SEPTEMBER 2023

The She-cession is Over, but What's Next for Women in the Workforce?

Examining Women's Employment Trends in Colorado

Author: CSI Coors Economic Mobility Fellow Tamra Ryan

Coors Fellowship for Economic Mobility

The Coors Fellowship for Economic Mobility focuses on issues that stifle greater economic independence of the individual and embrace tried-and-true economic principles of free enterprise centered around choice, access, and competition. The fellowship is designed to spur thoughtful policy discussion and potential solutions around the economic and fiscal ramifications of increasing workforce opportunities, with a focus on increasing economic prosperity of all workers.

Named in honor of the Coors family, the fellowship pays tribute to the vision, hard work, true grit, relentless determination, and fearless innovation that were the hallmarks of the pioneering spirit that characterized the success of the men and women who founded Colorado as the place where opportunity abounds. Providing that same opportunity for individuals and families to prosper, grow and achieve their dream today, just as our founders did, is at the heart of the Coors Fellowship and the legacy of that family name.

About the Author

Tamra Ryan is the 2023 Coors Fellow for Economic Mobility at the Common Sense Institute. She is the CEO of the Women's Bean Project, a social enterprise providing transitional employment in its food manufacturing business to women attempting to break the cycle of chronic unemployment and poverty.

Tamra is a former partner and board member for Social Venture Partners-Denver and Social Enterprise Alliance. Congressman Mike Coffman (R-CO) recognized Tamra's servant leadership and entered it into the Congressional Record of the 115th Congress, Second Session in May 2018. She was honored by the Colorado Women's Chamber of Commerce as one of the Top 25 Most Powerful Women in Colorado, and in 2022 and 2023 as a Titan100 CEO and Social Entrepreneur of the year by the Colorado Institute for Social Impact. She was a presenter at TEDxMilehigh and is a highly sought-after speaker for topics such as compassionate leadership and social enterprise.

About Common Sense Institute

Common Sense Institute is a non-partisan research organization dedicated to the protection and promotion of Colorado's economy. CSI is at the forefront of important discussions concerning the future of free enterprise and aims to have an impact on the issues that matter most to Coloradans. CSI's mission is to examine the fiscal impacts of policies, initiatives, and proposed laws so that Coloradans are educated and informed on issues impacting their lives. CSI employs rigorous research techniques and dynamic modeling to evaluate the potential impact of these measures on the Colorado economy and individual opportunity.

Teams & Fellows Statement

CSI is committed to independent, in-depth research that examines the impacts of policies, initiatives, and proposed laws so that Coloradans are educated and informed on issues impacting their lives. CSI's commitment to institutional independence is rooted in the individual independence of our researchers, economists, and fellows. At the core of CSI's mission is a belief in the power of the free enterprise system. Our work explores ideas that protect and promote jobs and the economy, and the CSI team and fellows take part in this pursuit with academic freedom. Our team's work is informed by data-driven research and evidence. The views and opinions of fellows do not reflect the institutional views of CSI. CSI operates independently of any political party and does not take positions.

Table of Contents

Key Findings

- Unlike men, women's labor force participation rate has surpassed pre-pandemic levels. However, the same problems with childcare, household responsibility inequities, and a Motherhood Penalty persist.
- An estimated 67% of parents spend 20% or more of their annual household income on childcare, up from 51% in 2022.[i]
- Childcare can be both out of reach and out of range. Over half of Colorado's population lives in a childcare desert. When available, costs often go several times beyond the 7% of income recommended by the U.S. government.
- Accessibility of licensed childcare centers has not recovered to pre-pandemic levels, when there was already a shortage.
- Childcare workers have left the industry and not returned post-pandemic.
- According to Ready Nation, inefficiencies in business caused by missing work, leaving early, or generally being distracted because of childcare issues cost employers $23 billion annually.[ii]
- **In terms of COVID impacts, education level played a role in the likelihood of women losing employment in 2020. Those women with less education had four times higher unemployment rates than those with an associate degree or higher.**[iii]
- There exists a persistent Motherhood Penalty that women with children experience with respect to pay, promotability, and perception of their dedication to work.
- Enhancing workplace flexibility may help to address some of the workforce challenges experienced by working mothers.

