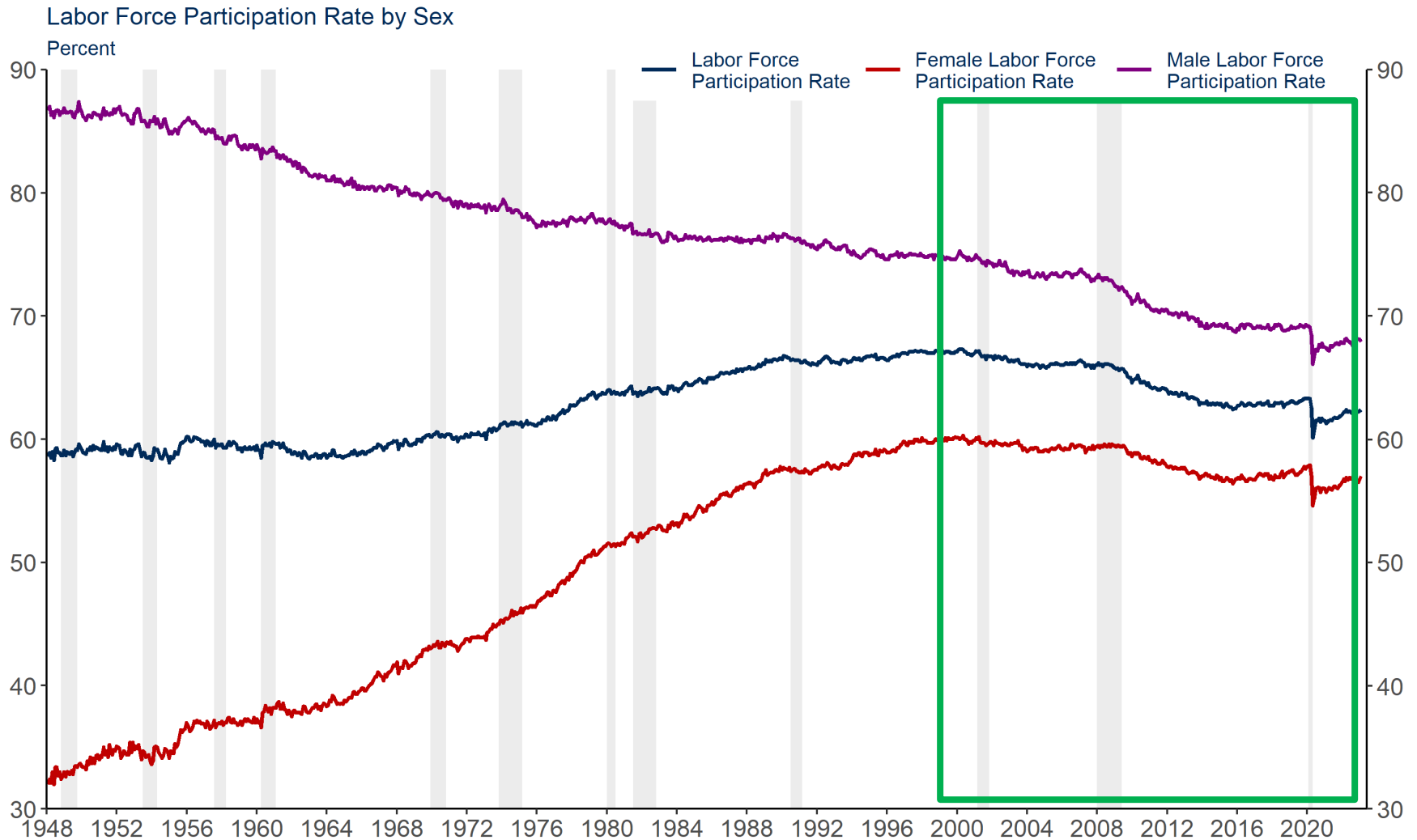


Labor force participation, like everything else, varies by race (and educational attainment, marital status, etc.)



