

Q. & A.

# WHY THE PANDEMIC IS FORCING WOMEN OUT OF THE WORKFORCE



By Isaac Chotiner

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*Kyla Ireland, who was laid off from her job as a bell-desk dispatcher, holds her baby. The pandemic has affected men and women differently.* Photograph by John Locher / AP / Shutterstock

**E**arlier this month, the Bureau of Labor Statistics released its employment report for September, which showed that women have been choosing to leave the workforce in staggering numbers: while about two hundred and sixteen thousand men dropped out of the workforce that month, about four times that many women made the same decision. Though the figures for September are particularly stark, they are consistent with trends that have been recorded since March. Unlike most economic downturns, the recession caused by the coronavirus pandemic has led to greater employment losses for women than for men. The unemployment crisis has been compounded by closures of schools and day-care centers, and the resulting caregiving burdens have fallen disproportionately on women.

I recently spoke by phone with Betsey Stevenson, a professor of public policy and economics at the University of Michigan, whose work focusses on the economic issues facing women in the workforce. Stevenson also served on the President's Council of Economic Advisers, in the Obama Administration. During our conversation, which has been edited for length and clarity, we discussed why recessions usually cause greater unemployment rates among men, the economic and societal toll of inadequate child care, and what the past six months should teach us about paid family leave.

### **What do we know about how this economic calamity has impacted men and women differently?**

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The pandemic has impacted women differently from men in multiple ways. At the beginning, we really had a gendered shutdown, and that was because many of the industries that laid people off were industries where women were the majority of workers. A lot of people didn't realize it early on, but a lot of health-care workers got laid off because they didn't want people doing nonessential health care. And, if we think about private-sector education and health services, seventy-seven per cent of the jobs are held by women. So, early on in the recession, we saw lots of women laid off because, not surprisingly, women do a lot of the in-person work in the economy, the kinds of work that couldn't be done remotely.

If you look at the people who were employed in February, more than three in ten women who were employed in February had time where they were not working over the next three months, so they were unemployed, compared to two and a half out of ten men. And it's worth noting that this is actually really unusual in a normal recession.

### **How do recessions usually break down in terms of gender?**

In a normal recession, men tend to lose jobs first because men tend to work in more cyclical industries—the kinds of industries where, when the economy goes down, our desire to make purchases from those industries goes down quickly. So, if you think about the last recession, it hit workers like construction workers early on, and it hit financial services early on, and those are more male-dominated industries. But every recession is different. Economic booms don't die of old age; something has to kill them. I think COVID-19 actually really illustrated that point. We were just going along, and, boom, something killed it. That thing was COVID-19.

But in the kinds of things that have caused recessions in the past, the traditional thing is to see men lose their jobs first. And sometimes we'd see women losing their jobs later, which is what we saw in 2008, never quite to the same extent. But, as state and local governments start laying off employees, you see women are more likely to be government employees. So they lose the majority of those jobs, and that happened later in the 2008 recession. In fact, it was ongoing for many, many years after the 2008 recession ended, as state and local governments struggled to get their financial footing.

And so we started this conversation with what's happened to women. Their industries got hit hardest early on, and we saw a lot of them get sent home. That's kind of unusual. Now we're actually seeing a second thing happening to women that's not unusual—we're starting to see the layoff of those state and local government workers, and that's disproportionately women. And then the third thing that I'm sure you were thinking about, and we can talk more about, is this issue of child care, and we really are starting to see that take a toll on women.

### **My mother is involved in child-care advocacy, so she'd be very upset if I didn't ask it. What precisely is the toll that child care has had on women?**

I think the most shocking thing was the large decline we saw in September in women's labor-force participation. It's hard to know for sure what the toll of child care is, but it's kind of like there's a

mystery to be solved, and we've got a couple of clues to the puzzle. And one thing that points to the toll of child care is a survey that was done out of Northeastern, by Alicia Sasser Modestino, in July. She found 13.3 per cent of working parents had lost a job or reduced their hours because of a lack of child care, and that two-thirds of parents who needed child care were reporting difficulty finding care, which is a number that was double of what parents reported before the pandemic.

