



Are Women Opting Out? Debunking the Myth*

BY HEATHER BOUSHEY

Executive Summary

A front page article in the *New York Times* (Story 2005) recently reported that women at Yale University are planning to quit their jobs when they enter their thirties and have children. Both *Time* (Wallis 2004) and the *New York Times Magazine* (Belkin 2003) have recently featured cover articles arguing that some mothers—especially older, highly educated new mothers—are increasingly likely to stop working when they have kids. These articles reflect the popular notion that women are increasingly “opting out” of employment when they have children. The basic argument is that mothers are choosing to stay at home in greater numbers due to the stresses of living in two-earner families or making it in the labor market.

Such news stories may lead people to believe that there is a growing trend toward this sort of “opt out” by highly educated mothers. However, economic data provides no evidence to support these anecdotal accounts. In 2004, the latest year for which a full year of data is available, the impact of having children in the home on women’s labor force participation (the “child penalty”) fell compared to prior years.

This analysis of the Current Population Survey’s Outgoing Rotation Group data, a Bureau of Labor Statistics nationally representative survey, shows that the child penalty on labor force participation for prime-age women, aged 25 to 45, averaged -14.5 percentage points over the period from 1984 to 2004. This means that labor force participation by women in this age group with children at home averaged 14.5 percentage points less than for women without children at home. The penalty was 20.7 percentage points in 1984 and has fallen consistently over the last two decades, down to 9.2 percentage points in 2004.

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* This is a revised version of the paper released on November 30, 2005. I have added a brief section analyzing the possibility that mothers may be increasingly choosing part-time instead of full-time work, and I have made minor corrections to earlier regression results, which have no impact on earlier conclusions.

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In terms of the current labor market situation, after controlling for changes in demographics and the labor market, the data show no increase in the effect of children on women's labor force participation between 2000 and 2004. In 2004, prime-age women with children at home were 9.2 percentage points less likely to be in the labor force than were women without children, down from a 9.9 percentage-point penalty in 2000. Similarly, the analysis finds no evidence of an increase in opt out for women with small children, across age groups, and across educational attainment levels. For women in their thirties with professional or advanced degrees, there is no statistically significant change over time.

It is also not the case that children are causing more women to choose part-time employment. Looking at the probability of working part-time versus working full-time, the child penalty fell between 1984 and 2004. For women with an advanced degree, the child penalty on part-time employment fell from 2000 to 2004 and is smaller than for other educational groups.

The data stand in opposition to the media frenzy on this topic. In spite of the personal anecdotes highlighted in various news stories, women are not increasingly dropping out of the labor force because of their kids. The main reasons for declining labor force participation rates among women over the last four years appears to be the weakness of the labor market.

The recession of the early 2000s led to sustained job losses for all women—those with and without children at home—and by early 2005 the labor market had only just returned to its 2000 employment level, almost exactly four years after the recession began. During this recession, women experienced their largest employment losses in decades and once this is controlled for, the presence of children at home plays a smaller role in women's labor force participation than it did in previous years, going back to 1984.

The effect of children on women’s labor force participation

This analysis addresses whether or not a woman with a child in the home is any less likely to be in the labor force today than she was at earlier points in the last two decades simply because there was a child in her household. To examine this question, this analysis uses data from the CEPR Outgoing Rotation Group (ORG) Extracts for years from 1984 to 2004.¹ The analysis examines the effects of children on the labor force participation rates of prime-age women, aged 25 to 45, regardless of their biological relationship to the child, including un-adopted stepchildren and foster children, along with biological children. Thus, the paper will refer to “mothers” as “women with children at home.”

The focus is on women’s labor force participation rates (LFPR), which is the share of a population either at work (employed) or actively searching for work (unemployed). To the extent that journalists and other commentators on the child penalty have used nationally representative data to support their claims, they have used “raw” (or “unadjusted”) LFPRs, which compare the LFPRs over time without controlling for the changing demographic characteristics of women or the cyclical nature of the overall labor market. For example, over the past two decades, the share of women who identify themselves as Hispanic, not black, has more than doubled. The rise in population of Hispanic women could pull down mothers’ LFPRs because Hispanic mothers typically are much more likely than other mothers to be full-time homemakers. Thus, this demographic shift alone could, if the magnitudes were large enough, explain changes in women’s LFPRs over time. This analysis seeks to isolate the effects of children on women’s LFPRs, independent of any changes in the composition of the population of women or cyclical changes in the labor market. Therefore, the focus will be on LFPRs that “control” for factors, such as race and ethnicity, age, education, and the business cycle.

Several demographic and labor market changes over the past two decades may have influenced women’s and mother’s LFPRs. Immigration, changes in educational attainment among women, increased divorce rates, an aging labor force, and increases in mothers’ age at first birth are all factors that may affect a woman’s decision to work. Table 1 shows that over the two decades from 1984 to 2004, the average age among women in the 25 to 45 age range increased about 1.5 years, while the share of women in that same age range with children at home decreased (down about 0.5 percentage points for women with children under six; and 3.8 percentage points for women with children under 18). Overall, women in all age ranges are also now better educated, though few (8.8 percent) have a graduate degree.

