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What She-cession? More U.S. Women Are Working Than Ever

Companies have more women on their payrolls than ever before, as a large share of 25- to 54-year-olds are employed or looking for work.

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Three years ago, a global pandemic triggered a so-called “she-cession,” as millions of women lost their jobs or left the workforce to care for loved ones. Now, they’re leading the recovery.

Companies have more women on their payrolls than ever before, in part because of a steady rise in the share of women ages 25 to 54 who are employed or searching for work. The participation rate for that group climbed to a record high of 77.5% in April, surpassing a peak reached in 2000, according to government data going back to the 1940s.

“We have gotten back to the best that women had ever done historically,” said Kathryn Anne Edwards, a labor economist.

The milestone marks a surprisingly fast reversal from the depths of the COVID-19 crisis, which had undone years of progress in women’s workforce participation. The bounce-back reflects everything from the rise of remote work to long-term trends such as more women getting college degrees. But more than anything, it is driven by economic conditions: The U.S. job market is strong, lifting participation for a variety of groups, and persistent inflation has pressured families to find ways to offset soaring costs.

“We’ve had unquestionably a very strong recovery,” said Beth Almeida, a labor economist and senior fellow at the Center for American Progress. “And when there are lots of jobs available, people step up to take them.”

Job openings, while declining, continue to outnumber unemployed workers 1.6 to 1, and the unemployment rate—now just 3.4%—matches its lowest level since the early 1950s. That disconnect between labor demand and supply has forced businesses to rapidly increase wages to attract and retain workers. By one measure, private-sector wages and salaries have climbed over 10% in the past two years.

Tamara Atkinson, who heads up the workforce development board in the Austin area, said that an abundance of jobs and better pay has helped to bring more women into the workforce.

“A second reason we’re seeing more women participating is, frankly, necessity,” said Atkinson.

Last year, U.S. inflation surged to a 40-year high of 9.1%. And while it has slowed since peaking in mid-2022, prices continue to rise at a rapid pace. For consumers, that has meant higher costs for rent, groceries, gas and a range of other goods and services.

Against that backdrop, Atkinson, CEO of Workforce Solutions Capital Area, said her group has seen a “marked increase” in the number of women requesting help accessing services that support basic needs like food and transportation.

At the same time, many households are adjusting to the expiration of pandemic-era government aid, like the expanded child tax credit that led to many families receiving monthly payments.

“Many of those supports are now gone,” said Pamela Nabors, president and CEO of CareerSource Central Florida. “Out of necessity, many more women have had to reenter the job search process.”

Demographic factors

The pandemic reshaped workplace policies and child-care arrangements in ways that are influencing women’s decisions to enter or stay in the workforce.

Economists such as Lara Loewenstein at the Federal Reserve Bank of Cleveland have pointed to the rise of remote and hybrid work, as well as more flexibility, as a likely contributor.

Meanwhile, participation among women 55 and older has been stuck near pandemic-era lows, a pattern that suggests older women continue to make sacrifices to help keep their younger family members in the workforce.

“If the daycare was closed, granny became the nanny,” said Almeida. “That actually helped to foster labor-force attachment for a lot of women in that prime working age, even as it pulled down labor force attachment among older women.”

Some shifts that predate the pandemic are also likely playing a role. Francine Blau, an economist at Cornell University, said lower fertility rates could be contributing to women’s greater workforce participation.

Rising education levels among women, Almeida said, also matter. Women with college degrees are more likely to be in the labor force than women without college

degrees, she said, in part because they often are able to obtain higher-paying jobs that allow them to afford child care.

Fragility of the future

While a strong labor market has allowed many women to pursue better job opportunities with higher pay and more attractive benefits, much of the hiring need now is in lower-paying sectors like leisure and hospitality and home health services.

“We’ve recovered from a decline, but that is not the same thing as thriving,” said Edwards, who’s also a Bloomberg Opinion contributor. Many of the jobs that are open “are not jobs that we would consider to be family-sustaining.”

While Edwards hailed the record participation as “good news,” it’s not clear the gains can be built upon, or even maintained.

“Without underlying change in work-family policy and child care availability, I kind of doubt that we will see further increases,” Blau said.

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