

## The Recent Decline in Women's Labor Force Participation

Sandra E. Black, Diane Whitmore Schanzenbach, and Audrey Breitwieser



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Our strategy calls for combining public investment, a secure social safety net, and fiscal discipline. In that framework, the Project puts forward innovative proposals from leading economic thinkers — based on credible evidence and experience, not ideology or doctrine — to introduce new and effective policy options into the national debate.

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## NOTE

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# The Recent Decline in Women's Labor Force Participation

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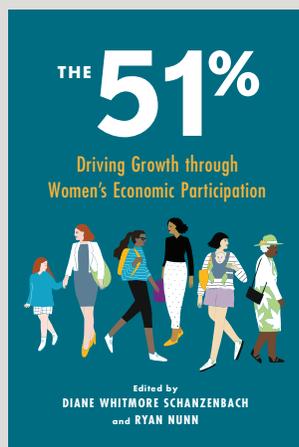
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A CHAPTER IN THE RECENTLY RELEASED HAMILTON PROJECT BOOK



## The 51%: Driving Growth through Women's Economic Participation

The U.S. economy will not operate at its full potential unless government and employers remove impediments to full participation by women in the labor market. The failure to address structural problems in labor markets—including tax and employment policy—does more than hold back women's careers and aspirations for a better life. In fact, barriers to participation by women also act as brakes on the national economy, stifling the economy's ability to fully apply the talents of 51 percent of the population. By acting to remove barriers to women's participation, we can realize stronger economic growth that will be more broadly shared by the American people.

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## Abstract

While women’s labor force participation has increased substantially in the U.S. over the second half of the 20th century, this growth has stagnated and reversed since 2000, with women’s labor force participation falling by 3.5 percentage points. This pattern persists across women of varying races and ethnicities, educational backgrounds, ages, and marital statuses, and for women with and without children alike. Interestingly, this decline seems to be moving directly against the trends observed in other major OECD economies. In order to facilitate economic growth in the United States, policies should be directed toward enabling and encouraging women to participate in the labor force.

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## Introduction

Over the past half century, women have made substantial progress in the labor market. One place this is most visible is in the growth of women’s labor force participation: between 1962 and 2000, women’s labor force participation—defined as the percentage of women ages 16 and older either working or actively looking for work—increased dramatically, from 37 percent to 61 percent. This increase in women’s labor force participation was enough to offset the declining labor force participation rate of men, which had been steadily falling for more than 60 years, so that overall labor force participation was actually increasing until 2000.

The economy has benefited greatly from this increase in labor force participation among women. Estimates suggest that the economy is \$2.0 trillion, or 13.5 percent, larger than it would have been had women’s participation and hours worked remained at their 1970 levels. Women’s income also accounts for the majority of the increases in family income since 1970 (Council of Economic Advisers [CEA] 2015).

However, beginning in 2000, the positive trends slowed and even reversed: women’s participation fell from 60.7 percent in 2000 to 57.2 percent in 2016. While some aspects of the decline can be easily explained—younger women’s (ages 16 to 24) increasing educational attainment means that they are less attached to the labor market—others are more puzzling. For instance, it is not clear why prime-age women (ages 25 to 54) are working less. Why has the progress stopped, and even reversed, among the women who we expect to be the most attached to the labor market? Research focusing on the 2000–7 period has highlighted the importance of differential trends in employment and wages based on marital status and the presence of children (Moffitt 2012)—raising as many questions as it answers in terms of society’s expectations of the labor-market participation of women. Importantly, the United

States appears to be an outlier in terms of women’s labor force participation; France, Canada, the United Kingdom, and Japan all continued to see positive growth in prime-age women’s labor force participation post-2000, with levels rising substantially above those in the United States. This divergence suggests a significant role for labor-market institutions.

In a companion Hamilton Project paper by Ryan Nunn and Megan Mumford, the authors focus on trends in the gender pay gap over time, while this paper will examine the trends in women’s labor force participation, highlighting the progress women have made as well as the challenges they face.<sup>1</sup>

## Trends by Age Group

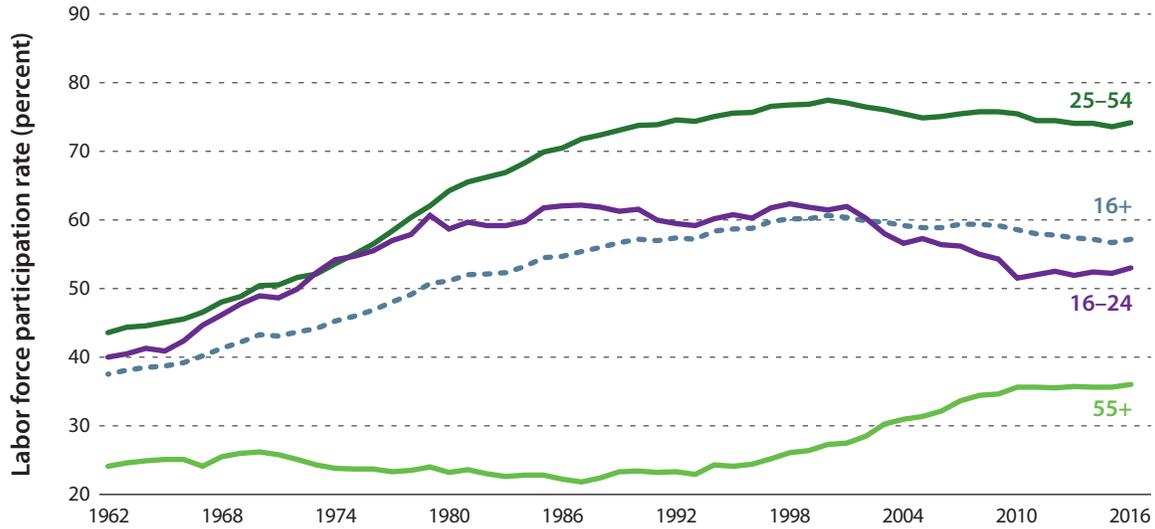
Figure 1 shows the overall pattern in women’s labor force participation over time. Among all women ages 16 and older, participation rates rose steadily from the early 1960s through the late 1990s, peaking at 61 percent in 2000 and declining by 3.5 percentage points since then. Investigating trends separately by age group is important, though, as trends in overall labor force participation can be misleading. For example, younger workers might reduce labor force participation because they are staying in school longer, developing additional skills that will lead to increased wages and other labor-market advantages in the future. Older workers might decide to retire earlier. Neither of these events would necessarily be cause for concern.