Source: Bureau of Labor Statistics/Haver Analytics

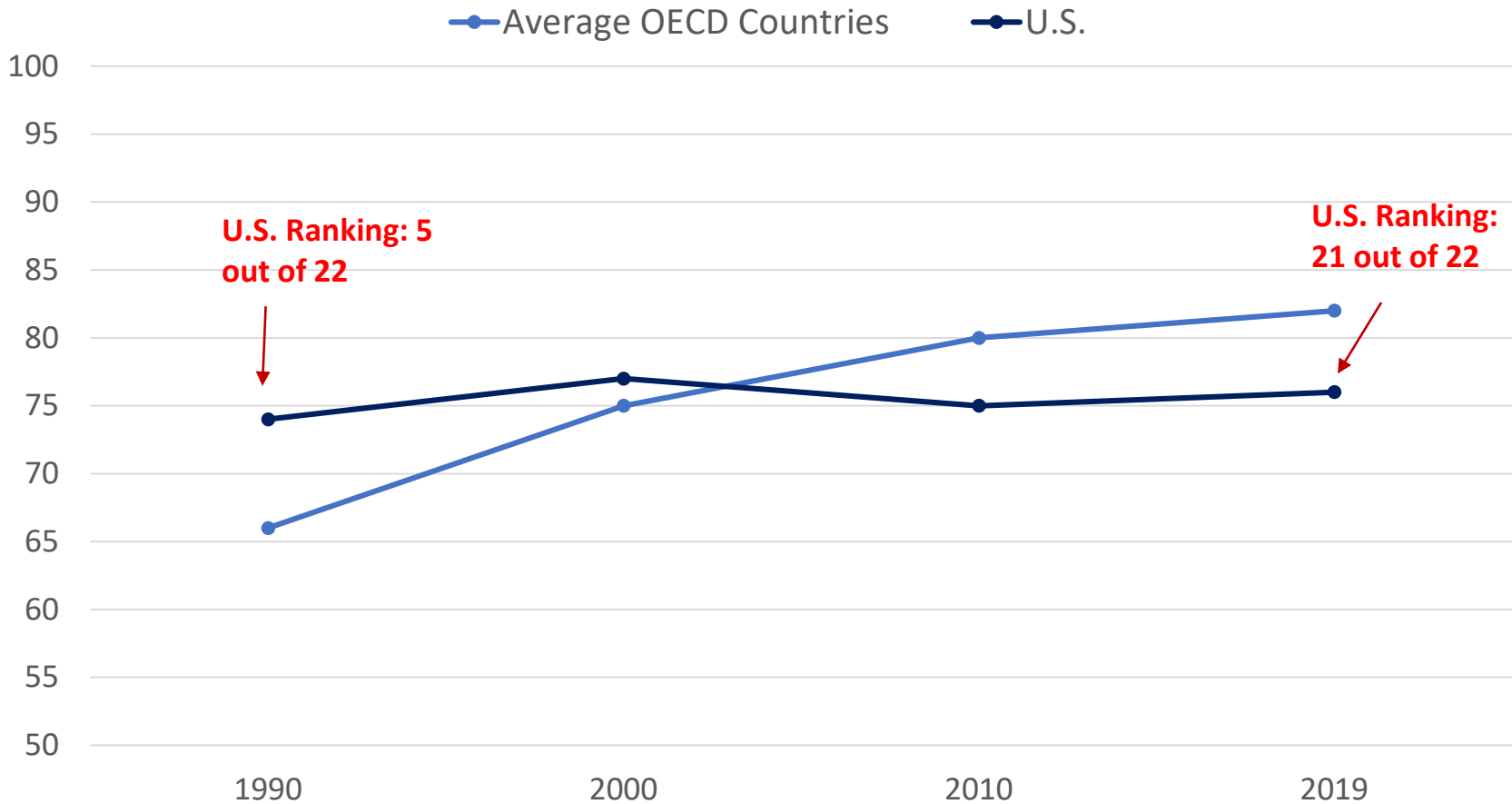
The less-good news: Female LFP stagnated in the 1990s