Introduction

In its 2021 report, The She-Cession in Colorado: The Impact of COVID-19 on Women in the Workforce in 2020,[iv] CSI identified evidence that women experienced disproportionately negative impacts from the upheaval caused by the pandemic. **Despite being only 47% of the labor force, women accounted for 54.5% of all jobs lost in 2020. Mothers left the workforce at significantly high rates, dropping from a labor force participation rate (LFPR) of 63% in February 2020 to 54% in May 2020.** While mothers were nearly twice as likely to have reduced work hours relative to fathers, young women (16-24 years) experienced much higher unemployment rates in 2020 due to a substantial reduction in employment opportunities.

The reasons women were affected more significantly are clear. In 2020 the industries most affected by the pandemic were those female-dominated fields; e.g., hospitality and leisure, education, healthcare, and retail. **Education level also played a role in the likelihood of women losing employment in 2020. Those women with less education had four times higher unemployment rates than those with an associate degree or higher.**[v]

While women were losing jobs at higher rates, particularly in 2020, as the pandemic wore on, women became more likely to leave or stay out of the workforce due to increased demands for caregiving at home. A 2020 McKinsey report shared that mothers were 1.5 times more likely than fathers to be spending an additional three or more hours per day on housework or childcare, which added up to a half-time job.[vi] In all, the majority of those who dropped out of the workforce in 2020 were women; of the 1.1 million people over 20 years old who were not working or looking for work, 800,000 were women.[vii]

Post-Pandemic: How Have Things Changed in 2023?

The LFPR for women in 2023 indicates that women have returned to work. By the end of August 2023, the national LFPR for women ages 24-54 hit 77.8 percent - the highest ever recorded. Colorado's 2023 LFPR for women 25-49 years old was higher than the national average at 81 percent. The Economic Policy Institute says employment growth in healthcare, government, education, and hospitality has helped. Reopening some childcare centers and hybrid/flex work providing needed flexibility has also helped.

Indeed, prime working age women have contributed the most to the overall rebound of labor force participation. Women with the youngest children seem to be making the greatest contribution, particularly when they are highly educated, married, or foreign born. Those who are highly educated and married report continuing to telework at a much higher rate than other women.[viii]

In Colorado, women's LFPR by educational attainment is consistent. Figure 1 shows prime age women's LFPR by educational attainment for January – July in 2019 and 2023. This chart shows the state's college educated women continue to fare the best in LFPR rates.

Figure 1

Prime Age Female LFPR by Education Attainment

	Less than high school	High school diploma	Some college	College degree
January-August 2019	48.72%	66.26%	75.15%	83.17%
January-August 2023	49.78%	68.51%	66.12%	83.81%

Some factors that led to challenges for women in the workforce have not changed since the pandemic and, in many instances, have gotten worse.

Looking more closely at the women who are back to work, the barriers to full-time employment for mothers become apparent. This generation of women ages 25-54 (prime working age) are more likely to have college degrees (39%) than men (37%) than any other generation, and a college degree has historically proven a strong predictor of attachment to the labor force. Nationally, in January 2023, 84%of women between 25-54 worked full-time despite the uneven burdens at home which continue to get in the way of equal participation compared to men.[ix]

For women, however, employment is still impacted by care giving. Having children at home, especially younger children, depresses employment prospects for women.[x] Mothers with children less than five years old have had a slower employment recovery from the pandemic than those with school-age children. Overall, having children at home affects employment prospects more than for those without children.

The reasons mothers are giving up work or working less than full-time post-pandemic are myriad. There are long-standing structural inequalities and uneven caregiving burdens that were exacerbated by the pandemic and did not go away after the pandemic was over. Interestingly, despite the LFPR numbers reported, 1.1 million women are still out of the labor force since the pandemic and 58% of women say their mental health has declined in the last two years.[xi]

Though women are going back to work, they are going back to a system that did not work for them to begin with. Perhaps the recovery would be even better if it did.