Participation among prime-age women (ages 25 to 54) is higher than for women overall, and increased steadily between 1962 and 2000, peaking at 78 percent before starting to retrench around 2000. Younger women (ages 16 to 24) followed a trend broadly similar to prime-age women, with a strong run-up in the 1960s and 1970s, steady participation rates in the 1980s and 1990s, but then an even sharper downturn starting in 2000.

In contrast to the other age groups, women ages 55 and older generally did not increase their participation until much later. Participation was flat from the 1960s until the mid-1990s, when it turned upward. Unlike other age groups, participation

among older women has not declined in recent years, although it is no longer increasing and has been essentially flat over the past decade.

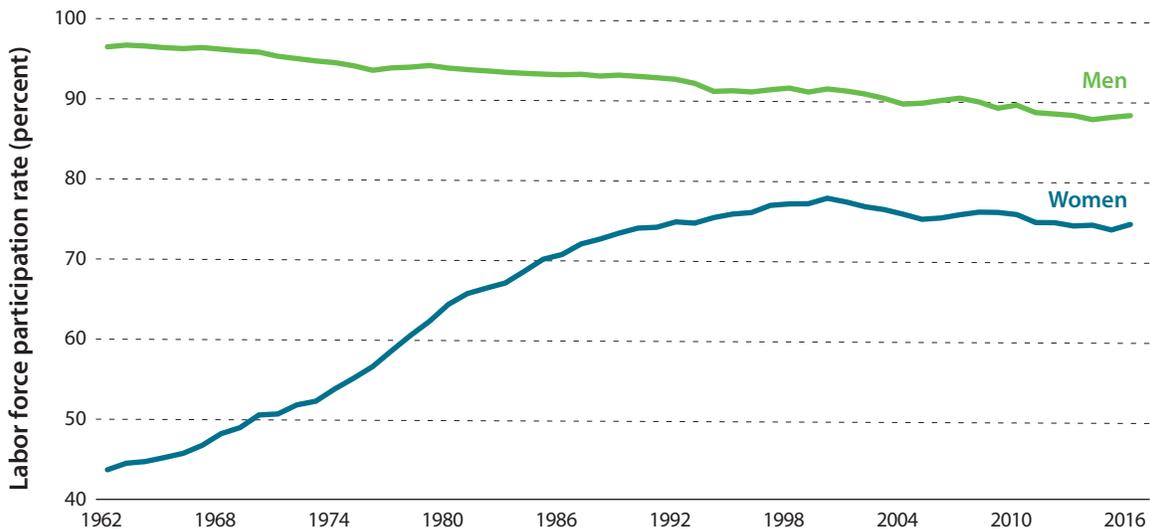
FIGURE 1.  
Women's Labor Force Participation, by Age Group



Source: Current Population Survey Annual Social and Economic Supplement 1962–2016.  
Note: Sample includes women 16 and older.



FIGURE 2.  
Prime-Age Labor Force Participation, by Gender



Source: Current Population Survey Annual Social and Economic Supplement 1962–2016.  
Note: Prime age indicates ages 25 to 54.



# Comparing Trends in Women’s and Men’s Labor Force Participation

Figure 2 shows trends in prime-age labor force participation by gender. These are a worker’s peak earning years, when decisions to stay out of the labor market can be particularly costly for one’s career. When we examine prime-age individuals, we see that men’s labor force participation has been declining for decades. By contrast, until recently women’s participation had increased sharply. Between 1962 and 2000 prime-age women’s labor force participation increased from 43 percent to 78 percent—an increase of 35 percentage points, or over 75 percent.

Beginning in 2000, however, we see a stark change in the trajectory of women’s labor force participation, with prime-age women’s labor force participation beginning to decline. It now appears to be declining in parallel with prime-age men’s labor force participation, albeit at a lower level. Between 2000 and 2016 prime-age women’s labor force participation fell by 4.2 percent, from 78 percent to 74 percent. Over the same period, prime-age men’s participation fell by 3.7 percent, from 91 to 88 percent. Interestingly, while men and women have seen similar declines in participation levels since 2000, very recently recently women have seen a larger percentage point increase than men. For example, between July 2015 and July 2017, prime-age women experienced an increase of 1.6

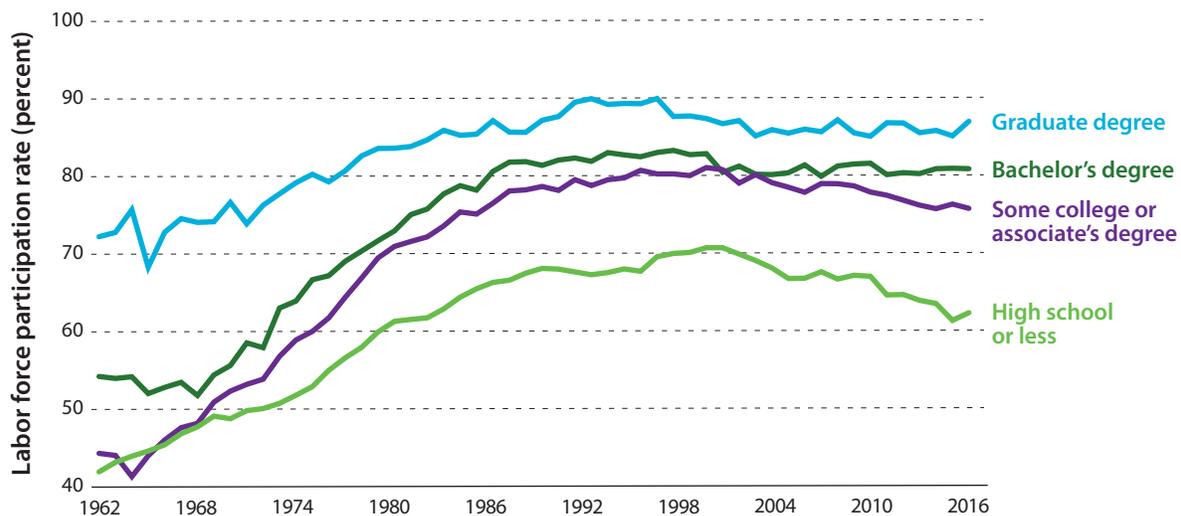
percentage points, while prime-age men have only experienced an increase of 0.3 percentage points.

