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

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Opting Out of the Labor Force After Having a Birth

Introduction

The Media has highlighted the choice of some well educated, professional women to exit the labor force fter having a baby (Belkin 2003; Wallis, 2004; Story 2005). This narrative describes a rising "revolution" of women who choose to leave their successful careers in favor of staying at home to take care of their hildren. Scholars argue this is a media myth: few women have the luxury of opting out. Rather, for those who do leave the labor force, many are driven primarily by lack of economic opportunities or workplace essures. (Stone 2008; Bennetts 2007; Boushey 2005). Those pressures often include work environments compatible or even hostile to the needs of parents with young children at home. Opting out, or merely reducing their levels of labor force participation, requires parents to forfeit future earnings. As such, it presents a major parenting penalty, paid mostly by women.

hese parenting penalties may not be limited to women working in highly paid professional positions. Vorkers in low-paying occupations, or in occupations negatively affected by recent economic downturns, nay find themselves unable to afford to work. Childcare costs for young children are high, living expenses e 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 prevalence of this phenomenon using the most recent nationally representative data available: the American Community Survey 3-year data file 2005-2007. We add a new dimension to the discussion by exploring whether opting-out is equally pparent across the occupational structure. We then explore the influences of both occupational haracteristics and women's characteristics on women's decisions to work or not after having a birth.

- Unit of analysis: Women aged 16 to 50, approximately 70 million women We consider employment differences for women based on reported fertility
- status in previous 12 months and presence of children in household. Three measures considered: employment status based on status one week prior to interview; part time status based on usual status when employed; dropout based on respondent's answer to question regarding status one year prior.
- Employment status includes employed, unemployed, and not in the labor force. Part time is defined as usually working less than 35 hours a week and/or less than 50 weeks in a year.

Findings:

- For all three measures, women who had a birth differed from those who did not, with a lower percentage employed and higher percentages of part time and dropping out of the labor force.
- No large differences appear in employment status between women with children who were at least one year old and women who had no children in the household.
- Women who had a birth in previous 12 months were more likely to have experienced working less than the full year than women who had not had a birth, possibly due to use of unpaid maternity leave.

Employment Status of Women 16 to 50



- **Opting Out by Occupation**
- Unit of analysis: 190 detailed occupations covering 94 percent of all women with occupations
- For each occupation, we consider for women ages 16 to 50:* relative probability of working, relative probability of working part time/part year; estimated relative probability of dropping out of the labor force
- Occupations are classified into major occupations groups for presentation

Findings:

- Working after a birth varies by occupation: for example, healthcare practitioners and technicians were less likely than construction laborers to take time off without pay.
- Management, business, and financial occupations had the highest rates of new mothers working part time or dropping out of the labor force.
- ercent of women in this age group had no occupation (had not worked in previous 5 years) or were in the military. e relative probability of working after a birth for the occupational group of construction laborers was not statisticall different from the occupational group of farming, fishing, and forestry.



Relative Probability of Working After Having a Birth



Relative Probability of Working Part time or Part year



Relative Probabilities of Selected Detailed Occupations							
Selected Detailed Occupations	Number of women aged 16 to 50 in occupation (in thousands)	Percent currently working of all women in occupation	Percent of women having a birth in previous 12 months	Relative probability o working afte having a bir			
Maids and housekeeping cleaners	1,163	69.6	6.3	0.60			
Cashiers	2,955	62.7	8.4	0.62			
Cooks	857	70.1	6.2	0.62			
Retail salespersons	1,746	70.0	5.4	0.63			
Food preparation workers	470	68.4	6.4	0.65			
Waiters and waitresses	1,836	69.8	6.7	0.66			
Janitors and building cleaners	673	70.2	5.3	0.66			
Stock clerks and order fillers	555	70.6	5.5	0.67			
Preschool and kindergarten teachers	523	78.6	7.3	0.69			
Receptionists and information clerks	1,018	75.1	5.9	0.69			
Secretaries and administrative assistants	2,859	81.3	4.9	0.71			
Teacher assistants	781	75.7	4.1	0.71			
Office clerks, general	822	78.2	4.4	0.71			
Personal and home care aides	504	73.4	5.5	0.72			
Customer service representatives	1,427	79.1	6.4	0.72			
Child care workers	1,337	68.9	6.7	0.74			
Medical assistants/other healthcare support	602	81.2	6.5	0.76			
First-line supervisors/managers of retail workers	1,195	83.6	4.8	0.77			
Human resources, training, labor relations specialists	478	86.9	5.9	0.77			
Elementary and middle school teachers	2,035	84.1	7.0	0.78			
Nursing, psychiatric, home health aides	1,590	76.9	6.5	0.78			
Bookkeeping, accounting, auditing clerks	1,006	84.9	4.8	0.78			
First-line supervisors/managers of office/administrative support	833	87.9	4.3	0.79			
Secondary school teachers	339	87.8	6.5	0.80			
Hairdressers, hairstylists, cosmetologists	585	85.9	6.5	0.81			
Managers, all other	808	88.5	4.8	0.81			
Accountants and auditors	963	88.9	5.4	0.82			
Postsecondary teachers	447	83.4	4.8	0.83			
Social workers	461	88.8	5.9	0.83			
Financial managers	458	90.6	5.3	0.84			
Licensed practical and licensed vocational nurses	462	87.0	4.8	0.87			
Lawyers	275	89.7	6.7	0.88			
Registered nurses	1,669	91.7	5.7	0.90			
Physicians and surgeons	202	93.6	8.2	0.95			