Changes in the composition of the population of women took place against normal cyclical changes in the U.S. economy. Between 2000 and 2004, for example, the labor market went from a peak through a prolonged period of slow economic recovery. As of October 2005, the employment rate—the share of the total population at work—remained 1.8 percentage points below its cyclical peak in 2000. The lackluster labor market and demographic changes have both affected women’s LFPRs, leading to the illusion in the raw data that children have caused women to drop out of the labor market.

¹ The CEPR ORG Extracts are publicly available and fully documented at www.ceprdata.org. These Extracts are from the Bureau of Labor Statistics Current Population Survey.

Table 1. Characteristics of women aged 25 to 45

	Year	
	1984	2004
Average age	34.0	35.5
	Share (%)	
Has children under age six	30.2	29.7
Has any children	66.9	63.1
Married	73.8	62.4
Race/ethnicity		
White	78.0	64.5
Black	12.0	13.5
Hispanic	6.7	15.1
Other	3.3	6.9
Educational attainment		
Less than high-school	14.7	9.8
High-school	40.5	29.7
Some college	23.3	29.4
College degree	15.8	22.3
Graduate degree	5.6	8.8

Source: Author's analysis of CEPR Outgoing Rotation Group Extracts, various years.

The tables and figures that follow show the raw LFPR, not adjusted for demographics or other factors, alongside estimates of the specific effects of children on women's LFPR, controlling for characteristics of the mother and the business cycle. The probability that a prime-age woman is in the labor force if she has a child is estimated using a standard statistical procedure (logit model), which controls for the effects of age, race and ethnicity, educational attainment, marital status, whether there is a prime-age male in the household in the labor force, and the year (to capture the effects of the business cycle on all women, those with and without children at home).² This model provides a separate estimate for each year of the "marginal effect" of having a child on women's likelihood of being in the labor force. The paper will refer to this effect, which is the percentage point change in the probability of being in the labor force due specifically to having a child in each year, as the "child penalty."

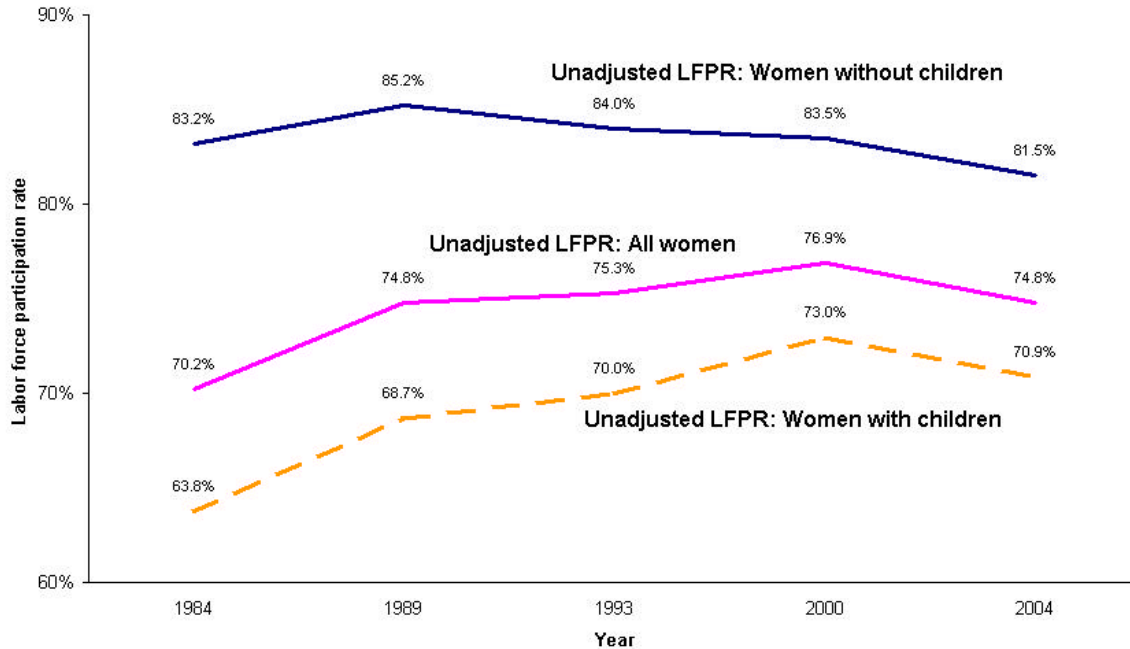
Women's labor force participation rates have not fallen due to the presence of children at home

Figure 1 shows the unadjusted LFPRs for all women, and women with and without children at home. All three groups experienced a sharp drop in the unadjusted LFPR between 2000 and 2004. The percentage-point decline was about the same for women without children—2.0 percentage

² Full model results are available from the author upon request.

points—as it was for women with children—2.1 percentage points. The drop in the LFPR for women with children has led to claims that mothers are opting out of employment. Figure 1, however, does not isolate the effects of children on women’s LFPR; it only says that women who have children are less likely to be in the labor force.