What is most striking about the pattern in recent years is how similar the decline among prime-age women is to that among to prime-age men. Prior to 2000, women’s labor force participation was moving in direct contrast to men’s. Since 2000, however, women’s progress on this dimension stopped, and women are now experiencing declines that parallel those of men.

## Trends by Educational Attainment

When we sort prime-age women by educational attainment, as shown in figure 3, we see that, prior to 2000, women’s labor force participation was increasing for all educational attainment categories. The least-educated women were participating at the lowest levels, and a gap in participation rates grew between women with a high school degree or less and those with some college, an associate’s degree, or a bachelor’s degree. Those with a graduate degree began with the highest labor force participation—72 percent in 1962—while women with a bachelor’s degree had a labor force participation rate of 54 percent. Participation rates were similar for those with some college or an associate’s degree and those with high school or less, at 44 and 42 percent, respectively. By 2000 the divergence was clear, with labor force participation rates of

FIGURE 3. Prime-Age Women’s Labor Force Participation, by Educational Attainment

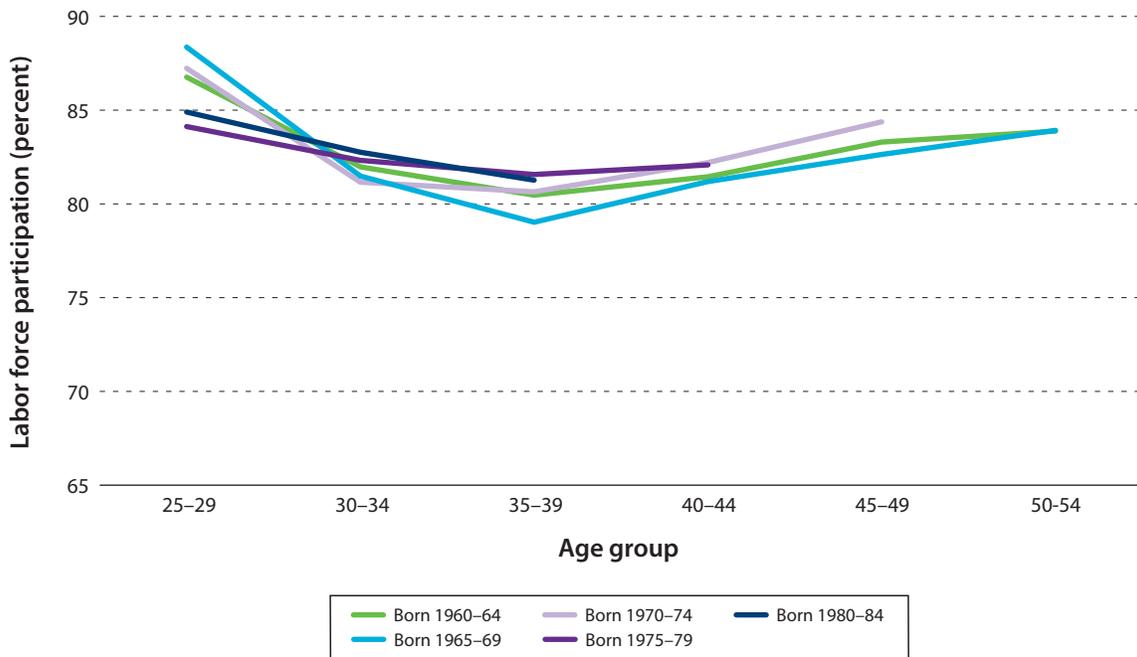


Source: Current Population Survey Annual Social and Economic Supplement 1962–2016.

Note: Prime age indicates ages 25 to 54. Before 1992 “graduate degree” is defined as six years of college or more; after 1992 it is defined as a master’s, professional, or doctorate degree. Prior to 1992, “bachelor’s degree” is defined as 4 years of college.

FIGURE 4.

Labor Force Participation for Women with 4-Year College Degrees, by Birth Cohort and Age



