

Diverging Trends: Prime-Age Women's LFPR Continues to Rise, But Moms with Young Kids Are Feeling the Effects of the Child Care Funding Cliff

Throughout 2023, both policymakers and advocates warned that the labor force participation rate (LFPR) for women was about to drop. The main reason? Much of the American Rescue Plan's (ARP) child care [funding](#) was slated to expire in September 2023. This "child care funding cliff" was expected to put 3.2 million [children](#) at risk of losing child care, which would subsequently cause many women to drop out of the workforce to take care of their kids.

Instead, the LFPR for prime-age women (ages 25 to 54) continued to rise after the funds expired and reached a [record](#) high of 78.4% in August 2024. While at first glance this challenges the hypothesis around the funding cliff and women's LFPR, a closer look at the data by the JEC Dems finds a more nuanced conclusion. Among all prime-age women, those whose youngest kid is under age five saw both the largest *increase* in LFPR while the child care funds were available, and the largest *decrease* once the funds expired. The overall increase in participation for prime-age women over the last year is hiding that many mothers of young kids have dropped out of the labor force, likely in part due to child care concerns. Though a strong economy, changing demographics, and workplace policies like telework can support participation for prime-age women, these trends demonstrate the need for continued investments in the care economy that support mothers' ability to work.

Before the expiration of ARP child care funding, LFPRs largely increased across the board with prime-age women with young kids seeing the largest uptick

To get a better sense of how ARP child care funding affected LFPR, JEC staff compared how civilian participation rates changed between September 2019 and September 2023 for prime-age women by marital status, parental status, youngest child's age, educational attainment, race and ethnicity, and birthplace.

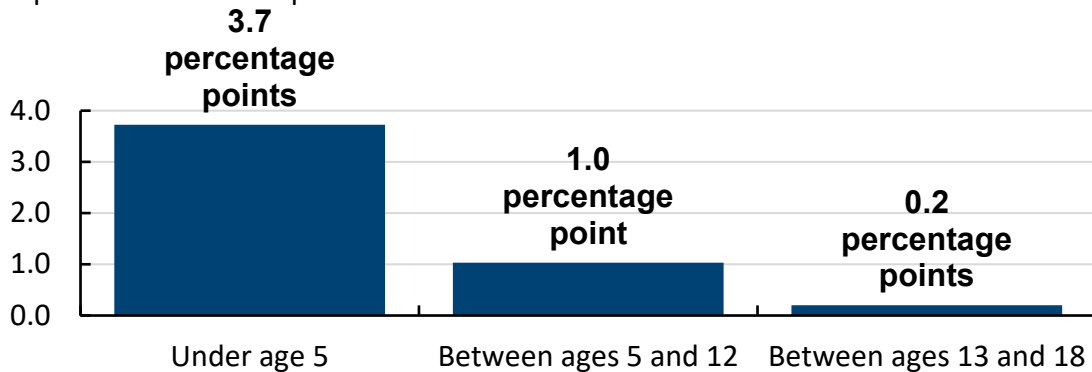
The analysis finds statistically significant jumps in the LFPR for all but one group of prime-age women, with particularly large jumps for women whose youngest child is under age five (+3.7 percentage points), Asian American, Native Hawaiian, and Pacific Islander women (+3.2 percentage points); foreign-born women (+3.0 percentage points); Latinas (2.8 percentage points); and married women (+2.3 percentage points). Unmarried women were the only group to see a decline in LFPR. Full results are included as an appendix.

Child care funding from the ARP is [proven](#) to have helped boost the LFPR for mothers of young children—the most likely group to need child care. It is likely this funding contributed to this

increase for prime-age women specifically. Women whose youngest child is between ages 5 and 12 (+1.0 percentage point) and women whose youngest child is between ages 13 and 18 (+0.2 percentage points) all saw increases of a smaller magnitude in LFPR than women with younger children (+3.7 percentage points). Prime-age women whose youngest child is under five saw the largest jump in LFPR in the four years preceding the expiration of funding and saw the three-month moving average of their participation rate peak in October 2023.