Figure 1.
Women’s unadjusted labor force participation rate (LFPR),
aged 25 to 45, by presence of children at home, 1984 to 2004

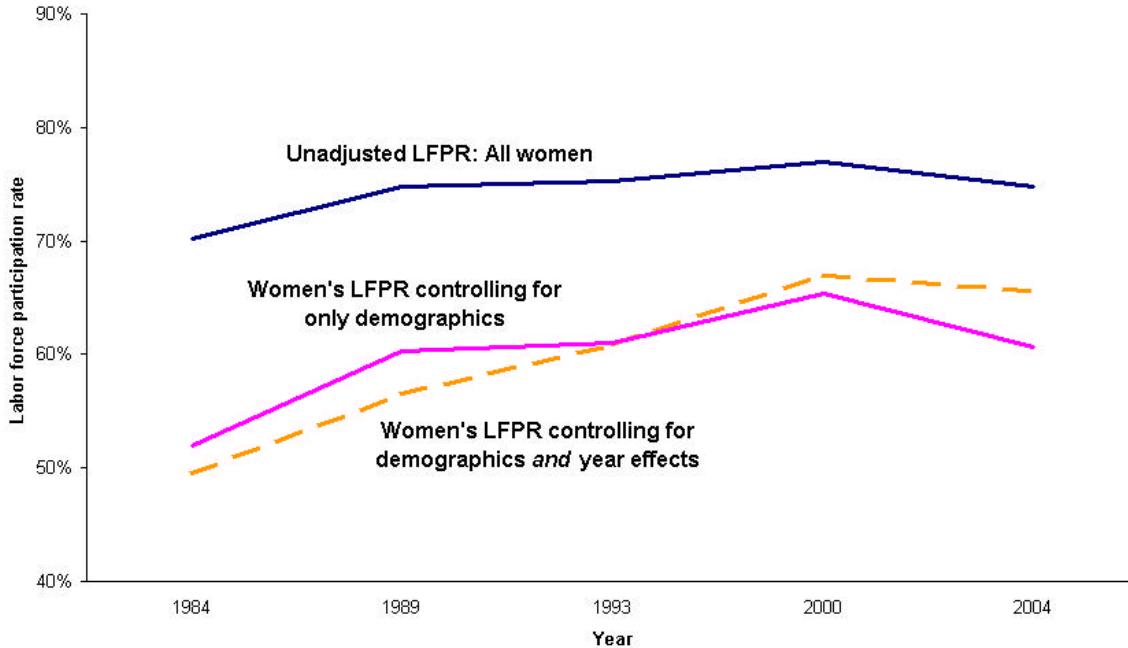


Source: Author’s analysis of CEPR Outgoing Rotation Group Extracts, various years.

Figure 2a shows the unadjusted LFPR for all women alongside estimates of women’s LFPR, including the “child penalty” (calculated using the logit model that controls for demographic characteristics and the business cycle). The model that estimates the child penalty by controlling for demographics only (age, education, marital status, and a man working in the household) continues to show a decline in LFPR between 2000 and 2004. However, the model that estimates the child penalty including demographics and the year (as a proxy for the business cycle) shows no increase in women opting out of the labor force due specifically to the presence of children in the home.