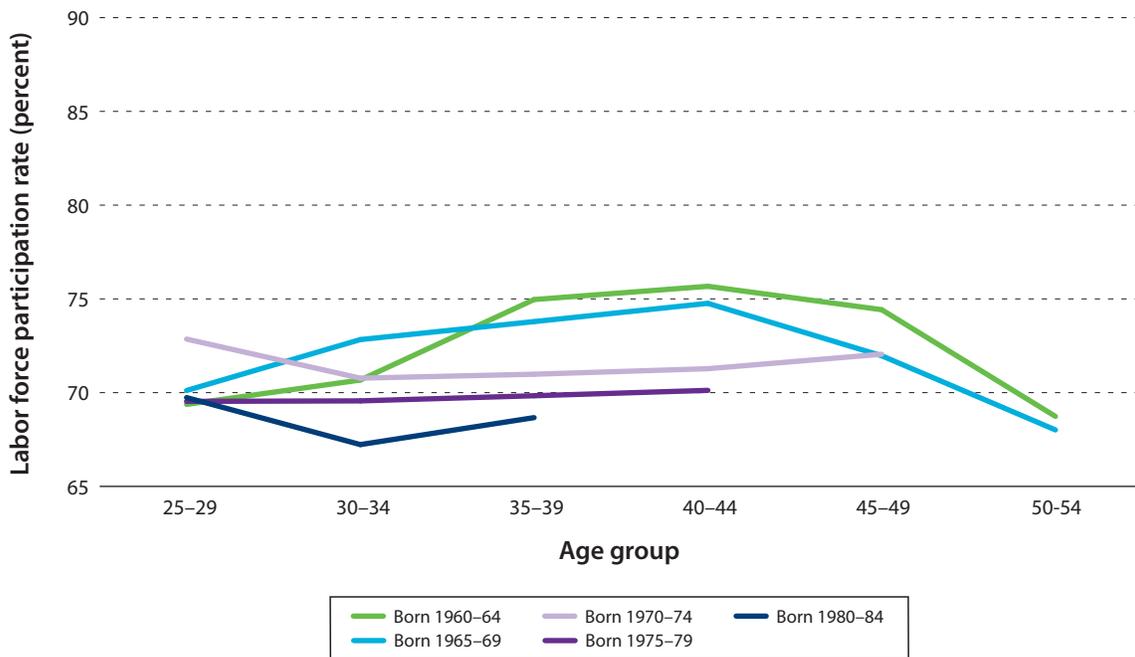
Source: Authors' calculations based on Goldin and Mitchell (2017) via Current Population Survey Annual Social and Economic Supplement 1962–2016.

Note: Sample includes women ages 25–54. Sample is restricted to respondents who attained at least a bachelor's degree. Due to data limitations the last data point for the four most recent birth cohorts includes only the two earliest birth years.



FIGURE 5.

Labor Force Participation for Women without 4-Year College Degrees, by Birth Cohort and Age



Source: Authors' calculations based on Goldin and Mitchell (2017) via Current Population Survey Annual Social and Economic Supplement 1962–2016.

Note: Sample includes women ages 25–54. Sample is restricted to respondents who did not attain a bachelor's degree. Due to data limitations the last data point for the four most recent birth cohorts includes only the two earliest birth years.



87, 83, 81, and 71 percent for women with graduate degrees, bachelor's degrees, some college or an associate's degree, and a high school diploma or less, respectively.

After 2000, we see that women of all education groups experienced a decline in participation—with the most notable decline for those with less education, including some college or less, and the least dramatic for those with a bachelor's degree or higher, similar to what we observe among prime-age men (CEA 2016). This recent decline among less-educated women has effectively wiped out their participation gains since the 1980s. Among those with a high school diploma or less, prime-age labor force participation fell from a peak of 71 percent in 2000 to 62 percent in 2016, a rate last seen by this group in 1983. Similarly, those with some college or no more than an associate's degree saw their participation rates fall from a peak of 81 percent in 2000 to 76 percent in 2016—a level last seen in 1986.

Women with a bachelor's degree have seen only a modest decline in their participation, from 83 percent at its peak in 2000 to 81 percent in 2016. Similarly, women with graduate degrees have seen a decrease of less than half a percentage point, from 87.5 to 87.1 percent during that time period.

When we examine labor force participation by birth cohort, some striking patterns emerge. Successive cohorts of college graduates are shown in figure 4. Younger cohorts seem to participate in the labor force less between ages 25 and 29, which can be explained partially by increasing graduate education (see appendix figure 1), but then participate at somewhat higher rates between ages 30 to 39. Otherwise,

however, life-cycle patterns look relatively consistent across time, with participation of women at high rates early in their careers, dipping somewhat during mid career—presumably coinciding with child rearing—and then increasing again later in their careers. This U-shaped dip is less pronounced among the most recent birth cohorts.

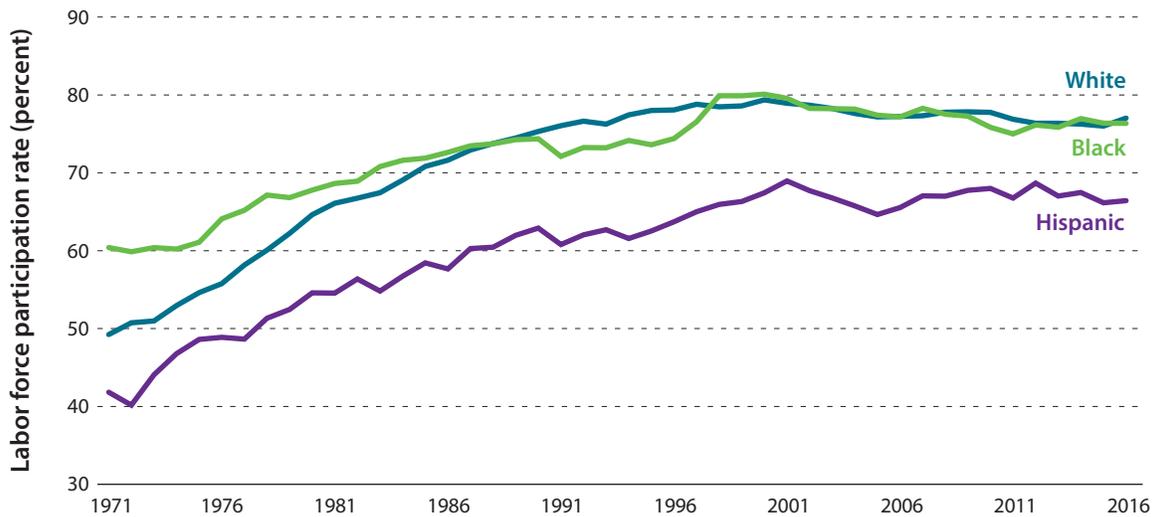
In contrast, labor force participation rates for women without a college degree have varied substantially across birth cohorts, as shown in figure 5. The overall level is always below that of college graduates, and the life-cycle pattern is different, generally with steady or higher participation rates between ages 30 to 44, in contrast to the dip seen among college graduates at these ages. Beginning with the cohort born in 1965–69, each successive cohort has participated less than the cohort before it at the same age. The reasons for the decline in participation among younger, lower-skill women are not well understood. These trends, however, suggest that the recent decline in participation among lower-skill women likely reflects slow, steady declines over time and not a sudden change around the year 2000, similar to patterns seen for men (CEA 2016).