Prime-Age Women With Young Children Saw the Largest Jump in LFPR Among Mothers In the Four Years Leading Up to the Funding Cliff

Percentage point change in LFPR for prime-age women by age of youngest child, September 2019 to September 2023



Source: JEC analysis of Current Population Survey basic monthly samples

Note: Three-month rolling averages are used in absence of seasonally-adjusted data.

Calculations are for civilians.



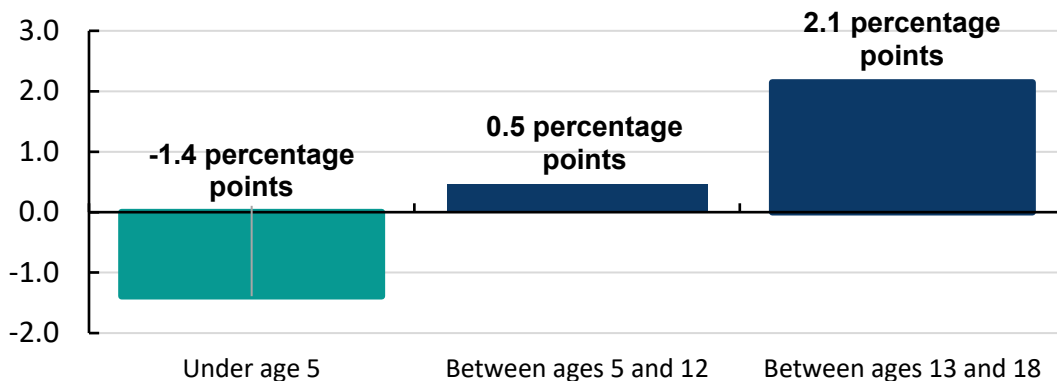
Despite gains leading up to it, prime-age women with young children saw the largest drop in labor force participation after the expiration of ARP child care funding

Despite these gains leading up to the expiration of funding, JEC analysis shows some groups of prime-age women have seen a decline in LFPR between September 2023 and October 2024. While the overall LFPR for prime-age women increased over this period, there were statistically significant declines among women whose youngest child is under age five (-1.4 percentage points), Native American women (-1.0 percentage points), and Latinas (-0.5 percentage points).

After seeing the largest gains between 2019 and 2023, women whose youngest child is under age five have seen the largest percentage point decline in LFPR among prime-age women from the expiration of funding through October 2024. Women whose youngest child is between 13 and 18 saw the largest increase among prime-age mothers (+2.1 percentage points) while women whose youngest child is between ages 5 and 12 saw only a slight uptick (+0.5 percentage points).

Prime-Age Women With Young Children Saw Largest Decline in LFPR Among Mothers Since the Funding Cliff

Percentage point change in LFPR for prime-age women by age of youngest child and parental status, September 2023 and October 2024



Source: JEC analysis of Current Population Survey basic monthly samples

Note: Three-month rolling averages are used in absence of seasonally-adjusted data.

Calculations are for civilians.



While this analysis is not causal, it is striking that the rate declines for the group who was most likely to have benefitted from the ARP’s child care funds. Recent research also shows that LFPR for mothers of young children fell by less in the 11 states plus Washington, D.C. that [implemented](#) “stopgap funding” to make up for the expiring federal funds than in states that did not. Together, this points to the important role that the ARP child care stabilization funds played in boosting prime-age women’s LFPR and the harms that have occurred since their expiration.

Remote work, strong wage growth, industry changes, and increased immigration likely helped drive up overall prime-age women’s labor force participation

Despite this worrying trend for women with young children, it is still worth exploring the reasons why overall prime-age women’s labor force participation hit record highs in August 2024. While it is still too early to have definitive answers, explanations include:

Increased Telework. Telework [helped](#) many women stay in the labor force during the pandemic and continues to do so by providing important flexibility, especially in absence of reliable or affordable child care. [Data](#) show [women](#) with young children have a higher use of telework than women with older children. Additionally, women with children are most likely to telework, followed by women with no children, men with children, and men with no children, respectively. Despite potential [consequences](#) for mothers who work and provide care [simultaneously](#), remote work likely helped drive up the overall LFPR.