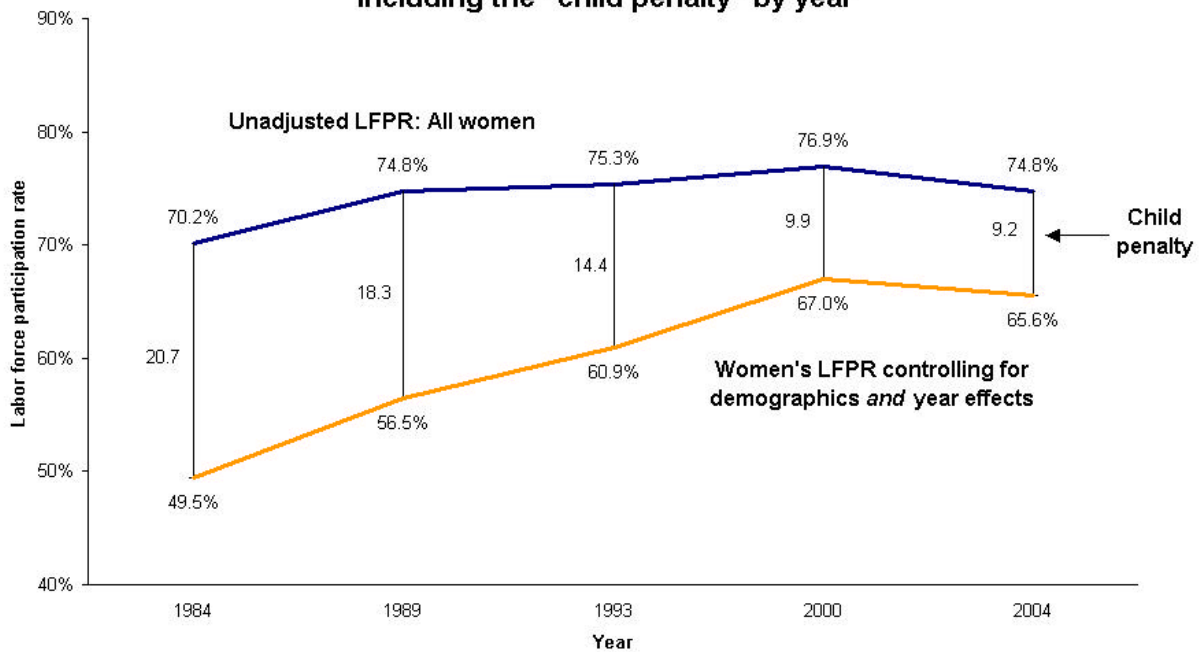
Figure 2b presents the same information as 2a, but highlights the statistically adjusted effects of children on women’s LFPR. Between 2000 and 2004, after controlling for changes in the composition of the population of women and the general decline in the labor market, the child penalty fell from 9.9 to 9.2 percentage points. All women have seen their labor supply fall between 2000 and 2004, which is something that economists need to explain. However, the claim that this decline is explained by the decision of women to stay home with their children is simply not true. Children had no more impact on women’s decisions to join the labor force in 2004 than they did at any earlier point in the preceding 20 years.

Figure 2a.
Labor force participation rates (LFPR), adjusted and unadjusted, women, aged 25 to 45, with any children at home, 1984 to 2004



Source: Author's analysis of CEPR Outgoing Rotation Group Extracts, various years.

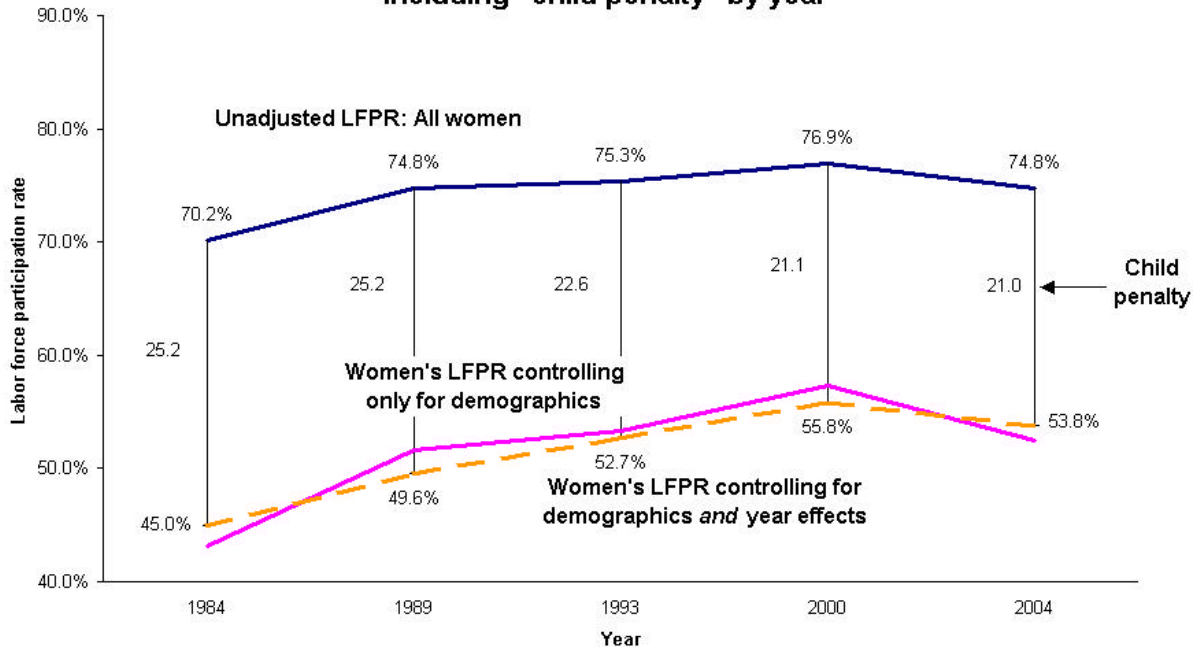
Figure 2b.
Labor force participation rates (LFPR), adjusted and unadjusted, women, aged 25 to 45, with any children at home, 1984 to 2004, including the "child penalty" by year



Source: Author's analysis of CEPR Outgoing Rotation Group Extracts, various years.