## Trends by Race and Ethnicity

The recent trends are similar among black (non-Hispanic), white (non-Hispanic), and Hispanic women, as shown in figure 6. Since the early 1970s, when data on Hispanic women are first available, women across these three groups have seen large increases in participation. At the beginning of the period,

FIGURE 6.

### Prime-Age Women's Labor Force Participation, by Race and Ethnicity



Source: Current Population Survey Annual Social and Economic Supplement 1971–2016.

Note: Prime age indicates ages 25 to 54. Race/ethnicity categories are mutually exclusive. Variable indicating Hispanic origin began in 1971.

black women’s participation was over 10 percentage points higher than white women’s participation, and these rates converged over time. Labor force participation rates across these groups increased until around 1990, when participation for black and Hispanic women dipped and then quickly recovered. Since 2000, black and white women’s participation has followed a nearly identical decline, from about 80 percent each at their peaks in 2000 to about 77 percent in 2016. Hispanic women’s participation has declined in parallel, with rates that are about 10 percentage points lower than the two other groups.

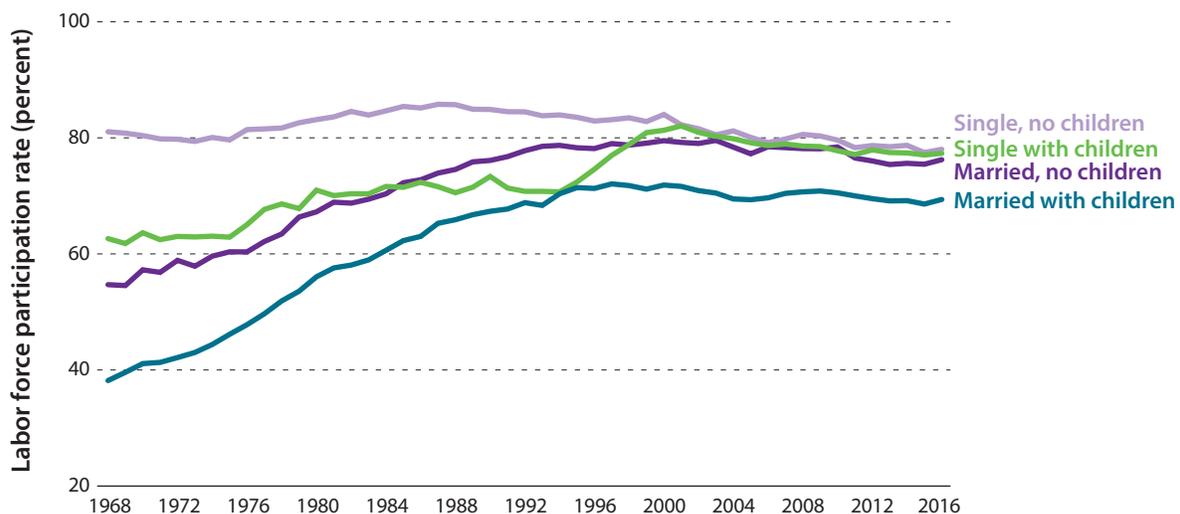
## Trends by Marital Status and Presence of Children

Juhn and Potter (2006) note that the increase in labor force participation among women beginning in the late 1960s until the end of the century was primarily driven by the increase in participation of married women. In 1969, among women ages 20 to 60, only 44 percent of all married women were participating in the labor market, while almost 75 percent of never married and 68 percent of widowed or divorced women were participating. By 1999 the labor force participation rates of these three categories of women had substantially converged, with married women participating at a rate of 72 percent, and never-married and widowed or divorced women each participating at rates of 79 percent.

Figure 7 displays participation rates for prime-age women by marital status and presence of children under age 18 in the household. Although all groups have experienced similar declines since 2000, the prior trends were somewhat different. While married women with children continue to participate at lower rates than single mothers and women without a child in the home, married women with children experienced the sharpest long-term increase in participation. In the late 1960s married mothers had participation rates about 25 percentage points lower than single mothers, 17 percentage points lower than married women without children, and 43 percentage points lower than single women without children; by 2016, these gaps were each less than 10 percentage points. Single mothers lost ground relative to married women without children from the mid-1980s through the mid-1990s, then experienced a sharp increase in participation. This coincides with an expansion of the Earned Income Tax Credit as well as the implementation of welfare reform in 1996 that introduced time limits and mandated work requirements. These factors, combined with a robust labor market, led to dramatic increases in the labor force participation of single women with children, and by 1999 their participation rate matched that of both single and married women without children.<sup>2</sup>

Although the paths upward differed by marital status and presence of children, the steady decline since 2000 has been quite similar across all categories of women.<sup>3</sup> Note that this basic trend is not sensitive to the age of the youngest child in the family. While participation rates across these groups differ—mothers with a youngest child ages 0 to 5 have lower

FIGURE 7.  
Prime-Age Women’s Labor Force Participation, by Marital Status and Presence of Children under Age 18



Source: Current Population Survey Annual Social and Economic Supplement 1968–2016.

Note: Prime age indicates ages 25 to 54. “Married” is defined by women who have a spouse in the household or not in the household. “Single” is defined as all other women, including divorced and widowed women. “With children” is defined as having at least one child in the household under the age of 18. “No children” is defined as having no children in the household under the age of 18.

participation rates than those with a youngest child ages 6 to 13, and those with a youngest child ages 14 to 17 have the highest rates, the changes and time patterns are similar between married and single mothers for each child age group, suggesting a common force is at work. However, the relatively low participation rates of mothers of young children could potentially be increased with improvements to child care and employment policy.