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Percent of Employed Women by Detailed Occupation The difference in the percent working between women who had a baby in the ous 12 months to those who did no ndardized as a ratio of the two nts for each occupation, called the probability of working. As the tive probability approaches 1.0, the lihood of women's employment ehavior after having a baby is closest t he norm for women in the occupation. Relative Probability of Working by Occupation Librarians, 0.72

Estimated Relative Probability of Dropping Out of the Labor Force





• Unit of analysis: 190 detailed occupations

- For each occupation, we consider the relative probability of working based on the following characteristics of the men and women 16 and older in each occupation.
- percent women - percent having a baby in last 12 months
- median age of women - percent in government, private industry, self employed educational attainment
- median earnings - percent employed
- percent working part time

Findings:

Educational attainment within the occupation and median earnings appear to be the only useful predictors of whether women choose to work after having a child or not. While these factors co-vary, the higher R-square of model 4 over either model 5 or 6 suggests that they also have independent effects. Government, which is suggested in literature as family friendly, adds little to the probability.

Women

20.0 40.0 60.0

Percent women in occupation

Government Worker

0.0 20.0 40.0 60.0 80.0 100.0

Less Than High School Diploma

Median Earnings of Occupation

Median earnings

y = -0.0046x + 0.8167 R² = 0.4565

20.0 40.0 60.0 Percent with less than high school diploma

Percent government worker

= -5E-05x + 0.7716

80.0 100.0

Estimated Relative Probability of Working after a Birth in Previous 12 Months

	Model 1		Mod	Model 2		Model 3		Model 4		Model 5		Model 6	
Variable	Parameter	Pr > t	Paramete	Pr > t	Parameter	Pr > t							
	Estimate		Estimate		Estimate		Estimate		Estimate		Estimate		
Intercept	0.6037	<.0001	0.7022	<.0001	0.7358	<.0001	0.7461	<.0001	0.8167	<.0001	0.6783	<.0001	
Median earnings (in thousands)	0.0018	0.0002	0.0020	<.0001	0.0017	<.0001	0.0017	<.0001			0.0028	<.0001	
Percent with less than high school	-0.0020	0.0013	-0.0025	<.0001	-0.0028	<.0001	-0.0030	<.0001	-0.0046	<.0001			
Percent working in government	0.0005	0.0378	0.0005	0.0471	0.0005	0.0443							
Percent female	0.0005	0.0631	0.0004	0.1006									
Percent employed	0.0014	0.2133											
Percent working part time	-0.0003	0.5798											
Percent bachelors degree or more	-0.0001	0.7606											
Median age of women	-0.0001	0.9052											
Percent had a birth	-0.0002	0.9605											
R-Square	0.5771		0.5756		0.5644		0.5547		0.4565		0.4301		
Adj R-Sq	0.5560		0.5640		0.5573		0.5500		0.4536		0.4271		







Employed

Percent employed





Characteristics of Occupations

Median Age of Female Workers

100 15 20 25 30 35 40 45 50 55 Median age of female workers





20.0 40.0 60.0 80.0 100.0 Percent with an advanced degree or more

Part Time/ Part Year Workers y = -0.0028x + 0.847 R² = 0.1192

40.0 60.0 Percent part time/part year workers

Characteristics of Women Who Had a Birth in Previous 12 Months

- Unit of analysis: Women ages 16 to 50 who had a birth in the previous 12 months in 190 detailed occupations
- 59 percent of women in universe were employed after having a birth
- We consider the likelihood of working or not based on the following characteristics of these women:
- Human capital (age, educational attainment, potential work experience Financial resources (total household income, husband's earnings, women's synthetic earnings**)
- Expenses (monthly housing expense, housing cost as a percentage of household income, number of children in household)
- Child care resources (marital status, number of adults in household)
- * Defined as age minus years of schooling minus 5. ****** Predicted based on woman's age, educational attainment, and occupation.