The trends are similar for women with young children (under age six) at home (see Figure 3). As would be expected, fewer women with young children are in the labor force than is the case for women with any children under age 18. The effect of young children on women’s participation decision, however, was smaller in 2004 than in 2000, or any other period examined since 1984.

Figure 3.
Labor force participation rates (LFPR), adjusted and unadjusted, women, aged 25 to 45, with young children at home, 1984 to 2004, including "child penalty" by year



Source: Author's analysis of CEPR Outgoing Rotation Group Extracts, various years.

Women’s labor force participation rates have fallen due to the early 2000s recession

Because the raw data do not take into account demographic and critical business cycle effects, the raw data mask the fact that women’s LFPRs have been pushed downwards by the prolonged period of slow labor market recovery. The recession of the early 2000s was harder on women than the recessions of the 1980s or 1990s, and in particular, harder on younger women (Boushey, Rosnick, and Baker 2005). The effect of higher job losses on women’s labor force participation can be seen in Table 2, which shows the relative effects of the business cycle on prime-age and younger women’s labor force participation rates, controlling for women’s demographic characteristics. Compared to 1984, prime-age women were 3.5 percentage points more likely to be employed in 2000, but only 0.8 percentage points more likely to be employed in 2004. Thus, women were overall less likely to be in the labor force in 2004, compared to 2000 (3.5 percent versus 0.8 percent).

Table 2. Year effects on women's labor force participation rates

(Percentage point change; standard errors in parentheses)

	Women's labor force participation, controlling for demographics (percentage point)		
	Prime-age women (aged 25 to 45)	Women aged 25 to 32	Women aged 33 to 39
Year effects, relative to 1984			
1989	3.2 (0.3)*	2.3 (0.5)*	2.8 (0.5)*
1993	2.4 (0.3)*	0.5 (0.5)	3.0 (0.5)*
2000	3.5 (0.4)*	2.9 (0.6)*	3.2 (0.6)*
2004	0.8 (0.4)#	-1.0 (0.6)^	1.6 (0.6)*

Source: Author's analysis of CEPR Outgoing Rotation Group Extracts, various years.

* significant at the 1 percent level; # significant at the 5 percent level; ^ significant at the 10 percent level.

Notes: Marginal effects are derived from a logit regression on women's labor force participation. Other independent variables in the model are dummies for age, educational attainment, race/ethnicity, and whether there is a prime-age male in the labor force in the household. Full results available from the author.

For younger women, the early 2000s recession had a stronger dampening effect on labor force participation. Compared to 1984, in 2004, women aged 25 to 32 were 1.0 percentage points less likely to be in the labor force. In 2000, women aged 25 to 32 were 2.9 percentage points more likely to be in the labor force than they had been in 1984. Women in their 30s, from age 33 to 39, were 3.2 percentage points more likely to be in the labor force in 2000 compared to 1984, but only 1.6 percentage points more likely to be in the labor force in 2004.

Higher job losses in the recession of the early 2000s have had the effect of making it appear that women—and especially women with children—are opting out of employment. Table 3 shows the effects of having children in the home on women's labor supply, with and without controls for the year. Column 1 shows that the overall effect of having a child under age 18 in the home on prime-age women is to reduce the probability of being in the labor force by 14.5 percentage points. Column 2 looks at the child penalty by year, including only demographics, but not a separate business cycle effect. Here, we see that the child penalty decreases from 1984 to 2000, from 18.2 percentage points down to 11.6 percentage points. Between 2000 and 2004, however, the child penalty rises back up to 14.1 percent. Column 3 shows that there is no such decline once the model includes a year effect, to control for the business cycle, as well as cultural and other changes affecting all women (not just mothers) that may have occurred over time. The year effects shown in Column 3 are the effects of the business cycle of women's LFPR: in 2004, compared to 1984, women were 6.9 percentage points less likely to work because of the weak labor market. This dampening effect on women's LFPRs is nearly as large as the 9.2 percentage point child penalty in 2004.

Table 3. Child penalty on women's labor force participation rate

(Percentage point change; standard errors in parentheses)

	Prime-age women (aged 25 to 45)		
	(1)	(2)	(3)
Has child at home	-14.5 (0.3)*		
Has child at home, by year			
1984		-18.2 (0.4)*	-20.7 (0.6)*
1989		-14.5 (0.4)*	-18.3 (0.6)*
1993		-14.3 (0.4)*	-14.4 (0.6)*
2000		-11.6 (0.4)*	-9.9 (0.6)*
2004		-14.1 (0.4)*	-9.2 (0.6)*
Year effects, relative to 1984			
1989			1.2 (0.6)^
1993			-2.2 (0.6)*
2000			-3.8 (0.7)*
2004			-6.9 (0.7)*

Source: Author's analysis of CEPR Outgoing Rotation Groups Extracts, various years.

* significant at the 1 percent level.

See notes to Table 2.

Labor participation rates for highly educated women in their thirties are, for the most part, unchanged

Much of the focus of the discussion on women's labor force participation has been on one specific group of mothers: highly educated, older, first-time mothers. Again, there is no evidence of this trend in the national statistics. Children have a very small effect on highly educated women's LFPR, which has continued to rise up through 2004.