Cost of Childcare

In a market rate survey published in June 2022, researchers noted an overall increase in childcare prices but more for preschool aged children than younger children. Overall, childcare prices have increased faster than the rate of inflation. This is particularly true for rural areas in Colorado.[xii] A Care.com survey found that households are spending on average 27% of their household income on childcare expenses. This, despite the U.S. Department of Health and Human Services' standard that affordable childcare should not exceed 7% of household income.[xiii] With the average Colorado household spending an extra $1,167 per month this June and July due to increasing inflation which stands at 4.72% over the last 12 months, low-income mothers needing childcare often rely on Colorado Childcare Assistance Program (CCCAP).[xiv] CCCAP helps to subsidize childcare costs to make them affordable. However, only 57.4% of Colorado childcare providers participate in CCCAP, according to a 2022 market survey. When asked to indicate why CCCAP was not taken, the barriers included concerns about low reimbursement rates and the administrative burden.[xv]

*...households are spending on average **27%** of their household income on childcare expenses*

Availability of Childcare

Besides the cost of care, availability of childcare is a central concern. Fifty-one percent of Colorado is in a childcare desert. Deserts are determined by census tracts in which there are more than 50 children less than five years of age but no or so few childcare options that there are more than three times as many children as childcare slots.[xvi] This is not merely a rural phenomenon. Figure 2 below shows the number of people in deserts and not in deserts by urbanicity in Colorado. [xvii]

Figure 2

Colorado Childcare Desert Statistics

	In Desert	Not in Desert
Urban	750,430	529,263
Suburban	1,412,635	1,632,634
Rural	552,683	482,250

Finding and affording childcare is an ongoing issue for working parents, and indirectly, for employers. The pandemic heightened a crisis in childcare that already existed and has created additional challenges for parents, particularly mothers, in getting into and staying in the workforce. Though childcare deserts existed prior to the pandemic, the problem was exacerbated with more than 16,000 centers and licensed home-based providers closing permanently since 2020. [xviii]

The lack of childcare workers is also a factor. Nationwide, there are about 100,000 fewer childcare workers than before the pandemic.[xix] Despite an anticipated decline in the total number of childcare worker jobs between 2022 and 2032, there will still be an estimated 153,100 openings for childcare workers each year.[xx] Some states have begun to try to address this issue. Washington implemented the Fair Start for Kids Act in 2021 to make childcare more affordable and increase the funding and reimbursement provided to childcare centers to allow them to increase workers' pay and benefits. [xxi] The state has also implemented a program called Child Care Aware, an initiative to increase and support the Family, Friend and Neighbor (FFN), or unlicensed options that many parents choose out of necessity or desire. The Child Care Aware program supports these often unpaid providers through activities that help them engage children, such as in play and learning groups in which multiple FFN providers come together and participate in structured activities.[xxii]

Ultimately, an essential part of solving the childcare availability problem will hinge on making the job for childcare workers more appealing. This must start with improving their pay and access to benefits. Despite holding credentials that qualify them to work in the field, childcare workers are near the bottom of all US occupations ranked by annual pay and pay has not kept pace with inflation.[xxiii] Poor pay has affected childcare workers' post-pandemic return to the industry. Instead, many are choosing to move into other, better paying fields.

The lack of affordable childcare affects employers as well as families. Employers report the high cost and availability of childcare affect their ability to hire and retain employees as well as fulfill their client or customer needs.[xxiv] According to Ready Nation, inefficiencies in business caused by missing work, leaving early, or generally being distracted because of childcare issues cost employers $23 billion annually.[xxv]

Household Inequities

Women are more likely to provide essential caregiving to children and adults at a substantial economic cost to them. Often women must curtail their employment or stop work entirely to meet caregiving demands. This presents problems with both immediate income but also leads to less money being paid into social security and decreases retirement income. The employment-related costs to mothers of providing unpaid care to minor children and adult family members with care needs is estimated to be an average of $295,000 over the caregivers' lifetime. The potential lifetime earnings lost because of caregiving is an estimated average of $237,000 or 15% of the anticipated earnings if no care were provided.[xxvi]

Huge labor force participation gaps exist between mothers and fathers. LFPR data shows that fathers are much less likely than mothers to decrease their work to care for children. [xxviii]

Figure 3

LFPR for Women and Men with Children

Year	MONTH	WOMEN WITH KIDS	MEN WITH KIDS
2023	Feb-23	76.62%	95.45%
2023	Jul-23	72.59%	92.54%

A study by the U.S. Census Bureau found that the earnings gap between opposite gender parents doubles between two years before the birth of the first child and a year after. The gap narrows later but never disappears completely. This phenomenon is referred to as the Motherhood Penalty. [xxviii]

The Motherhood Penalty – Women with Children and Those Without

In 2023 about 72% of mothers with children at home are working. Yet, women's earnings and earning potential are diminished relative to women without children.

