Recent Labor Force Participation Gains for Women with Young Children May Slow as Childcare Stabilization Funds Expire

by: Elior Cohen and Didem Tüzemen

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Notes: Chart plots population-weighted percentage point change in 12-month moving average labor force participation rate for each group in a given month relative to January 2020. ARPA is the American Rescue Plan Act. “Prime-age” refers to individuals age 25–54. “Young children” are children under six years old. “Married” corresponds to a married woman with a spouse present. Sources: U.S. Census Bureau and authors’ calculations.
Labor force participation rates of women with young children (under six years old) have increased significantly since their lows during the pandemic. This rise may be partly attributed to the American Rescue Plan Act’s (ARPA) childcare stabilization funds, which offered financial assistance to daycare providers to remain operational. Childcare availability likely helped the recovery in the labor force participation rate of unmarried women with young children (green line) and supported further increases in the participation rate of married women with young children (blue line). The expiration of these funds on September 30 may limit further progress or cause a partial reversal of these gains.

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