



News Release

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CED Report: Boosting Women’s Labor Force Participation by One Percent Would Generate an Additional \$72.8 Billion of Income for Women

—CED Report Details Economic Impact of Increasing Access to Child Care—

New York, May 31, 2022...Increasing women’s labor force participation rate by even one percent would dramatically increase economic opportunities for women—and yield additional growth and prosperity for the United States more broadly. For women alone, a one percent increase would translate into an additional \$72.8 billion in income, according to a new report produced by the Committee for Economic Development, the public policy center of The Conference Board (CED). But as the report points out, the ability to access paid child care is one of the main barriers to participating in the labor force—and for those important economic benefits to be realized.

The Economic Role of Paid Child Care in the U.S., Part 3: Economic Growth Modeling is the latest installment in a four-part report series examining the issue. The first two reports analyzed extensive data sets on working mothers’ use of paid child care, as well as the labor force participation of men, women, and especially women with children aged 14 and younger. The new report drills into decades of the Census Bureau’s Current Population Survey estimates and determines factors affecting labor force participation.

“The labor force participation rate for women and men has been declining over time—a trend that the pandemic has only exacerbated,” said Dr. Lori Esposito Murray, President of CED. “For women, access to child care is a major factor in deciding whether to participate in the workforce. As our new groundbreaking study demonstrates, increasing the labor force participation rate of mothers would unlock numerous economic benefits for women, their families, and for the country generally.”

Key insights from the new report include:

A one percent increase in the labor force participation of women ages 18-54 would produce multiple economic benefits.

- **The women who would need to enter the labor force:** 569,100 more women would enter the labor force, including 210,700 mothers of children 14 and younger, and 44,900 mothers with children under age five.
- **The impact on paid child care:** More than 126,000 children would enter paid child care, including 121,800 children 14 and younger and 47,900 children under age five.
- **The impact on personal income:** Total real personal income would increase \$72.8 billion, including \$26.9 billion for mothers with children 14 and younger, and \$5.7 billion for those with children under age five.

Short-term changes in the prevalence of paid child care correspond with three key factors.

- **Labor force participation:** Increases in mothers working are associated with increases in the number of children in paid care (particularly for mothers with children under age five).



- **Actual hiring of mothers:** Mothers are more likely to use paid care when they have a job rather than when they are searching for work.
- **Increased income:** The use of paid care increases as income rises.

Long-term changes in the prevalence of paid child care correspond with three key factors.

- **Maternal labor force participation:** The share of children in paid care (for both age groups—mothers with children 14 and younger as well as mothers with children under age 5) has a significant long-run relationship with economic variables in the time period tested.
- **Real income:** Real personal income per capita has a stable relationship with paid care usage.
- **Overall male and female labor force participation:** Overall male and female labor force attachment rates are also interrelated with the share of children in paid care. This is additional evidence of a broader and more general relationship between labor force participation and paid child care use over the long run.

Key factors that drive paid child care use in the U.S.

- **Labor force participation:** Use of paid care highly relates to maternal workforce participation.
- **Household income:** As household incomes rise, so does the likelihood of using paid child care.
- **Educational attainment:** The likelihood of using paid care also increases as the level of education increases.

Three factors affect the shape of state economic growth.

- **Educational Attainment:** Achieving higher levels of education leads to higher average incomes at the state level (which in turn increases the likelihood of the use of paid care).
- **Capital:** Capital investment influences regional economic growth.
- **Traded Activity:** Goods and services that are exported for sale outside a local market boost income within a region.
 - The growth factors are highly interrelated. For example, higher levels of education are generally associated with increased labor force participation rates and higher income. Capital investment acts as a complement to boost labor force participation and productivity. Many basic industries that produce goods for extra-regional trade tend to be the heaviest users of capital.

The report, *The Economic Role of Paid Child Care in the U.S., Part 3: Economic Growth Modeling*, can be accessed [here](#). It is the third in a four-part series, produced with funding from the W.K. Kellogg Foundation, on the use of paid child care. The series and more information can be found [here](#).

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About CED

The Committee for Economic Development (CED) is the public policy center of The Conference Board. The nonprofit, nonpartisan, business-led organization delivers well-researched analysis and reasoned solutions in the nation's interest. CED Trustees are chief executive officers and key executives of leading US companies who bring their unique experience to address today's pressing policy issues. Collectively



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