There is a pattern in LFPR for Colorado mothers across several years in which each summer LFPR for women with children drops, whereas LFPR for women without children does not see the same consistent drop.[xxix] A survey conducted by the Center for American Progress found in 2019, 75% of parents reported having at least some difficulty finding childcare during the summer months. Both availability and cost were considered to be significant and were exacerbated by the pandemic.[xxx]

Figure 4

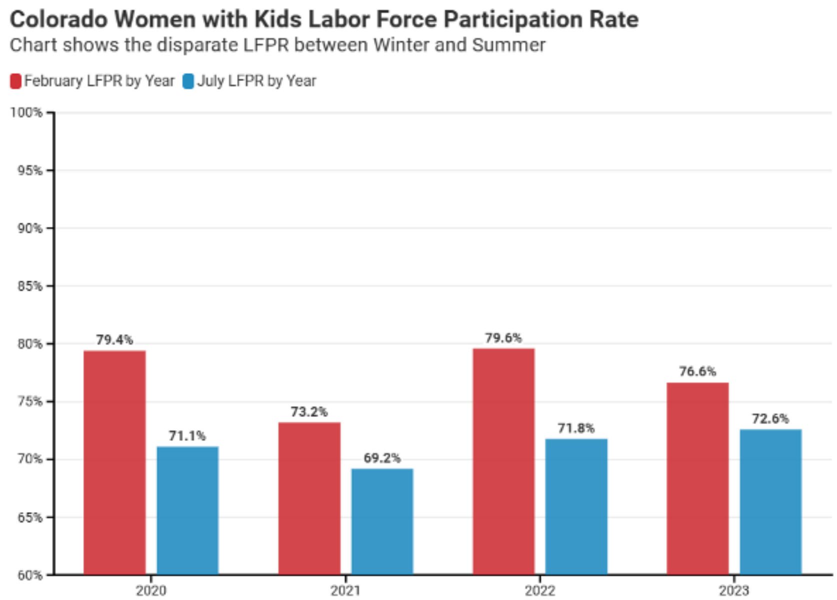
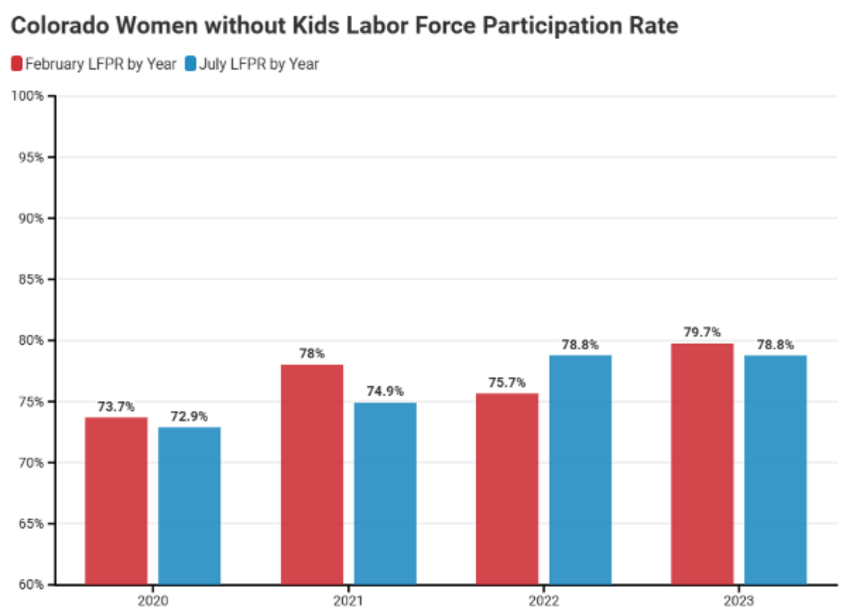


Figure 4 shows mothers participate in the workforce far less in summer than in winter. Experts generally attribute this to schoolyear summer vacation, during which some mothers without accessible or affordable childcare stay home. While this may have some benefits, going in and out of the workforce may impact lifelong earnings, career development and job sustainability.