## Comparing Women’s Labor Force Participation in Select OECD Countries

While historically the United States has been an international leader with one of the highest rates of women’s labor force participation, it is no longer so, and currently the U.S. participation rate is near the OECD average. The reversal in the long-term upward trend in women’s labor force participation in the United States does not appear in other countries. Figure 8 shows the patterns of prime-age women’s labor force participation across a number of OECD countries. In 1984, the United States had one of the highest prime-age female labor-market participation rates of any OECD country. The OECD average labor force participation rate among prime-age women has risen steadily between 1984 and 2016, and, as shown in figure 8, France, Canada, the United Kingdom, and

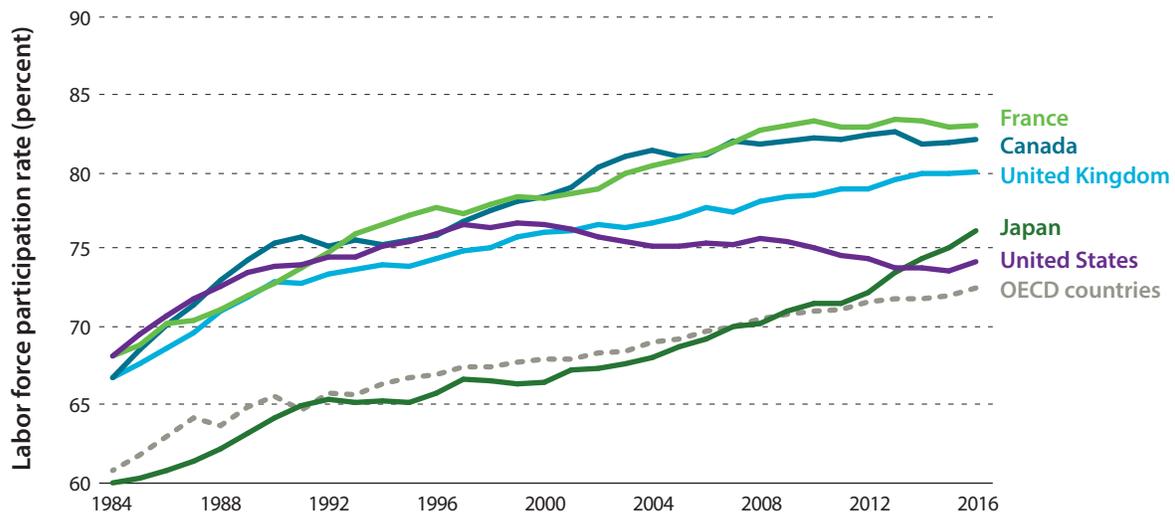
Japan have seen particularly strong gains over this period. In contrast, U.S. women diverged from the international trend in 2000. Strikingly, out of all OECD countries, the United States ranks second to last in percentage point growth in women’s labor force participation since 2000. Appendix figure 2 shows that a higher share of women’s employment in the United States is full time, compared with other OECD countries. The share of full-time work among women in the United States has trended up somewhat over time, indicating that the relative decline of U.S. women would be less pronounced if one examined hours worked rather than participation.

As shown in appendix figure 3, the United States is similarly an outlier in prime-age men’s labor force participation. Many countries, and the OECD average, have seen declines in prime-age men’s participation over the past 30 years. Men’s participation in the United States followed a similar downward trend until 2007 but then sharply diverged downward at the onset of the Great Recession.

## Potential Explanations

While there has been substantial research examining the underlying causes of the progress of women over this time period, much less attention has focused on the recent decline in women’s labor force participation—with notable exceptions in Juhn and Potter (2006), Aaronson et al. (2015), and Moffitt (2012). When considering issues of labor force participation,

FIGURE 8.  
Prime-Age Women’s Labor Force Participation, Select OECD Countries



Source: OECD n.d.

Note: Prime age indicates ages 25 to 54. OECD published data varies slightly from authors’ calculated labor force participation rate from the Current Population Survey Annual Social and Economic Supplement.

normative statements require an understanding of the underlying causes of the patterns we observe. If, post-2000, prime-age women were choosing to stay home to care for their children more frequently than before, the implications of these decisions would be different from the implications if these women were choosing not to participate in the labor market as a result of poor labor-market opportunities, as appears to be the case for prime-age men (CEA 2016).

The fact that the United States has deviated so significantly from other OECD countries suggests a role for labor-market institutions or policy, as all OECD countries have faced the same forces of technological change and globalization. The United States is the only developed nation without paid maternity leave, and the United States lags far behind other nations in family-friendly policies.

Furthermore, the fact that women’s labor force participation is now trending in parallel to that of men suggests that perhaps women are now responding to the same forces as men. Recent research by the Council of Economic Advisers (2016) argues for negative demand shocks for low-skilled workers in explaining declining prime-age labor force participation among men, and highlights the role of institutions in explaining across-country differences. Although the U.S. labor market is among the most flexible according to OECD metrics, it is also among the least supportive in terms of generosity of unemployment benefits and active labor-market policies, including job search assistance and training. Strengthening and expanding the