Source: Bureau of Labor Statistics/Haver Analytics

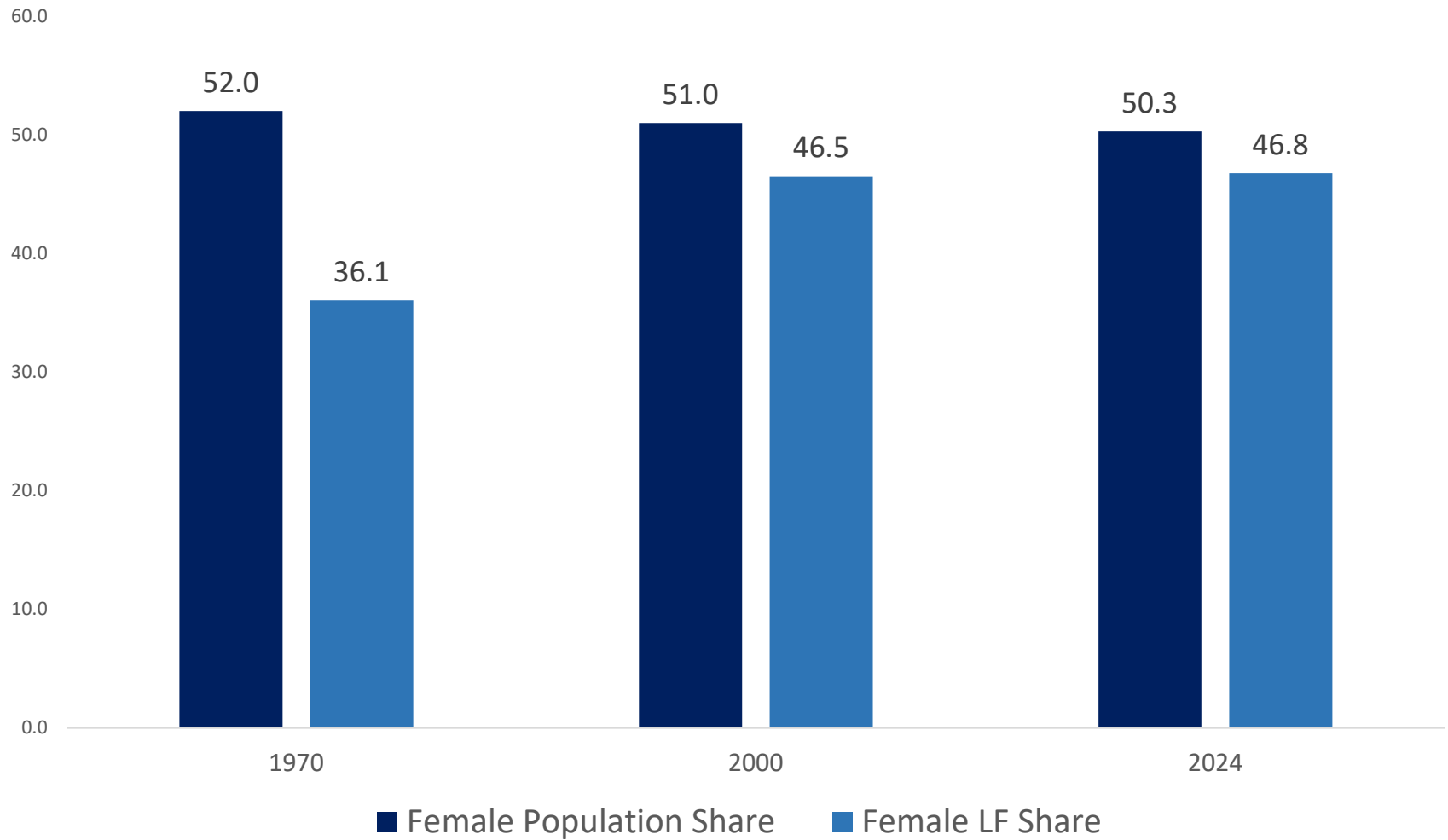
The U.S. is falling behind on female LFP