Figure 5



This is one of several examples of the unseen economic impacts of motherhood even when compared to other women. This becomes clearer as women have more children. Some research has suggested a per-child wage penalty exists and can lead to pay differences between mothers and non-mothers that can be larger than the pay differences between women and men. Women with children are six times less likely to be recommended for hire than childless women and have 10% lower competency ratings than otherwise equal candidates. Interestingly, among fathers, these trends are reversed.[xxxi]

While the Federal Pregnancy Discrimination Act of 1978 prohibited discrimination based on pregnancy, childbirth or related conditions, this law did not change perceptions of mothers.

Possible Solutions

Workplace Flexibility & Leave

Hybrid work or telecommuting at least part of the time can decrease the cost of childcare. Full-time employees are more likely to have the option to work at home than part-time workers.[xxxii] According to the Society of Human Resource Management's annual benefits survey, 62% of employers continue to offer hybrid work opportunities, offering workers some flexibility[xxxiii].

Today, about 23% of workers work remotely at least some of the time and, according to research by the Global Workplace Analytics report, 50% of the workforce have jobs that are compatible with telework at least part of the time.[xxxiv] Mothers may benefit from work flexibility and typically use that flexibility to coordinate with the needs of their families. In 2022 nearly 40% of moms who worked non-day shifts did so to allow for better arrangements for their family or childcare. One-third of moms working from home did so to coordinate their work schedule with personal or family needs.[xxxv]

In terms of leave policy, as reported by CSI in 2023, Colorado employers and employees have begun paying payroll premiums into Colorado's Paid Family and Medical Leave (FAMLI) program initiated by the passage of Proposition 118 in 2020. Beginning this year, most employers and employees are responsible for splitting this premium, which will begin at a total of .9% of each employee's pay. Benefits will not become available until 2024.

The program, which was initially estimated to collect a total of $1.3 billion of premiums in 2023, will allow eligible workers to claim up to 16 weeks of paid leave at wage replacement rates as high as 90% for reasons such as newborn bonding, personal injury, and care for ailing family members. Several other states have already enacted paid family leave programs, most of which are significantly less generous than FAMLI.

In order to address potential solvency concerns, the state legislature could consider developing policies that would provide better transparency about FAMLI's impacts on employers and give the Division of Family and Medical Leave Insurance the ability to modify the program's benefit design if utilization exceeds the program's financial capacity.

Address Childcare Deserts

In 2022 the Center for American Progress recommended ways the federal government could help make childcare more accessible to middle- and low-income families by focusing on areas for investment: build supply, expand affordability, address reforms, and support childcare providers.[xxxvi]

Build Supply

The state could benefit from a centralized repository of underutilized or vacant buildings, or require that counties or municipalities have an online list of locations childcare centers could occupy.

Expand Affordability

Universal Preschool, which is partially funded by a voter-approved tax on nicotine offers free part-time (10-15 hours per week) preschool to three- and four-year-old children across the state. Some families are eligible for 30 hours a week for four-year-olds. In the first year of implementation, only 13% of students were offered full-day spots.[xxxvii] Parents not eligible for the expanded hours are required to pay for the additional hours. Expanding the Universal Preschool program to full-time for all students would go a long way to helping working mothers maintain employment.

Consider expanding the eligibility for CCCAP to broader income levels. Currently, families qualify if they earn equal to or less than 185% of federal poverty guidelines ($45,991 for a family of 3) or less than 85% of the state's median income ($48,399).

Support Childcare Providers

Childcare workers left the field at high rates and are not returning. With notoriously low margins in this industry, policymakers could consider more incentives to help expand the number of high quality of childcare facilities and consider offering incentives for more workers to enter those fields.

Invest in programs that create play and learning groups for Family, Friend and Neighbor (FFN) childcare providers to build community-based support and increase the supply of quality childcare. Washington State's Fair Start for Kids Act provides resources for families with young children and childcare providers and also led to programs across the state to support FFN providers.[xxxviii]

Conclusion

COVID's impact on Colorado's women's workforce has passed, but many of the same issues remain that characterized women's labor before the pandemic.