Much more recently, the Philadelphia Fed reported in the Beige Book that half of manufacturers said a lack of child care was an impediment to bringing workers back. And more generally they were hearing increasingly from a range of employers that a lack of child care was a problem in bringing all their workers back. And then I think the most jarring thing for a lot of folks was seeing labor-force participation for women who are twenty-plus fall from 57.6 to 56.8 between August and September. That undid a lot of the recovery. And that decline was four times the decline we saw for men ages twenty-plus. I dug into the ages a little bit, and I think the thing that potentially points to an issue with child care is that the decline was really concentrated among women thirty-five to forty-four and women forty-five to fifty-four.

But the decline from August to September among those thirty-five- to forty-four-year-old women was from 75.2 to 73.6. That's a fall of more than a point and a half in labor-force participation. That is huge. And the age group that had the biggest decline was thirty-five to forty-four. And it's not at all surprising to me, in the sense that the people who are really struggling are people with young kids and multiple kids at home. It's the parents who have a four-year-old, a six-year-old, and a nine-year-old, and those kids are at home, and they're trying to do Zoom school. It's really difficult. Even if both parents had the opportunity to work from home, that's a really hard thing to manage. I want to make sure that I emphasize that that's one kind of hardship, and then there's another kind of hardship, which is parents or single moms who had an in-person job and no child care. The challenge of taking this big decline that we saw in September too seriously is that it's one month of data. And we always say, "Ah, don't trust that so much, because data is noisy, and we like to see longer patterns." But, at the same time, that's what we've got. And in September something real did happen: kids didn't go back to school. The September drop was really shocking. If you take a look at what we consider "prime-age" women, women who are twenty-five to fifty-four, people who are normally in the labor force, we've seen their labor-force participation fall to where it was in the nineteen-eighties and it's now back to where it was in 1991. It's just such a big step backward, and it's worth noting

that, if you look at the recovery we had in labor-force participation of prime-age adults during the last boom, the one that ended in 2019, most of that was actually driven by women's increasing labor-force participation, not men's. So we saw women driving the recovery, and women have more education now than men. If you look at the annual data, for women with kids under the age of six, 2019 was an all-time high in their labor-force participation. And so we were at a place of just enormous progress. And I think that progress is at a real risk right now.

**Given that you say that the losses from this recession are different from those of most recessions, how effective was the CARES Act, and how did it come up short?**

The most important thing that the CARES Act did was stabilize household spending. So we saw household spending fall off a cliff at the beginning of the pandemic, and it wasn't all due to state and local government shutting things down; people were frightened, and they didn't go out and spend as much. And they were also frightened of what might happen to their jobs. We saw people cut spending enormously, and the CARES Act really stopped the worst of that, because it got money into people's hands. And by May we saw that the worst of the recession was over, even though the worst of the pandemic hadn't even occurred yet. It allowed people to pay their rent and put food on the table and do some spending that helped keep lots of people employed and helped employers bring lots of people back to work.

And it also provided unemployment insurance for the people who had lost their jobs. So of course women, as the ones who were more likely to have lost their jobs, were also more likely to benefit from these pandemic-relief payments that were given to people who had lost their jobs. The CARES Act made you eligible for unemployment insurance if child care was the reason you couldn't go to work, and it expanded the number of people who were eligible for unemployment insurance, covering people who are traditionally independent contractors. And then people who might not have had a big enough wage-earnings history to qualify for unemployment insurance before were also eligible. So a woman who had maybe worked part time and, under normal circumstances, wouldn't have been eligible for unemployment insurance became eligible. What the act did was help support spending and help employers keep people on payroll.

The thing the CARES Act didn't really deal with was helping support child-care centers that were seeing a massive increase in costs with declining revenue and a need to do some infrastructure

investments, if they were going to make physical adjustments to insure that they could bring kids safely back indoors. It just didn't provide enough money for that. The thing that really stood out to me most with the CARES Act is that when Congress thinks an industry is under threat, it knows how to act to help that industry. And we saw them do that with the airlines. And yet, if you look at what Congress did, they gave more money to Delta Air Lines, one airline, than to the entire child-care sector. So that's about them saying where their priorities are. And I think what I've been trying to do since the CARES Act is point out that a modern economy needs child care as much as, maybe even more than, these airlines. And therefore it should be one of our first priorities in terms of industry support.