Table 4 shows the child penalty for women in their late twenties and early thirties, and women aged 33 to 39. For women in their late twenties and early thirties, the model that includes year effects, Column 3, shows that between 1984 and 2004, the child penalty fell by more than half, from 26.9 down to 14.3 percentage points. As shown in Column 6, for women in their thirties, over this time period the child penalty has fallen by nearly two-thirds, from 17.9 down to 8.1 percentage points. The child penalty for thirty-something women was essentially unchanged between 2000 and 2004 as

the change between 2000 and 2004 was statistically insignificant. Overall, older women face a smaller child penalty compared to younger women. This is true even if the woman has young children at home (results not shown).

What is striking about Table 4 is that there are strong cyclical effects on women's LFPRs. In 2004, the weak labor market relative to 1984 led to an 8.1 percentage point reduction in younger women's LFPRs, which is over half the size of the child penalty of 14.3 percentage points in 2004. For women in their thirties, the weak labor market of 2004 led to a 5.8 percentage point reduction in LFPR compared to 1984, two-thirds the size of the 2004 child penalty of 8.1 percentage points. In 2004, the poor performance in the labor market played an important role in driving women's LFPRs down.

Table 4. Child penalty on women's labor force participation rate, by women's age

(Standard errors in parentheses)

	Women aged 25 to 32			Women aged 33 to 39		
	(1)	(2)	(3)	(4)	(5)	(6)
Has child at home	-20.6			-12.2		
	(0.5)*			(0.5)*		
Has child at home, by year						
1984		-23.9	-26.9		-15.4	-17.9
		(0.6)*	(0.9)*		(0.6)*	(1.1)*
1989		-20.5	-23.8		-12.0	-14.3
		(0.6)*	(0.9)*		(0.7)*	(1.1)*
1993		-20.8	-18.5		-11.6	-12.4
		(0.6)*	(0.9)*		(0.6)*	(1.0)*
2000		-17.0	-15.8		-10.2	-7.6
		(0.7)*	(1.0)*		(0.7)*	(1.0)*
2004		-20.4	-14.3		-12.0	-8.1
		(0.7)*	(1.0)*		(0.7)*	(1.0)*
Year effects, relative to 1984						
1989			0.2			-0.2
			(0.9)			(1.2)
1993			-4.5			-1.5
			(0.9)*			(1.1)
2000			-3.6			-4.6
			(1.0)*			(1.3)*
2004			-8.1			-5.8
			(1.0)*			(1.3)*

Source: Author's analysis of CEPR Outgoing Rotation Groups Extracts, various years.

* significant at the 1 percent level.

See notes to Table 2.

The media, however, has focused not simply on relatively older mothers, but on highly educated, thirty-something mothers. This is a tiny share of all women with children: 96.8 percent of women aged 25 to 45 with children are *not* women in their mid- to late-thirties who have advanced degrees. While it is true that this group of women has increased among prime-age mothers—from 2.2 to 3.4 percent—the real story of how “American mothers” are balancing work and family cannot be found in the trends of such a small and extremely advantaged group. This group of mothers is advantaged compared to other prime-age mothers in terms of not only educational attainment and earnings potential, but they are more likely to be married (91.9 percent versus 75.6 percent of all mothers aged 25 to 45) and are highly likely to have a spouse who also has very high earnings potential. Further, they are more likely to be in the kinds of jobs that provide the benefits and workplace flexibility that makes work/family balance not entirely an oxymoron (Boushey 2005).

Most thirty-something mothers work. Not only are highly educated, thirty-something women with children at home a relatively small share of the population, but, compared to other educational groups, they are also more likely to be in the labor force if they have children and their child penalty is smaller than for other educational groups—so small as to be statistically insignificant in most years. However, it is also the case that the majority of highly educated, thirty-something women who are not at work have children at home. In short, the overwhelming majority of thirty-something women with advanced degrees do not opt out if they have kids, but if they do opt out, they have kids. This is less the case for other women, making this group truly exceptional.

Tables 5 and 6 explore the LFPRs of women by age and educational attainment, documenting just how exceptional highly educated, thirty-something women are compared to other women with children. Column 1 of Table 5 shows that highly educated, thirty-something women are more likely than other educational groups to be in the labor force if they have children at home—even young children. Over two-thirds (67.1 percent) of highly educated women in their thirties with a young child at home are in the labor force, controlling for other demographic characteristics and cyclical effects. Nearly three-quarters of women with a graduate degree who have a child under age 18 at home are in the labor force, a rate higher than all other educational groups in this age range, except for women with some college. For example, only 67.7 percent of women with a high-school degree who have a child at home are in the labor force, controlling for demographics and the business cycle.

