

# **Opting-Out: An Exploration of Labor Force Participation of New Mothers**

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## **Introduction**

In 2006, 4.2 million women had a baby, a major life event that presents time management pressures (Dye, 2008). Recently, media outlets have highlighted the choice of some professional women to exit the labor force after this life event (Story 2005; Belkin 2003). In so doing, they portray these individuals as the vanguard of a “revolution” of women quitting work to take care of children – and thus return to a by-gone era of the stay-at-home mom. We are told that women are willing to throw it all away to take care of the kids, and sacrifice future earnings. Scholars argue this is a media myth: few women have the luxury of opting out (Stone 2008; Bennetts 2007; Boushey 2005). Rather, for those who do leave the labor force, many are driven primarily by lack of economic opportunities or workplace pressures. Those pressures often include work environments incompatible or even hostile to the needs of parents with young children at home. Opting out, or merely shifting down in their labor force participation, requires parents to forfeit future earnings. As such, it presents a major parenting penalty--paid mostly by women.

These parenting penalties may not be limited to women (or men) working in highly paid professional positions. Workers in low-paying occupations, or in occupations negatively affected by recent economic downturns, may find themselves unable to afford to work. Childcare costs for young children are high, living expenses are high, and when coupled with low-paying, or unsteady employment opportunities, workers may find it makes financial sense to leave or reduce their participation in the labor force. Such efforts to improve or mitigate short-term time and economic demands can result in long-term loss of earnings and benefits (Stone 2008; Bennetts 2007).

This research furthers the ‘opt-out’ discussion by investigating the true prevalence of this phenomenon using the most recent nationally representative data available -- the American Community Survey. We add a new dimension to the discussion by exploring whether opting-out is equally apparent across occupation. In other words, are some occupations more child-friendly than others? What circumstances unfold that drive women to forgo a regular paycheck?

## **Research objectives**

This research has four main objectives. Specifically,

1. Are women who have babies opting out of the labor force or are they phasing out by reducing their labor force participation?
2. Are women in some occupations more likely to opt out while in other occupations women continue to work, at least work part-time?

3. If women in some occupations are more likely to opt out, what characteristics do these occupations have in common? Similarly, what characteristics do occupations have in common where women are more likely to continue working after having a child?
4. Are there common characteristics among women who opt out or women who continue working after having a baby?

## **Data**

This paper uses the new 3-year detailed data on occupation from the fully expanded American Community Survey (ACS) for the years 2005-2007. The 3-year file is a composite of three years of ACS – a nationally representative survey of 3 million household addresses each year. The survey collects measures similar to the 2000 decennial census long form including employment status, occupation, industry, class of worker, earnings in the last 12 months, detailed geography, and numerous demographic characteristics for all members of the household. This data source is rich in detail about labor force activities, with about 500 reported occupations and 270 industry classifications.

The universe for this analysis is women between the ages of 16 and 50, about 72 million women. The large sample size and rich demographic detail of the ACS allows for a more in-depth analysis than may be possible with other national surveys. This first release of the three-year-ACS file allows an opportunity to study occupational differences and life choices for women in fine detail.

## **Methods**

We first examine the labor force participation rates of new mothers who had a child in the previous 12 months, comparing them to the labor force participation of women who had minor children living at home but did not have a child during the last year, and with women who had no children living at home (which includes those with adult children or were childless). From this we will determine the prevalence of women opting out (not working), phasing out (working part time), or staying in (working full time).

To address our second research question, we compare estimates of women's labor force participation for these three groups of women, crossed by occupation, to see if there are occupations where women are more likely to remain employed after childbirth.

We then compare representative occupations which afford such flexibility with those that do not, including characteristics of the occupation such as the percent female, median earnings, percent government worker, percent self employed, percent private industry, and percent higher education.

Finally we look at the characteristics of women in these representative occupations to see whether there are common attributes which influence women's likelihood to opt out or continue working after having a baby. We consider:

- women's human capital (educational attainment and time in labor force measured as age less years in school),
- financial resources (median earnings, her earnings as a percent of the total family earnings),
- child care resources (second adult in household),
- expense measures (number of other children in the household, monthly housing costs, housing costs as a percentage of earnings).

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