Findings:

Human capital: Women with more education are less likely to opt out of the labor force than those with less education. Similarly, older women are less likely to opt out of the lab force than their younger counterparts.

Financial resources: Women with a household income above \$100,000 are less likely opt out than those with lower household incomes. Women at the highest income levels \$200,000 or more are slightly more likely to opt out than those with incomes between \$100,000 and \$199,999, however, they are still less likely to opt out than those with household incomes below \$100,000.

Expense measures: Expense measures and financial resources do co-vary, however, they appear to have independent and opposite effects. Holding household incomes constant, appears that women with higher housing costs are more likely to opt out. In line with this result, women with more children are more likely to opt out.

Childcare resources: Marital status and financial resources co-vary. Holding household income constant, it appears that married women are more likely to opt out.



Human capital



Potential years of work experience





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	Odds Ratios of the Probability of Working for Women Who Had a Birth in Previous 12 Months for All Occupations and Selected Occupation Groups								
e abor	Effect	All Occupations	Production, Transportation, Material Moving	Health Practitioner Tech					
	Human capital								
	Less than high school graduate	0.667 *	0.738 *	1.(
to	High school graduate ¹	1.000	1.000	1.0					
of	Some college	1.196 *	1.050 *	1.0					
01	Bachelors degree or more	1.260 *	1.010	1.4					
	Advanced degree	1.720 *	1.248 *	1.9					
	Younger women (ages 16 to 27)	0.796 *	0.796 *	0.9					
	Women (ages 28 to 39) 1	1.000	1.000	1.(
	Older women (ages 40 to 50)	1.375 *	1.560 *	0.9					
ey	Einanaial recourse								
it	Household income less than \$50,000	0 474 *	0 /37 *	0.					
nis		1 000	1 000	0					
	Household income \$50,000 to \$99,999	1 231 *	1 189 *	1.					
	Household income \$200,000 or more	1.032 *	0.717 *	0.8					
ld	Expense measures								
	Monthly bousing cost less than \$1,000	0 978 *	0 962 *	0.3					
	Monthly housing cost $\$1000$ to $\$1000^{1}$	1 000	1 000	1 (
	Monthly housing cost \$2,000 to \$2,999	0.800 *	0.698 *	0.1					
	Monthly housing cost \$3000 or more	0.678 *	1.052	0.0					
	One child in household	1.240 *	1.218 *	1.3					
	Two children in household ¹	1.000	1.000	1.(
	Three or more children in household	0.921 *	0.900 *	0.1					
	Childcare resources								
	Married	0.753 *	0.874 *	0.1					
	Not married ¹	1.000	1.000	1.(
	One adult in household	1.449 *	1.269 *	2.1					
	Two adults in household ¹	1.000	1.000	1.0					
	Three or more adults in household	0.812 *	0.828 *	0.8					
	¹ omitted category.								

* significant at <.0001.

Financial resources

Conclusions

Conclusions

Most women in the United States work, even after having a child. While many take time off immediately after giving birth, the odds of working among women with older children at home is essentially the same as that of women with no children at home. However, some women do leave the labor force after childbirth.

The findings in this research suggest that the only occupational characteristics that impact a woman's decision to opt out of the labor force are education and earnings. Government which literature offers as having a family-friendly environment, appears to have a only small impact on the decision to opt out. This suggests that women are not choosing occupations based on their expected family plans but rather, make their family plans in whatever occupation they have based on the financial resources at their disposal.

We hypothesize two groups of women opt out: the many whose earnings are so low they may not have the childcare resources to afford to work, and those few whose family resources are such that they can afford to forgo their personal earnings. Our findings do not support the media's suggestion that large numbers of professional women are opting out; quite the contrary, independent of the effects of earnings, women with more education stay in the work force after having a birth.

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For more information on the American Community Survey (ACS), see the following website: http://www.census.gov/acs/www

This report is released to inform interested parties of ongoing research and to encourage discussion of work in progress. Any views expressed on methodological issues are those of the authors and not necessarily those of the U.S. Census Bureau.