Even though adjusted LFPRs for women with children are higher for highly educated women, it is true that this group is also more likely to have children at home if they are not working. Column 3 of Table 5 shows that nearly nine-out-of-ten (85.7 percent) highly educated women in their thirties who are out of the labor force have a child at home; over three-quarters (75.4 percent) have a young child at home. This is higher than other among other educational groups: among women in their thirties with a high-school degree, a third (35.7 percent) of those not working have a young child at home. Thus, the group of highly educated women is so attached to the labor force that, for most of them, having a child may be the only reason not to work.

If working, however, highly educated, thirty-something women are less likely than other women to have children at home. Among those in the labor force, three-quarters (76.8 percent) of women without a high-school degree have a child at home, while only six-out-of-ten (59.0 percent) women with a graduate degree have a child at home. Highly educated women are more likely to have a small child at home, compared to other educational groups, because they wait longer to have children, compared to other women. Four-out-of-ten (43.6 percent) highly educated women have a child

under age six at home, compared to only one-in-five (21.2 percent) of those with a high-school degree.

Table 5. Labor force participation, by educational attainment and children

(Percentage point change; standard errors in parentheses)

	(1)	(2)	(3)
	Adjusted LFPR	Share with children	
		In labor force	Not in labor force
	2004	2004	2004
Any child			
Less than high-school	33.3%	76.8%	80.1%
High-school	67.7	74.3	75.9
Some college	73.6	72.9	81.4
College degree	63.1	62.1	86.2
Graduate degree	73.5	59.0	85.7
Child under age six			
Less than high-school	8.1	21.2	36.4
High-school	47.6	21.7	35.7
Some college	54.1	26.6	49.2
College degree	50.1	36.9	67.5
Graduate degree	67.1	43.6	75.4

Source: Author's analysis of CEPR Outgoing Rotation Group Extracts, various years.

Higher LFPRs among highly educated women with children occurs alongside far smaller child penalties, compared to other educational groups. Table 6 examines the effects of children on women's LFPR for prime-age women and women in their thirties, by educational attainment. The estimates are derived from regressions that control for demographic and business cycle effects. Among prime-age women with a graduate degree, the penalty for having a child has changed little over the past two decades, and only in peak years—1989 and 2000—is the penalty statistically significant. Over the past two decades, among all prime-age women in all educational groups, there has not been any increase of a statistically significant magnitude or not in the child penalty on women's LFPR.

The trends are generally the same among women in their thirties. Among all education groups except women with graduate degrees, the child penalty has shown a significant decline from 1984 to 2004. For women with graduate degrees, the penalty rose from 2000 to 2004, however, this change was statistically insignificant. By comparison, for women with a college degree, the child penalty fell from 7.6 to 6.7 percentage points, which was also statistically insignificant. Overall, the child penalty for the most highly educated group of women is small, and not generally significant, whereas the child penalty is larger for less-educated women and is statistically significant within each year. Therefore, while attention focuses on whether an elite group of women are opting out of employment, in reality, the child penalty on labor force participation is smallest for this group and they have the highest LFPRs.

Table 6. Child penalty, by women's age and educational attainment level

(Percentage point change; standard errors in parentheses)

	Less than high- school	High-school	Some college	College degree	Graduate school
Prime-age women (aged 25 to 45)					
1984	-30.5 (0.8)*	-16.4 (0.6)*	-13.0 (0.6)*	-12.4 (0.7)*	-1.4 (0.9)
1989	-30.7 (0.9)*	-14.1 (0.6)*	-10.8 (0.6)*	-10.7 (0.7)*	-2.1 (1.0)#
1993	-31.1 (0.9)*	-11.4 (0.5)*	-7.1 (0.5)*	-6.9 (0.7)*	0.7 (0.8)
2000	-21.8 (1.0)*	-7.9 (0.6)*	-3.9 (0.5)*	-7.0 (0.7)*	-1.4 (0.9)
2004	-22.8 (1.0)*	-7.4 (0.5)*	-3.3 (0.5)*	-6.5 (0.6)*	-1.0 (0.8)
Women aged 32 to 39					
1984	-24.7 (1.4)*	-13.8 (1.0)*	-10.4 (1.0)*	-10.9 (1.2)*	-1.3 (1.2)
1989	-26.3 (1.6)*	-9.7 (0.9)*	-7.8 (0.9)*	-9.0 (1.1)*	0.2 (1.2)
1993	-25.7 (1.6)*	-9.4 (0.9)*	-5.4 (0.8)*	-6.7 (1.0)*	-0.4 (1.2)
2000	-15.6 (1.5)*	-5.4 (0.8)*	-2.1 (0.8)*	-7.6 (1.0)*	-0.4 (1.2)
2004	-20.2 (1.7)*	-5.2 (0.8)*	-2.7 (0.8)*	-6.7 (1.0)*	-2.0 (1.1)^

Source: Author's analysis of CEPR Outgoing Rotation Groups Extracts, various years.

* significant at the 1 percent level; # significant at the 5 percent level; ^ significant at the 10 percent level.

