

NYC / EDC

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A Crisis for Working Women and Mothers

Making the Case for Childcare
at the Core of Economic Recovery
in NYC

COVID-19 has disrupted our economy and livelihoods in profound ways, with an impact on **working women and mothers** that has exacerbated long-standing gender inequities.

A **lack of childcare** has been central to this impact, and it has taken an economic toll on individuals, families, and New York City as a whole.

A Crisis for Working Women

The downturn caused by the pandemic has had outsized effects on US female employment and labor force participation: In the one-year period from February 2020 to January 2021, women's employment fell 6.1%, compared to 5% for men, and 2.5 million women had left the labor force (a 3.3% drop) compared to 1.8 million men (a 2% decline).¹

Almost **twice as many women** as men in NYC had dropped out of the labor force by May 2020.



Further, because women left the labor force at higher rates than men, the relative unemployment rates understate the impacts that the downturn had on women. In NYC, almost twice as many women as men had dropped out of the labor force by May 2020.²

In NYC, unemployment rates reached a peak of 20% in June 2020, after hitting near-record-low levels of 3.5% in January.³ Our estimates from Current Population Survey (CPS) microdata for this peak reveal a higher unemployment rate of 20.8% for women, compared to 17.6% for men.

COVID-19-related employment impacts in NYC were greatest in industries that employ relatively more women, minorities, and residents from boroughs outside Manhattan (accommodation and food services, administrative services, and arts and entertainment). This is in contrast to the effects of the Global Financial Crisis of 2008. Overall, minority women, especially Hispanic women, and women with lower levels of education experienced greater unemployment compared to men with similar characteristics.⁴

A Crisis for Mothers

A Boston Consulting Group survey in April 2020 found that US parents had nearly doubled the time spent on education and household tasks, from 30 to 59 hours, with women taking on a greater share of this additional time.⁵ Further, CPS estimates show that women are working part-time because of childcare and other family obligations, and that women are not looking for work because of a greater share of family responsibilities. By late January 2021, about 519,000 people in the NYC metro area were not working because they were taking care of a child at home.⁶ Household provision of childcare is keeping a larger share of workers out of the labor force in NYC than in Los Angeles, Houston, and Boston.

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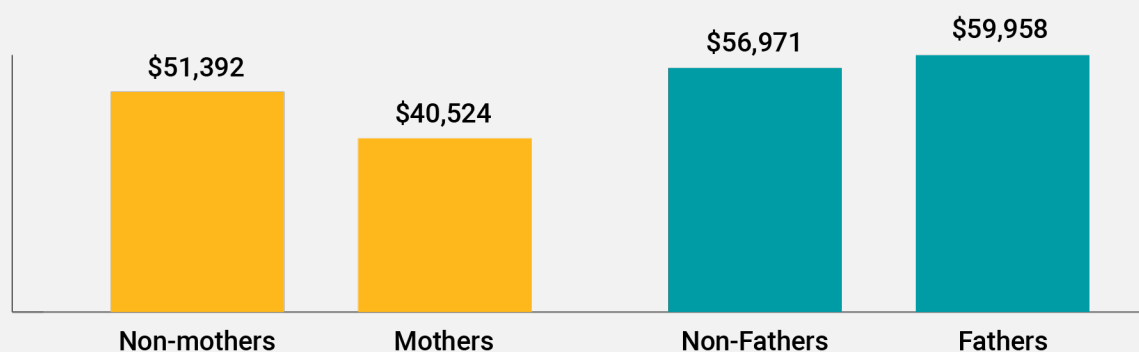
With parents—and especially mothers—spending even more time on household responsibilities during the pandemic, the economic repercussions are certainly amplified.⁷ But the additional time that women spend on domestic work, particularly childcare, is a long-standing cause of lower pay and stunted career paths.

Even before the pandemic, women in the US were spending an average of two hours more each day cooking, cleaning, taking care of children, and doing other unpaid work than were men, equivalent to 37% more time.⁸ And this gap applies too for full-time working women, who spend 22% more time than do men. This unpaid work is valued at \$1.48 trillion per year⁹ or 7% of US GDP.¹⁰

In addition, we've seen an increasing return to working long, inflexible hours, especially in managerial jobs and "greedy professions" like finance, law, and consulting—penalizing women because they are encouraged to take accommodations, such as going part-time and shifting to internally facing roles.¹¹ This is an unintended side effect of the embrace of a winner-take-all economy,¹² amounting to a "motherhood penalty" and a "fatherhood premium."

In NYC, the wage gap for mothers (relative to non-mothers) was 79 cents to a dollar in 2018. For fathers, the wage premium (relative to non-fathers) was \$1.05 to a dollar (Figure 1).¹³ Further, mothers' wage penalty is not only apparent soon after the birth of the first child, but persists many years after, implying that it is not only women with young children who face a disadvantage.¹⁴

Figure 1: Median wages in NYC by parental status, 2018



Source: Author calculations using data from American Community Survey 2014–18 5-Year Estimates

Why Should Businesses and Government Care?

Ensuring gender diversity in the workplace and providing childcare benefits makes good business sense:

- Companies with gender diverse boards are 28% more likely than non-diverse peers to outperform financially.¹⁵
- US businesses lose \$57 billion per year due to childcare challenges: Providing childcare benefits can decrease workforce absences by 30% and job turnover by as much as 60%.¹⁶
- 83% of Millennials would consider leaving their job for one with more family-friendly benefits.¹⁷

Further, we estimate that NYC parents leaving the private workforce or shifting from full time to part time would result in a loss of 250,000 person-years of employment, \$60 billion in real output, and \$18.5 billion in disposable personal income over the next five years.