Women's Prime Age (25-54) Labor Force Participation



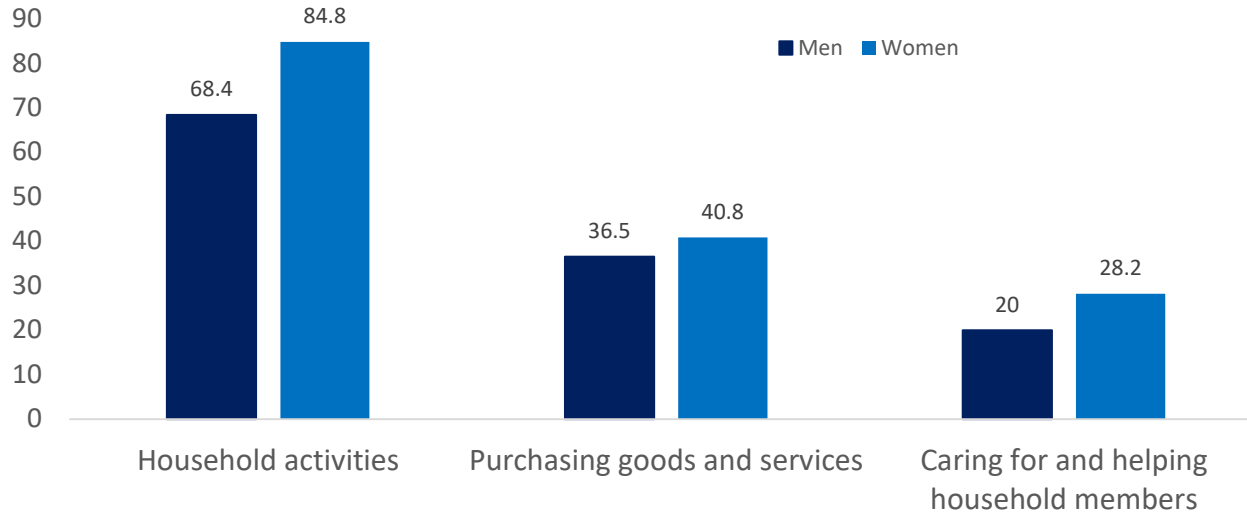
Source: Data from Albanesi (2023), OECD Employment Statistics

Women make up half of the prime-age population, but still less than ½ of the prime-age workforce

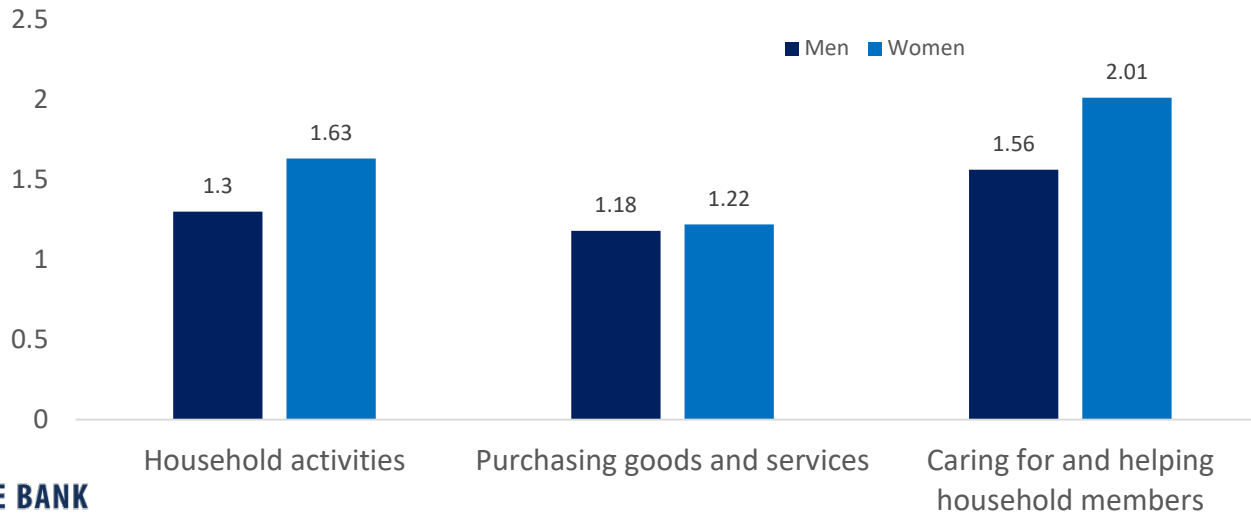


Women take on more of the household activity...

