



C H A P T E R 4

THE ECONOMICS OF FAMILY-FRIENDLY WORKPLACE POLICIES

Women greatly increased their participation in the labor force beginning in the 20th century, marking the start of a fundamental change in our workforce and families. In 1920, only 24 percent of women worked outside the home, a share that rose to 43 percent by 1970. Today the majority of women—57 percent—work outside the home.¹ A similar pattern is seen in the participation rate of mothers with small children: 63 percent of whom currently work outside the home, compared to only 31 percent in 1970.²

These gains in women's labor force participation, as well as their increased educational attainment, have translated into large income gains for American families and have benefited the U.S. economy overall. Essentially all of the income gains that middle-class American families have experienced since 1970 are due to the rise in women's earnings. By contrast, wage growth for men over this same period has been flat. (For a broader discussion of labor market trends, see Chapter 3.) For example, median family income in 2013 was nearly \$11,000 higher than it was in 1970. If women today still had the same labor force participation and working hours as they

¹ Women's labor force participation data for age 16 and over is calculated from the Decennial Census in 1920 and taken from the published Bureau of Labor Statistics data series for 1970 and 2014.

² Data are from the 1970 and 2014 Current Population Survey's Annual Economic and Social Supplement calculations that include women with their own children under age five living at home in 1970 and 2014, using the share that are in the labor force during the survey reference week.

did in 1970, median family income would be roughly \$9,000 lower.³ More generally, our economy is \$2.0 trillion, or 13.5 percent, larger than it would be without women's increased participation in the labor force and hours worked since 1970.⁴

While mothers have become important contributors to family income, fathers have increasingly taken on caregiving responsibilities, shifting patterns in the organization of market work and non-market work within families. Today men are doing a larger share of household duties than in the past, though mothers still spend almost twice as much time on household work as fathers. Mothers in 2013 dedicated more than 12 hours a week to child care and related tasks, a slight increase from around 10 hours in 1965.⁵ By comparison, fathers spent almost 7 hours a week on child care and related tasks in 2013, a nearly three-fold increase since 1965. Fathers are also becoming more likely to assume significant child-care roles, and today about 15 percent of all stay-at-home parents are men (Livingston 2014). More generally, caregiving responsibilities are shouldered by workers of both genders, all ages, and in a variety of family situations. More than one-half of workers provide care for others—including their children, elderly parents and relatives, spouses, adult children, and returning veterans with disabilities.⁶

Workplaces, however, have been slower to adapt to changing family dynamics. This has created greater conflicts between responsibilities at

³ This is based on an accounting exercise that compares the median family income in 2013 to the (counterfactual) median that would have been obtained in 2013 had the distribution of women's work hours been the same as it was in 1970. The counterfactual is constructed by reweighting the 2013 family income distribution so that the reweighted distribution of family hours worked by women is identical to that observed in 1970, using the technique introduced by DiNardo, Fortin and Lemieux (1996; henceforth 'DFL'). The procedure effectively gives more weight to the family earnings of observations in 2013 that are more likely (based on the hours worked by women) to have been observed in 1970—that is, families with lower hours worked by women, and less weight to observations less likely to come from 1970. The calculation is based on data on primary families only (families within households containing the householder) from the 1971 and 2014 Current Population Survey ASEC. DFL weights are based on a logistic regression of an indicator variable for whether an observation is from 2013 (rather than 1970) on a set of indicator variables for categories of total hours (in 100-hour increments) worked by adult women in the family.

⁴ CEA calculated this using a growth account formula that relates the level of output to the supply of labor. Using the Current Population Survey from 1970 to 2013, CEA calculated the increase in hours worked by women and assumed that the average product of labor was unchanged.

⁵ Data are from the American Time Use Survey. Child care and related tasks are measured as any task identified under "caring for and helping household children." Data from 1965 are analyzed by Bianchi, Robinson, and Milkie (2006). CEA used a similar methodology to generate estimates for 2013.

⁶ From the BLS release "Unpaid Eldercare in the United States 2011-2012" and BLS Current Population Survey, CEA calculated about 71 percent of workers have either elder care responsibilities or dependent children.