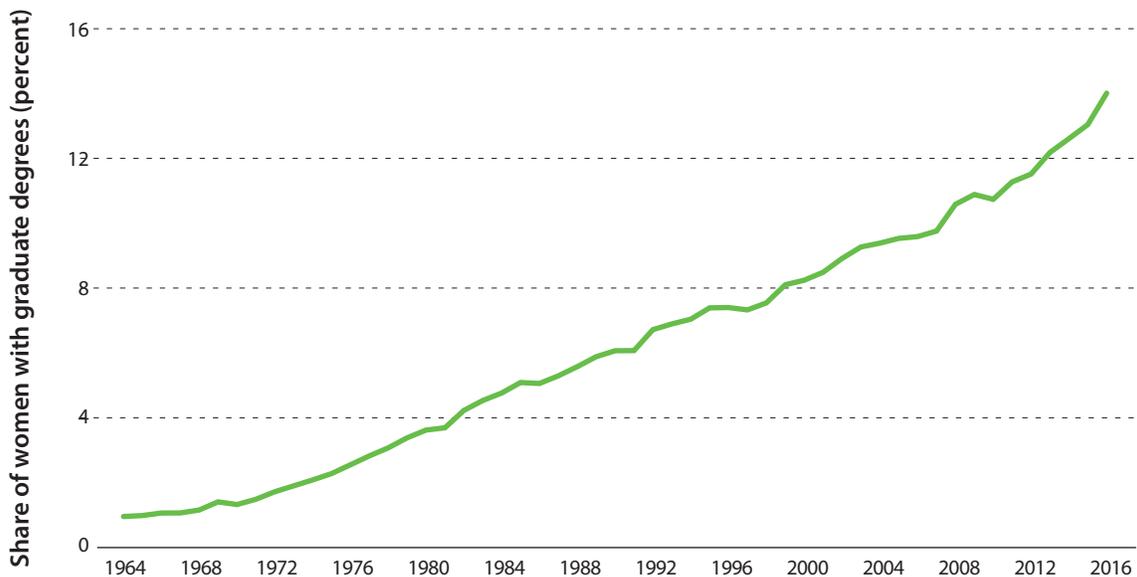
unemployment insurance system and providing worker training, as well as public jobs programs, might help both women and men stay more attached to the labor market while they are in their prime working years. These policies, in addition to implementing paid family leave and expanded access to child care, would likely increase the labor force participation rate of prime-age women.

## Conclusion

The last half century has witnessed tremendous increases in women’s labor force participation. All women—across the age spectrum, by race and ethnicity, by marital status, by presence of children, and across education levels—participate at higher rates than they did in the 1960s. These shifts have added substantially to family incomes and to overall economic growth. Since 2000, though, this progress has slowed and even reversed, paralleling similar trends among men and contributing to an overall decline in labor force participation in the United States. Internationally, we are an outlier in this trend.

Although the many causes of prime-age female labor force participation are not well understood, some are likely to reflect broader labor market opportunities impacting both men and women—albeit perhaps exerting differential impacts by gender—while others reflect aspects that particularly influence women. For example, weak labor market demand for

APPENDIX FIGURE 1.  
Percent of Prime-Age Women with a Graduate Degree



Source: Current Population Survey Annual Social and Economic Supplement 1964–2016.

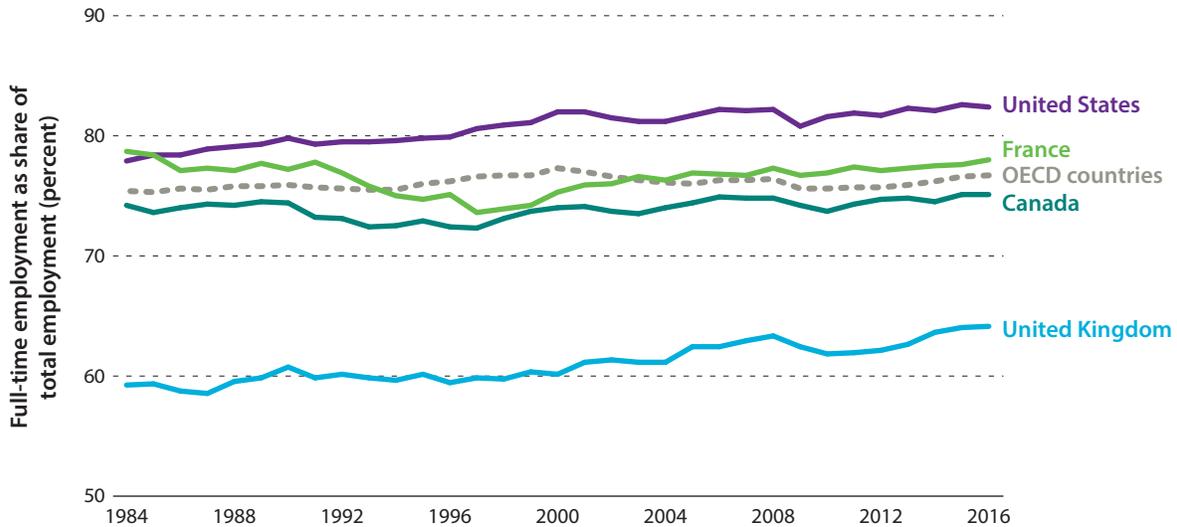
Note: Prime age indicates ages 25 to 54. Before 1992 “graduate degree” is defined as six years of college or more; after 1992 it is defined as a master’s, professional, or doctorate degree.

lower-skilled workers affects both women and men who are participating in this market, while differences in access to child care or access to paid family leave might disproportionately affect women—and among women, disproportionately those with children of different ages.

To address the troubling decline in women’s labor force participation, then, both gendered and non-gendered responses are likely to be needed. In the policy proposals in this volume, authors propose a variety of policy options to promote women’s labor force participation and overall economic well-being.

APPENDIX FIGURE 2.