Percent of employed person engaged in the activity per day



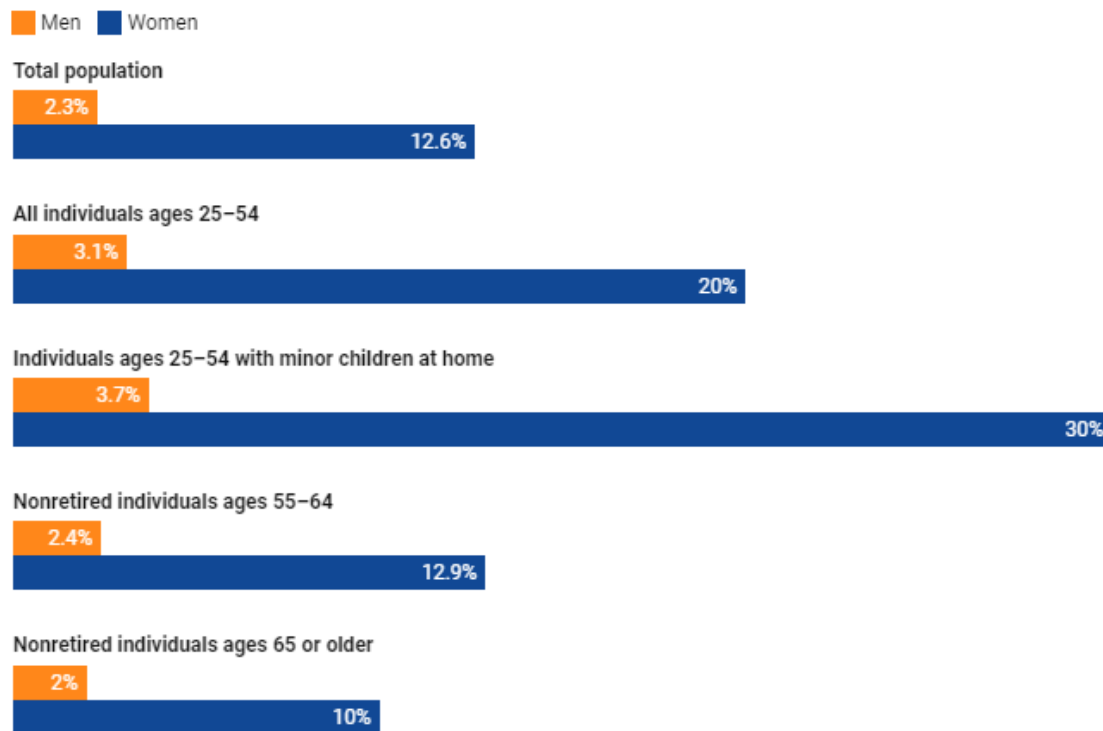
Average hours per day



...which might affect their employment in more ways than one

Women are 5 to 8 times more likely than men to have their employment affected by caregiver responsibilities

Share of population reporting a caregiving impact on employment, by gender, age, and parental and retirement status, 2022



Note: "Caregiving impact" is defined as working part time or not working due to family reasons, such as: being out of the labor force because of family or house responsibilities; working part time because of child care problems or other family or personal reasons; or not looking for a job in the past four weeks due to not being able to arrange for child care or due to family responsibilities.

Source: Authors' calculations are based on Sarah Flood and others, "Integrated Public Use Microdata Series, Current Population Survey: Version 9.0 (dataset)" (Minneapolis: University of Minnesota, 2021), available at <https://doi.org/10.18128/D030.V9.0>.