Mothers face unique economic hurdles. Economic, social, and governmental structures are not set up to flexibly work around childcare at home or in service centers. Over time, career and lifelong earnings can degrade for mothers in ways not experienced by fathers.

Childcare can be both out of reach and out of range. Over half of Colorado's population lives in a childcare desert. When available, costs often go several times beyond the 7% of income recommended by the U.S. government.

If public and private leaders want to address the longstanding issues with women's and particularly mothers' economic vibrancy and workforce participation, they will require hard conversation about where and how they offer help. These will range from boosting childcare access and affordability to increasing workplace flexibility.

REFERENCES

i. The true cost of child care in 2023: Everything you need to know

ii. How the US's child care crisis is hurting taxpayers and the economy (usatoday.com)

iii. Why Did Hundreds of Thousands of Women Drop Out of the Work Force? - The New York Times (nytimes.com)

iv. The She-Cession in Colorado: The Impact of COVID-19 on Women in the Workforce in 2020 | Common Sense Institute (commonsenseinstituteco.org)

v. Why Did Hundreds of Thousands of Women Drop Out of the Work Force? - The New York Times (nytimes.com)

vi. Impact of Covid-19 (leanin.org)

vii. https://www.nytimes.com/2020/10/03/us/jobs-women-dropping-out-workforce-wage-gap-gender.html

viii. Prime-age women are going above and beyond in the labor market recovery | Brookings

ix. https://www.businessinsider.com/personal-finance/motherhood-penalty

x. https://www.americanprogress.org/article/fact-sheet-the-state-of-women-in-the-labor-market-in-2023/

xi. About - Moms First

xii. 2022-CO-Market-Rate-Survey-Report-FINAL-Tamara-Schmidt-CDEC.pdf (eccbouldercounty.org)

xiii. The true cost of child care in 2023: Everything you need to know

xiv. Inflation in Colorado: July 2023 Update | Common Sense Institute (commonsenseinstituteco.org)

xv. 2022-CO-Market-Rate-Survey-Report-FINAL-Tamara-Schmidt-CDEC.pdf (eccbouldercounty.org)

xvi. Do you live in a child care desert? (childcaredeserts.org)

xvii. Do you live in a child care desert? (childcaredeserts.org)

xviii. 2022-03-FallReport-FINAL (1).pdf (childcareaware.org)

xix. Fact Sheet: The State of Women in the Labor Market in 2023 - Center for American Progress

xx. Childcare Workers : Occupational Outlook Handbook: : U.S. Bureau of Labor Statistics (bls.gov)

xxi. Fair Start for Kids Act Benefits - Child Care Aware WA

xxii. 2022-03-FallReport-FINAL (1).pdf (childcareaware.org)

xxiii. Still Underpaid and Unequal - Center for American Progress

xxiv. SBAF_National Child Care Survey Report (cdn-website.com)

xxv. How the US's child care crisis is hurting taxpayers and the economy (usatoday.com)

xxvi. Lifetime Employment-Related Costs to Women of Providing Family Care (dol.gov)

xxvii. IPUMS CPS

xxviii. CES-WP-17-68.pdf (census.gov)

xxix. IPUMS CPS

xxx. https://www.americanprogress.org/article/parents-cant-find-summer-child-care-work-suffers/

xxxi. https://www.businessinsider.com/personal-finance/motherhood-penalty

xxxii. The Rise of Telework – AAUW : Empowering Women Since 1881

xxxiii. https://www.shrm.org/hr-today/trends-and-forecasting/research-and-surveys/pages/employee-benefits-survey.aspx

xxxiv. Latest Work-at-Home/Telecommuting/Remote Work Statistics - Global Workplace Analytics

xxxv. https://blog.dol.gov/2022/05/03/working-moms-need-access-to-leave-and-job-flexibility

xxxvi. 3 Ways Federal Investments Can Address Child Care Deserts in America - Center for American Progress

xxxvii. https://co.chalkbeat.org/2023/8/2/23815102/colorado-universal-full-day-preschool-extra-hours-risk-factors-backtrack

xxxviii. 2022-03-FallReport-FINAL (1).pdf (childcareaware.org)