### Full-time Employment as a Percentage of Total Employment among Women, Select OECD Countries



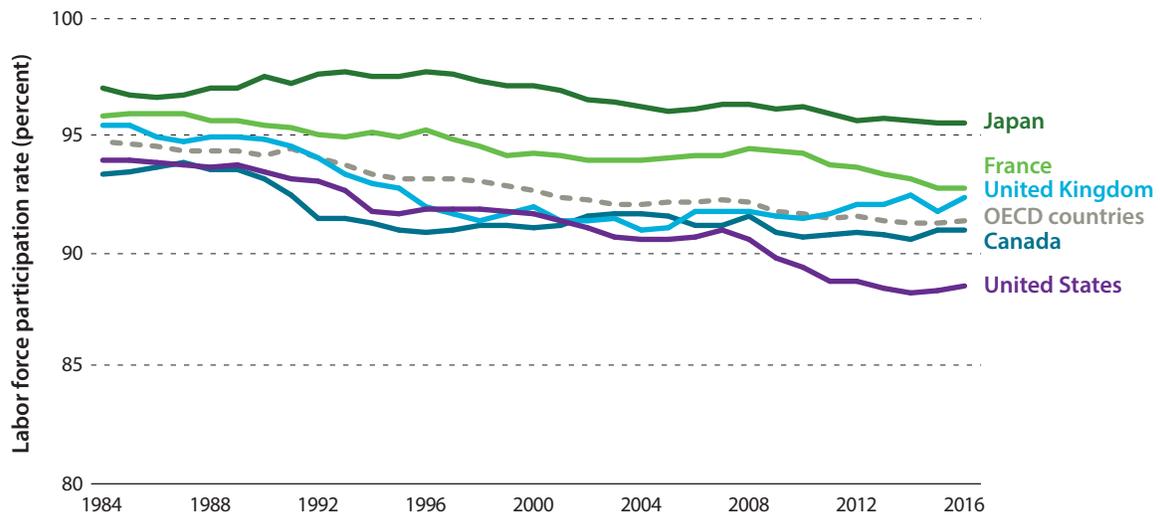
Source: OECD n.d.

Note: Sample includes women 15 and older, and excludes self-employed individuals. The OECD offers a common definition, rather than national definitions, across countries of full-time vs. part-time employment, which we use in this figure.



APPENDIX FIGURE 3.

### Prime-Age Men’s Labor Force Participation, Select OECD Countries



Source: OECD n.d.

Note: Prime age indicates ages 25 to 54.



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Audrey Breitwieser is a senior research assistant at The Hamilton Project. She graduated magna cum laude from Claremont McKenna College in 2016 with a bachelor’s degree in economics. During her time as a research assistant she has coauthored papers on topics including higher education, criminal justice reform, climate change, and labor market outcomes.

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Diane Whitmore Schanzenbach is the director of the Institute for Policy Research at Northwestern University and the Margaret Walker Alexander Professor at the University. From 2015–2017, she was the director of The Hamilton Project. She is also a research associate at the National Bureau of Economic Research, a research affiliate of the Institute for Research on Poverty, and a nonresident senior fellow in Economic Studies at the Brookings Institution.

Schanzenbach studies issues related to child poverty, including education policy, child health, and food consumption. Much of her research investigates the longer-run impacts of early life experiences, such as the impacts of receiving SNAP benefits during childhood, the impacts of kindergarten classroom quality, and the impacts of early childhood education. She recently served on the Institute of Medicine’s Committee on the Examination of the Adequacy of Food Resources and SNAP Allotments.

## Acknowledgments

The authors would like to thank Stephanie Aaronson and Neha Dalal for helpful comments, as well as the authors’ conference participants for their insights.

## Endnotes

1. See Juhn and Potter (2006) for a comprehensive discussion of overall trends in labor force participation through 2004, and Aaronson et al. (2014) for a discussion of more-recent developments in overall labor force participation.
2. See Juhn and Potter (2006) for more discussion.
3. Moffitt (2012) finds that employment declines are sharper among unmarried women. The differences between our results and his are largely driven by his inclusion of women ages 16 to 24, who are overwhelmingly single, and our limiting the sample to prime-age women. Some of the difference also stems from the different time period covered, and the difference between employment-to-population ratios and labor force participation rates.

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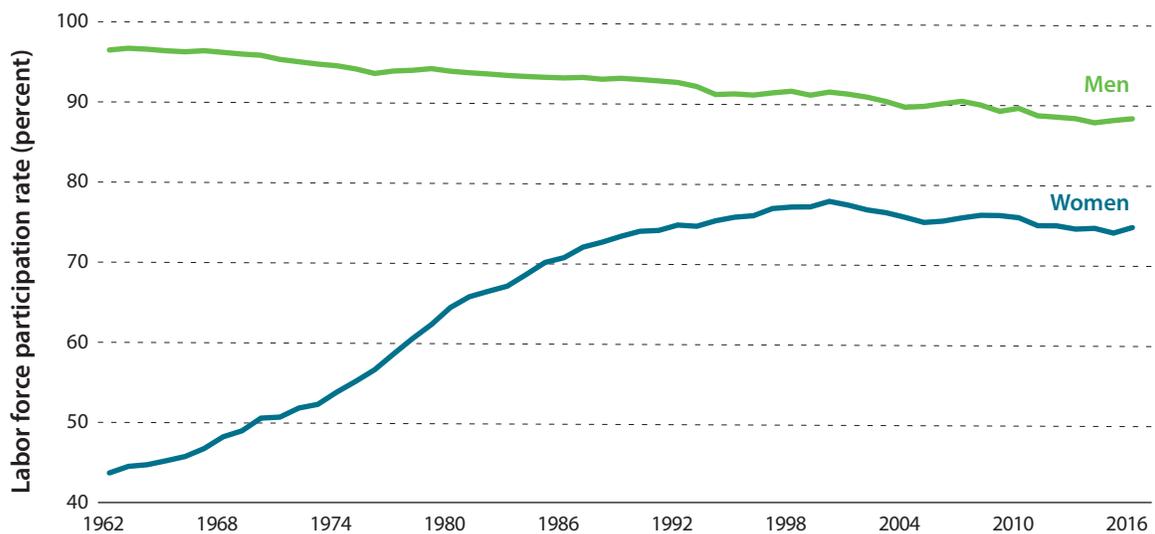
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## Abstract

While women's labor force participation has increased substantially in the U.S. over the second half of the 20th century, this growth has stagnated and reversed since 2000, with women's labor force participation falling by 3.5 percentage points. This pattern persists across women of varying races and ethnicities, educational backgrounds, ages, and marital statuses, and for women with and without children alike. Interestingly, this decline seems to be moving directly against the trends observed in other major OECD economies. In order to facilitate economic growth in the United States, policies should be directed toward enabling and encouraging women to participate in the labor force.

### Prime-Age Labor Force Participation, by Gender



Source: Current Population Survey Annual Social and Economic Supplement 1962–2016.

Note: Prime age indicates ages 25 to 54.

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