**Right, it's both incredibly important for children and necessary on its own terms. And, for all the reasons you're saying, it impacts the ability to make the economy function in every other way, too.**

Yes, absolutely. Every study of high-quality early-childhood education shows that every dollar the government spends on that ends up yielding many dollars in return for the federal government. And that's because the benefits are immediate to the family, by allowing the parents to work more, and the benefits are also to the children who get access to high-quality care and investment, which tends to lead to higher lifetime education, higher employment as adults, higher earnings and employment as adults. And so it ends up benefitting society for decades to come.

And the flip side of that is also true. Ignoring our children will end up hurting society for decades to come. And there are several ways in which we're doing that right now. The child-care sector is organized so there are many, many small providers. This is not a profitable enough industry for them to easily absorb higher costs and lower revenues. And we've got many parents who are barely able to afford child care to begin with, and they're not going to be able to afford it at higher prices. We're going to see businesses that maybe six months from now or a year from now could operate profitably, that can't make it until then. And we already have lots of places all over the United States where there's inadequate access to child care as well. And so I think it's quite possible that if we don't do anything about this, that it won't just affect women today—some woman is going to have a baby a year from now and won't be able to get her kid into child care, even if she would have been able to get her kid into child care before the pandemic.

**You talked about state and local government jobs, and that women make up more than half of them. This is something that Republicans have been generally grumpy about wanting to fund. But what should the next CARES Act try to accomplish in this area?**

I think it's essential that the federal government helps out state and local governments. States have balanced-budget amendments that prevent them from borrowing to pay for current expenditures. What that means is that when a big recession hits, they're going to bring in less revenue. And that is really true in this recession, because the decline in travel is not just because we have less money—we're not going to conferences because of the risk of COVID-19. So they're not having the conferences coming in there, which is one way they raise revenue.

You think about all the different ways in which state and local governments collect revenue, and those revenue sources are down. They've got to cut their spending by the same amount that their revenue falls, and the things they spend on are the things that we want them spending on right now. If we're going to have states with balanced-budget amendments, we have to have a federal government that comes in and offers fiscal relief during a recession to state and local government.

The federal government is the one that's able to borrow and is the best able to take on that kind of debt, and they need to help the states out. This is not a time to fire teachers. Our kids are going to need more help from us than in a normal time. They're going to get back to school, they're going to have behavioral problems in the classroom from time out of school. They're going to have problems with social, emotional adjustment from not having been around their peers. Who's going to help catch them up? Who's going to help bring all these kids together? We need more people in the classroom and in the schools, not fewer. And yet we're asking states to handle this on their own, and the only way for them to handle it is to lay people off. And we just can't afford that as a country. I just have very little patience for the argument that this is a time to let state and local governments suffer, because it's us who will suffer. The state and local governments provide important services to all of us.

**Has the pandemic changed the way you think about your field in any way?**

I think what I've learned is that there are lots of opportunities for us to do things in a better way. We've all discovered that we can actually work flexibly. And I think that I had never considered the

idea that we should be offered a much more expansive parental-leave program. I've been participating in discussions about paid parental leave for more than a decade. And the debate is always around whether should we offer six weeks of paid leave or eight weeks or twelve weeks, and how many weeks can employers tolerate? And we've all talked about it as if you're either on leave or you're not. And now I think we should be thinking about a world in which we have paid leave that then transitions into pay flexibility, so that you're not asking somebody with an eight-week-old or a twelve-week-old to necessarily come back into the office five days a week.

We've seen that working from home does work. And so a much more humane parental-leave policy would be one that transitions from being completely on leave to being flexible and remote. I think that the promise of increased flexibility is greater than I had realized. And I think that one of the things that we learned from this is that we have to figure out, as a society, what our norms are going to be. And so there's a lot of space right now for us.

As doom-and-gloom as it seems when you look at the number of women who have dropped out of the labor force, or who are unemployed right now, or who are struggling with child care, there's also a lot of promise. We've spent fifty years talking about child care as if it were a personal problem, and we're finally talking about it as a social problem and realizing how important it is for society. And I think that we're on the cusp of potentially rethinking how people work, and how they take care of their families, and what kind of support they want from the government. So I think that there's a lot of really good things that could grow out of this time, and we should be thinking creatively and for new solutions. I think the pandemic is forcing us to think really hard about these issues of distribution and how we take care of people who have been hard hit. And it's providing a lot of experiments, and, hopefully, evidence, and the opportunities to learn about how we can do things better, because this isn't going to be the last time we see large fractions of people who become unemployed. And hopefully we're going to be able to manage it better in the future.