NYC parents leaving the workforce or downshifting their careers due to the impacts of COVID-19 and lack of access to childcare could **cost the City \$2.2 billion per year** in tax revenues.



On a government level, estimates from our fiscal and economic impact analyses suggest that NYC parents leaving the workforce or downshifting their careers due to the dual impacts of COVID-19 and lack of access to childcare could cost the City \$2.2 billion per year in tax revenues, or roughly 3.7% of FY21 estimated City tax revenues. This downshifting or leaving the workforce could impact roughly 249,000 working mothers and 124,000 working fathers in NYC.

Finally, there are several potential long-term impacts of women dropping out of the labor force: macroeconomic impacts such as lower aggregate income dampening consumer demand; business impacts such as negative effects on the talent pipeline for female leadership; and household impacts such as decreased retirement security for women.

Childcare and NYC's Recovery

The economic fallout from the pandemic in NYC and the US has been staggering, and COVID-19 has brought to the fore an urgent need for public policy to address the unique challenges of working women, especially as they relate to childcare. The pandemic has been a blow to women, to mothers and, by extension, to families and their lifetime financial footing. This in turn has been a blow to NYC's overall financial wellbeing. Our findings make a clear case that improving childcare access will be vital to the city's full economic recovery.

Endnotes

- ¹ Bureau of Labor Statistics Monthly Employment Situation, Household Survey
- ² Current Population Survey, Bureau of Labor Statistics and Census Bureau
- ³ Current Population Survey, Bureau of Labor Statistics and Census Bureau
- ⁴ Our preliminary estimates from CPS microdata indicate that unemployment for Hispanic women hit 28%, and unemployment for women with less than a High School diploma could have been as high as ~49% in NYC in June 2020.
- ⁵ Boston Consulting Group Caregivers Survey, April 2020, <https://www.bcg.com/en-us/publications/2020/helping-working-parents-ease-the-burden-of-covid-19>
- ⁶ Census Bureau Household Pulse Survey Week 23
- ⁷ Goldin et al. The Expanding Gender Earnings Gap: Evidence from the LEHD-2000 Census. American Economic Association. May 2017. <https://www.aeaweb.org/articles?id=10.1257/aer.p20171065>
- ⁸ Hess et al. Providing Unpaid Household and Care Work in the United States: Uncovering Inequality. IWPR. January 2020. <https://iwpr.org/wp-content/uploads/2020/01/IWPR-Providing-Unpaid-Household-and-Care-Work-in-the-United-States-Uncovering-Inequality.pdf>
- ⁹ Wezerek and Ghodsee. Women's Unpaid Labor is Worth \$10,900,000,000,000. NY Times Opinion. March 5, 2020. <https://www.nytimes.com/interactive/2020/03/04/opinion/women-unpaid-labor.html>
- ¹⁰ US Bureau of Economic Analysis, Gross Domestic Product [GDP], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/GDP> February 23, 2021.
- ¹¹ Ely and Padavic. What's Really Holding Women Back? HBR. March 2020. <https://hbr.org/2020/03/whats-really-holding-women-back>
- ¹² Miller. Women Did Everything Right. Then Work Got 'Greedy.' NY Times The Upshot. April 26, 2019. <https://www.nytimes.com/2019/04/26/upshot/women-long-hours-greedy-professions.html?smid=url-share>
- ¹³ Our wage gap is calculated by dividing median real wages of women 25 and older working in the five boroughs of NYC and earning non-zero wages with the corresponding population of men in 2018, using American Community Survey 2014-18 data. It includes both full-time and part-time employees. When we further restrict the population to full-time workers, the wage gap for mothers (relative to non-mothers) is 85 cents to a dollar. For men, wage premium (relative to non-fathers) is \$1.03 to a dollar.
- ¹⁴ Kleven et al. Child Penalties across Countries: Evidence and Explanations. AEA Working Paper 2019. <https://oar.princeton.edu/jspui/bitstream/88435/pr1cn5s/1/pandp.20191078.pdf>
- ¹⁵ McKinsey 2020. Diversity Wins: Why Inclusion Matters <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>
- ¹⁶ US Chamber of Commerce, The Business Case for Childcare. <https://www.uschamberfoundation.org/early-childhood-education/the-business-case>
- ¹⁷ Care.com, Care.com Workplace Solutions Better Benefits Survey. <https://www.care.com/press-release-millennials-would-leave-job-for-better-benefits-p1186-q65824324.html>

About NYCEDC

New York City Economic Development Corporation creates shared prosperity across New York City's five boroughs by strengthening neighborhoods and creating good jobs. NYCEDC works with and for communities to provide them with the resources they need to thrive, and we invest in projects that increase sustainability, support job growth, develop talent, and spark innovation to strengthen the City's competitive advantage. To learn more about our work and initiatives, please visit us on Facebook, Twitter, or Instagram.

The Economic Research & Policy Group at NYCEDC

The Economic Research & Policy (ERP) group performs industry and economic research to provide insights into key policy issues, conducts economic analysis of New York City projects, and tracks economic trends for policymakers and the public as a whole. ERP also supports NYCEDC in the evaluation of projects by setting up tools to assess, measure, and report on ideation and results. The team advances high-impact thought leadership on inclusive and innovation-driven economic development.

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