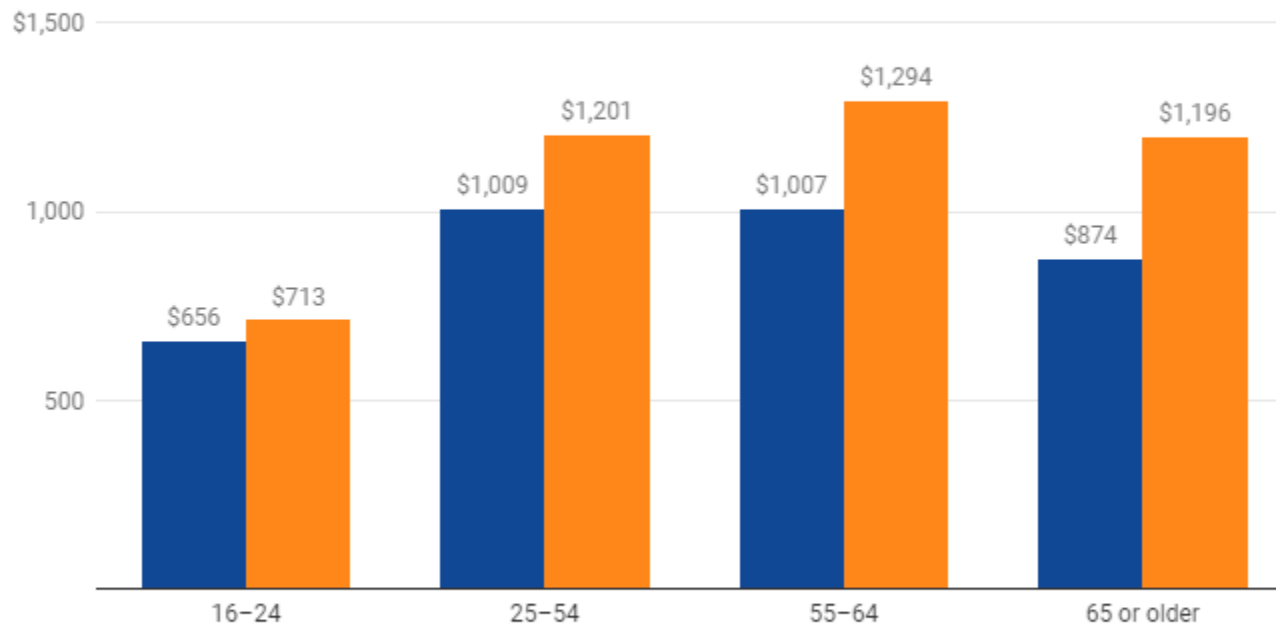
Chart: Center for American Progress

Is this where the wage gap comes from?

Women's earnings plateau midcareer, while men's continue to climb

Median usual weekly earnings for men and women, by age, 2022

■ Women ■ Men



Source: Authors' calculations are based on weekly and hourly earnings data from the U.S. Bureau of Labor Statistics, "One-Screen Data Search, Weekly and hourly earnings data from the Current Population Survey: Series LEU0252882100, LEU0252888100, LEU0252891100, LEU0252891700, LEU0252883000, LEU0252888300, LEU0252891300, LEU0252891900," available at <https://data.bls.gov/PDQWeb/le> (last accessed January 2023).

Chart: Center for American Progress

The wage gap has shrunk considerably over time, but women still earn about 80 cents on the dollar