See notes to Table 2.

The most recent labor market recession has also disproportionately hurt less-educated mothers. Table 7 shows the percentage point decline in women's LFPR in 2004, relative to 1984, by educational attainment. The story here is that, controlling for demographics and the child penalty, less-educated women have a higher "business cycle penalty" on their LFPR, compared to women with advanced degrees. In 2004, among women with any children, the business cycle penalty was 7.6 percentage points for women with a high-school degree and 3.4 percentage points for women with a college degree, while women with an advanced degree have only a 0.5 percentage point penalty. The business cycle penalty is greater in 2004 than in 2000 for all educational groups except for women with advanced degrees and any children. Thus, compared to women with advanced degrees, the business cycle penalty is not only larger for less educated mothers in 2004, but also greater than in 2000, showing just how difficult this recession has been on the majority of working women.

Table 7. Labor market effect on women's LFPR, 2004 relative to 1984

(Percentage point change; standard errors in parentheses)

Educational attainment	Prime age women (aged 25 to 45)	
	Has any children	Has child under age six
Less than high-school	-3.5 (1.8)#	1.8 (1.1)
High-school	-7.6 (0.9)*	0.5 (0.5)
Some college	-4.7 (0.9)*	1.3 (0.5)#
College degree	-3.4 (0.6)*	-1.3 (0.6)#
Graduate degree	-0.5 (1.0)	-1.0 (0.8)

Source: Author's analysis of CEPR Outgoing Rotation Groups Extracts, various years.

* significant at the 1 percent level; # significant at the 5 percent level; ^ significant at the 10 percent level.

See notes to Table 2.

Mothers are not increasingly opting for fewer hours

Part-time employment is an alternative for mothers who are considering opting out. Like opting out, however, part-time employment, compared to full-time employment, has not increased in recent years, even among highly educated mothers. Table 8 shows the effect of children on whether or not a woman is working part-time, defined as 34 hours per week or less, among all women workers aged 25 to 54. Column 1 shows that for all women, the child penalty on part-time employment has stayed at about the same level over the past two decades. The decline from 2000 to 2004 of 13.3 to 11.5 percentage points is statistically significant at the one percent level, but overall, there has been little change in the share of women opting for part-time employment due to the presence of children.

Table 8 also breaks down part-time employment by the woman's educational attainment level. For women with an advanced degree, the child penalty on part-time employment is smaller than for other educational attainment levels. This means that having children at home plays less of a role in mothers with advanced degrees choosing part-time employment, compared to other mothers. For women with a college degree, the effect of children on part-time employment held steady between 11 and 13 percentage points.

Table 8. Child penalty on part-time employment, among working women aged 25 to 45, by education

(Percentage point change; standard errors in parentheses)

	Educational attainment					
	All	Less than high-school	High-school	Some college	College degree	Graduate school
Prime-age women (aged 25 to 45)						
1984	13.1 (0.6)*	10.9 (1.0)*	11.6 (0.6)*	13.6 (0.8)*	11.5 (0.9)*	5.6 (1.1)*
1989	15.2 (0.6)*	14.4 (1.1)*	13.5 (0.7)*	14.5 (0.8)*	13.3 (0.9)*	7.6 (1.1)*
1993	12.3 (0.6)*	15.2 (1.3)*	10.0 (0.6)*	12.2 (0.7)*	10.8 (0.8)*	4.8 (1.0)*
2000	13.3 (0.6)*	15.7 (1.3)*	10.2 (0.7)*	12.5 (0.7)*	12.6 (0.8)*	9.5 (1.1)*
2004	11.5 (0.6)*	14.1 (1.3)*	8.8 (0.6)*	10.9 (0.7)*	11.1 (0.7)*	6.9 (0.9)*

Source: Author's analysis of CEPR Outgoing Rotation Groups Extracts, various years.

* significant at the 1 percent level.

Notes: Marginal effects are derived from a logit regression on women's part-time employment, compared to full-time, where part-time is 34 hours per week or less and the sample is working women. Other independent variables in the model are dummies for age, educational attainment, race/ethnicity, and whether there is a prime-age male in the labor force in the household. Full results available from the author.

Conclusions

The important trend that this paper has explored is that the lackluster performance of the labor market since 2001 is the real reason that LFPRs have been falling among women. Women's employment rates were hit exceptionally hard by this recession and they have yet to fully recover. While women had previously been more insulated from cyclical unemployment, compared to men, now they appear to be nearly as vulnerable, although it remains the case that men's employment rates fell further than women's over the past few years. Future analysis should focus on demand-side factors, rather than assuming that most women either want to or are able to choose to stay at home.

The media hype about women opting out of employment is probably a result of the reality that for highly educated women, dropping out of the labor force is usually associated with having a child at home. What is interesting here is that just about the *only* reason that better-educated older women drop out of the labor force in the 2000s is to care for small children while at the same time, most highly educated women stay in the labor force when they have children.

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