Recent wage growth. Wage growth also likely contributed to higher women’s LFPR by making jobs more valuable for those who were otherwise outside of the work force. While middle-

income [wages](#) grew at a 0.7% annualized rate between 2019 and 2023, wages for women grew by 0.9%, and wages for mothers grew by an even faster 1.7%. This wage growth likely helped working mothers transition into high-paying jobs by leveraging the “[great resignation](#)”—unprecedented job turnover after the pandemic—while enticing others to enter the labor force.

Higher Immigration. Research from the Federal Reserve Bank of Kansas City [suggests](#) that foreign-born women have helped drive the increase in post-pandemic prime-age women’s LFPR—consistent with JEC analysis. The report finds that almost 1.3 million of the nearly 10 million foreign-born, prime-age women in the labor force in February 2024 had immigrated to the United States in 2020 or later.

Despite a recent record-high LFPR for prime-age women, the United States still has important work to do to support women in the labor force

Though the overall trend of rising participation among prime-age women is important, the United States still falls below its OECD peers. In 2022, the United States ranked 30 of 38 OECD countries for prime-age women’s LFPR. Additionally, while the United States ranked [sixth](#) highest in women’s LFPR among the 22 OECD countries in 1990, it dropped to 17th by 2010.

Researchers [estimate](#) that other OECD nations that have implemented various family-friendly policies—such as paid family leave, child care, and flexible work schedules—have seen higher rates of women’s LFPR relative to the United States. The United States is [losing](#) out on further economic growth as a direct consequence of its weak family policies.

The United States must also improve pay and conditions in the jobs that tend to be held by women. Women make up a significant [share](#) of part-time workers. While flexibility and shorter hours make part-time work appealing, part-time jobs often pay too-low wages, come with unpredictable schedules, and have only limited, if any, employer-provided benefits. In addition, women are often clustered in low-paying jobs: a 2023 [report](#) found that women represent 64.1% of the workforce in the 40 lowest-paying jobs. This disparity is even more stark for women of color and is despite women’s increasing educational attainment. While getting more women in the labor force is important, the United States must do more to make these jobs pay well.

Federal investments in child care remain vital for the industry and women's labor force participation

A lack of sustained funding for the child care industry has wide ranging ramifications for the economy. Parents of young children who lack access to child care are [forced](#) to take unpaid leave, cut their work hours, not look for a job, or leave or lose a job as a result. Inadequate child care is [costing](#) the economy \$122 billion in lost earnings, productivity, and revenue every year. Advocacy organizations are calling for Congress to [invest](#) \$16 billion in emergency child care funding to help states continue existing child care programs. By expanding family-friendly policies, the federal government can help [boost](#) LFPR for women with young children once again.

APPENDIX

Percentage Point Changes in LFPR for Select Groups of Prime-Age Women

Subgroup of Prime-Age Women	Percentage Point Difference, Sept 2019 to Sept 2023	Percentage Point Different, Sept 2023 to Oct 2024
Marital status		
Married	2.3	0.8
Not married	-0.1	1.3
Parental status		
No children under 18	0.5	1.8
All mothers with children under 18	1.9	0.1
Age of youngest child		
Youngest child under age 5	3.7	-1.4
Youngest child ages 5 to 12	1.0	0.5
Youngest child ages 13 to 18	0.2	2.1
Educational Attainment		
High school diploma or less	0.3	-
Some college	0.3	0.9
Bachelor degree or higher	1.6	1.4
Race and Ethnicity		
White, non-Hispanic women	0.8	1.3
Black, non-Hispanic women	0.7	1.7
Asian American, Native Hawaiian, or Pacific Islander women	3.2	2.1
Native American women	2.5	-1.0
Latinas	2.8	-0.5
Birthplace		
U.S.-born women	0.9	1.2
Foreign-born women	3.0	0.4

Source: JEC calculations using data from the Current Population Basic monthly samples

Note: All reported values were statistically significant at the 95% confidence level. Only the change in HS or less participation between September 2023 and October 2024 was not significant (change of 0 percentage points). Differences are based on 3-month rolling averages of LFPRs in absence of seasonally adjusted data. Calculations are for civilians.