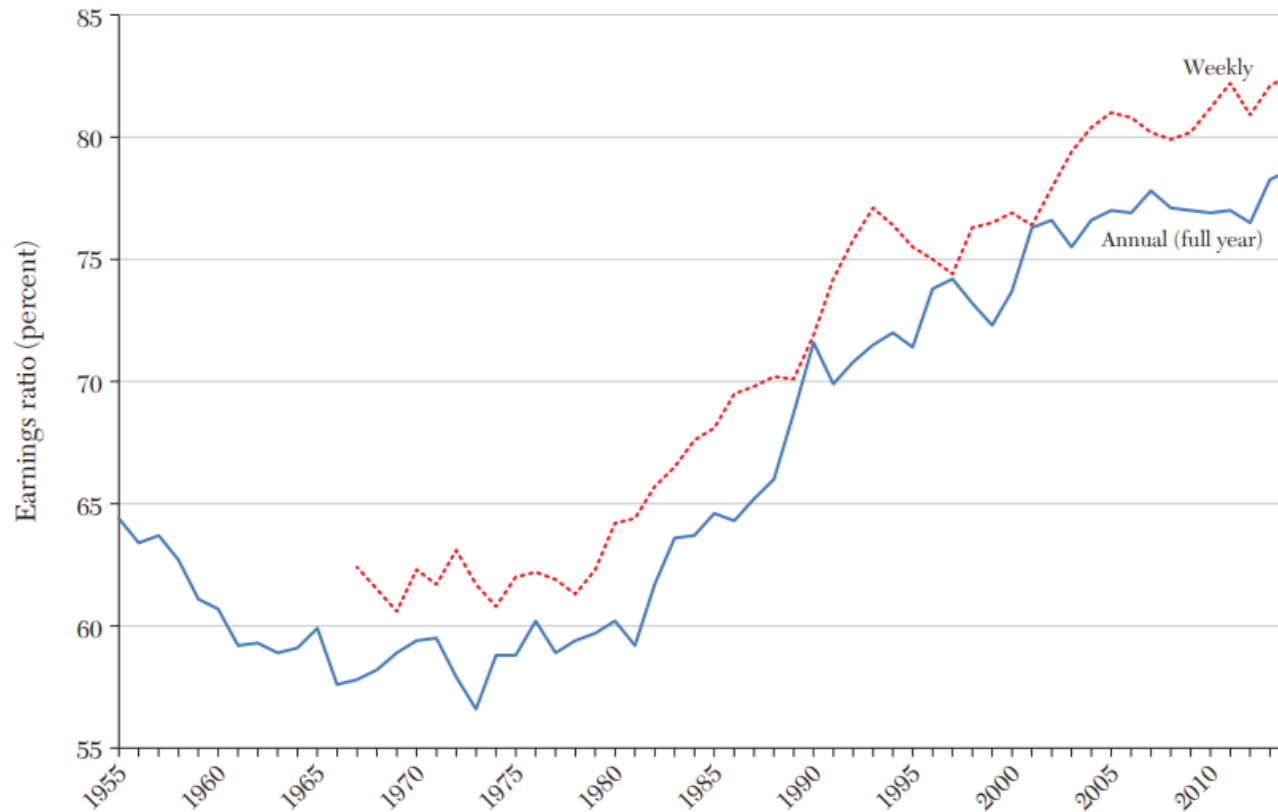


Figure 1. Female-to-Male Earnings Ratios of Full-Time Workers 1955–2014

Notes: Workers aged sixteen and over from 1979 onward, and fourteen and over prior to 1979.

Source: Fig. 7-2 “Evidence on Gender-Differences in Labor Market Outcomes,” Francine D. Blau and Anne E. Winkler, *The Economics of Women, Men, and Work*, eighth edition. (New York: Oxford University Press 2018), p.173. By permission of Oxford University Press, USA.

Source: Blau and Kahn (2017)

The “Whys”

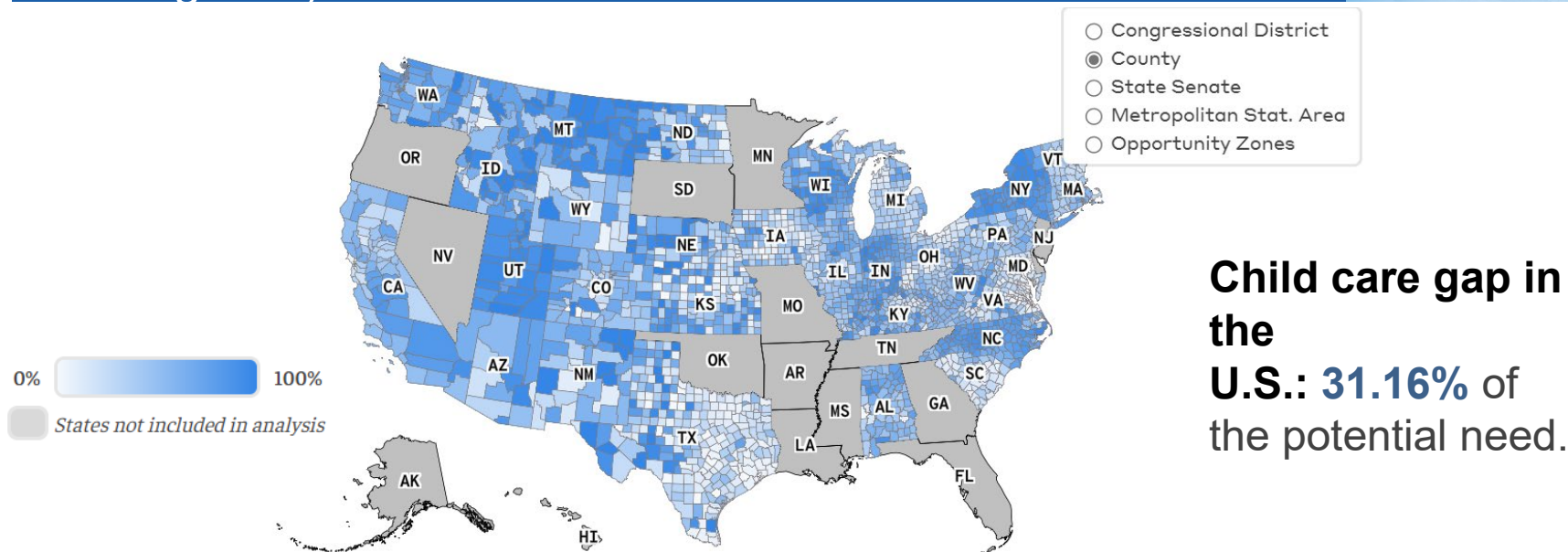
Why do we still have a wage gap?

- Gender differences in occupations and industries**
- Changes over time in earnings structure
- Workforce interruptions and shorter hours (wage penalties for temporal flexibility)
- Women are more likely to work part-time
- Motherhood penalty (women) and a marriage premium (men)
- Families might place a priority on the male’s job for location purposes
- Labor market discrimination
- Other

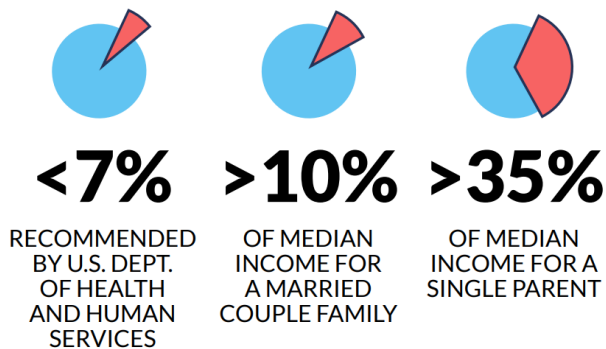
Why do women have lower labor force participation?

- Change in earnings structure changed incentives
- Lack of progress in family policies

Childcare: The gaps, the cost, the consequences (positive and negative) of COVID



Percent of Household Income Allotted to Child Care



Between December 2019 And March 2021



8,889
 CHILD CARE CENTERS



6,957
 LICENSED FAMILY CHILD CARE (FCC) PROGRAMS

Source: Bipartisan Policy Center (map); Child Care Aware, 2022 (graphics)

What's the answer?

What will be hard to change?

- Changes in earnings structure
- Occupational distribution

What is easier to change (if we put our minds to it)?

- Increase flexibility of work schedules (tradeoff?)
- Increased options for remote/hybrid work (tradeoff?)
- Provide easier options for part-time employment (tradeoff?)
- Improvement in access to family policies
 - Reduce marginal taxes for secondary earners
 - Ensure access to paid parental leave
- Reduce the cost of quality childcare before and after kindergarten
- Other?

And the (2023) Nobel Prize in Economic Sciences goes to....



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Photo: Clément Morin

Claudia Goldin

The Sveriges Riksbank Prize in Economic Sciences in
Memory of Alfred Nobel 2023

Born: 1946, New York, NY, USA

Affiliation at the time of the award: Harvard University,
Cambridge, MA, USA

Prize motivation: “for having advanced our understanding
of women’s labour market outcomes”

Prize share: 1/1

Women are **vastly underrepresented in the global labour market** and, when they work, they **earn less than men**. Claudia Goldin has demonstrated how and why gender differences in earnings and employment rates have changed over time in the United States. The participation of married women decreased with the transition from an agrarian to an industrial society in the 19th century, but increased with the growth of the service sector in the 20th century. **Goldin explained this pattern as the result of structural change and evolving social norms regarding women’s responsibilities for home and family.**

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- Lee, Park, and Shin, “Where are the Workers? From Great Resignation to Quiet Quitting,” NBER Working Paper 30833, January 2023.
- Yellen, [“So We Can All Succeed: 125 Years of Women’s Participation in the Economy”](#), Speech at Brown University, 2017.
- [“Demanding Change: Repairing our Child Care System”](#), Child Care Aware, 2022
- [“Childcare in 35 States: What we Know and Don’t Know”](#), Bipartisan Policy Center, 2021
- There are many, many more....



Questions?
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