

# California Counts

POPULATION TRENDS AND PROFILES

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## Women, Work, and Family in California

By Deborah Reed

### Summary

Over the course of the last three decades, the growing share of women who work in the California labor market has changed the face of the workplace, contributed to the growth of the economy, and improved the economic status of families. This issue of *California Counts* explores trends in the work participation, earnings, and occupations of California women.

The share of working-age California women who participate in the labor market climbed from less than half in the late 1960s to over 70 percent in recent years. Most of the growth was driven by increased work participation of married women and mothers of young children. Among married women with a child under age six, work participation doubled from 27 percent to 54 percent. For married women with no young child and similarly for unmarried women with a young child, participation grew from just under half to over 70 percent. Single women with no young child maintained participation at a level of about 80 percent.

Over the same period, the average annual earnings of working California women grew from \$17,600 to \$31,500 (in inflation-adjusted 2002 dollars). California women are earning more today because they are working longer hours—the share working full-time increased from 30 percent to nearly half—and because they are earning more per hour. The average hourly wage increased from \$12.40 to \$17.10 between 1975 and 2002. California women are able to earn more today than in past decades because of improvements in educational attainment, with the share completing a bachelor's degree increasing from 11 percent to 29 percent between 1969 and 2002. Women today are also somewhat more likely to be in high-wage occupations such as doctors, engineers, and computer scientists.

The changes of the last three decades have improved the earnings of women relative to men, yet on average women still earn only 80 cents per dollar earned by men in California. In

**Over the course of the last three decades, the growing share of women who work in the California labor market has changed the face of the workplace.**

In addition to being less likely than men to work in high-wage occupations, women are also more likely to take time away from the labor market to raise children. The resulting differences in work histories help explain women's lower earnings.

Women's earnings contribute substantially to family income. For unmarried women, their earnings are the main source of income. For married women, their earnings have been the main source of growth in family income. Among married-couple families, median income grew from \$63,500 in 1979 to \$67,200 in 2002. Over the same period, income from all sources other than wives' earnings fell from \$51,500 to \$46,800. Yet, families may be feeling a "squeeze" of money and time resources. The additional costs associated with women working, such as child care costs, erode some of the income gained from their earnings. And increased work participation brings new challenges of balancing responsibilities of work, family, and home care, as well as finding trusted child care.

Women's increased work participation contributes substantially to California's economy as women make up 45 percent of the labor force, their incomes are used to purchase goods and services in the California economy, and their earnings yield higher tax revenue. As with families, state and local officials also have growing responsibilities when it comes to replacing the services that have traditionally been provided by wives and mothers who are not working in the labor market. Public policy plays an expanding role in ensuring and subsidizing quality child care, providing after-school programs for youth, and providing for nursing home care and other forms of elder care. In these arenas, women have traditionally played an important role, but their role is lessening as they commit more time to the labor market.

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## Introduction

In recent decades, the increasing work participation of married women and mothers has brought about substantial change in the conditions of California families. Women's earnings have been a major source of family income growth over the last quarter century. Yet increased work participation by wives and mothers leads to heightened concerns for families about how to balance work, family, and home care responsibilities. The lives of children today are dramatically different from those of children only three decades ago as substantial numbers are now cared for by relatives and paid child care providers.

In this issue of *California Counts*, we argue that growth in women's work participation is linked to other major social and economic trends of the last quarter century including declining rates of marriage, growth in divorce, delayed childbirth and smaller family sizes, rising educational attainment and occupational status of women, and declining earnings of men. These broad trends have contributed to the growth in women's labor force participation and, in part, may have resulted from this growth.

This study begins by describing the trends in women's labor force participation. We then explore earnings trends and the relationships between earnings, education,

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and occupation. Next, we investigate differences in work participation and earnings by race, ethnicity, nativity, age, and region. We consider child care arrangements, the earnings of women relative to men, and the contribution of women's earnings to family income. We conclude with a discussion of the broad implications of women's increased work participation for families and for the state.<sup>1</sup>

Data for this study come from the *Current Population Survey* (CPS), made by the U.S. Census Bureau. Readers interested in details on data and measurement are referred to the text box.

## Trends in Women's Labor Force Participation

In the late 1960s, just under 50 percent of California women of prime working ages, 25 to 59, participated in the labor market (Figure 1). That share climbed over the 1970s and the early 1980s, reaching 69 percent in 1985. Since 1985, the share has increased slightly. In 2003, most working-age women, 72 percent,

were employed outside the home but only about half worked full-time. The share of women working full-time increased during each of the last three decades, in California growing from just over 30 percent in the late 1960s to 47 percent in 2003.

Women's labor force trends in California tracked fairly closely to those in the rest of the nation until about 1990. During the 1990s, California women were slightly less likely than women in the rest of the nation to work in the labor market. In 2003, 75 percent of women in the rest of the nation were working compared to 72 percent in California. The difference between California and the rest of the nation can be explained by the demographics of the state, as will be discussed more fully below.

Trends in women's labor force participation over the last three decades show only a mild relationship to the business cycle. Small declines in participation appear in the recession periods of 1973, 1983, and 1991. During the strong labor market of the mid- and late 1990s, women's labor force participation grew very little. Full-time

### Text Box. Measuring Work, Earnings, and Income: Technical Notes

**Data source.** The CPS, March Sample, is an annual household survey made by the U.S. Census Bureau. The CPS measures demographic characteristics, work behavior, earnings, and other sources of pretax income. The CPS includes over 60,000 households nationally and roughly 5,000 households in California.<sup>2</sup> The CPS is used by the U.S. Census Bureau to measure trends in poverty and civilian employment. Our earliest analysis is from the late 1960s because earlier data from the CPS are not consistently available or readily comparable to more recent data.

**Labor force activity.** A woman is identified as “participating” in the labor market if she was employed or looking for work at the time of the survey. “Full-time” work is defined as working at least 35 hours in the week before the survey.<sup>3</sup>

**Earnings and wages.** Earnings are measured as combined annual pretax money income from labor including wages, salaries, tips, and self-employment income. Hourly wages, or hourly earnings, are calculated by dividing annual earnings by annual hours of work (the product of weeks worked and usual hours worked per week).<sup>4</sup>

**Inflation adjustment.** All earnings, wages, and income statistics are adjusted to 2002 dollars using a consumer price index for urban consumers, research series (CPI-U-RS), calculated by the Bureau of Labor Statistics. The U.S. Census Bureau recently switched to the research series because it is more consistent than the series previously used (CPI-U-X1).<sup>5</sup>

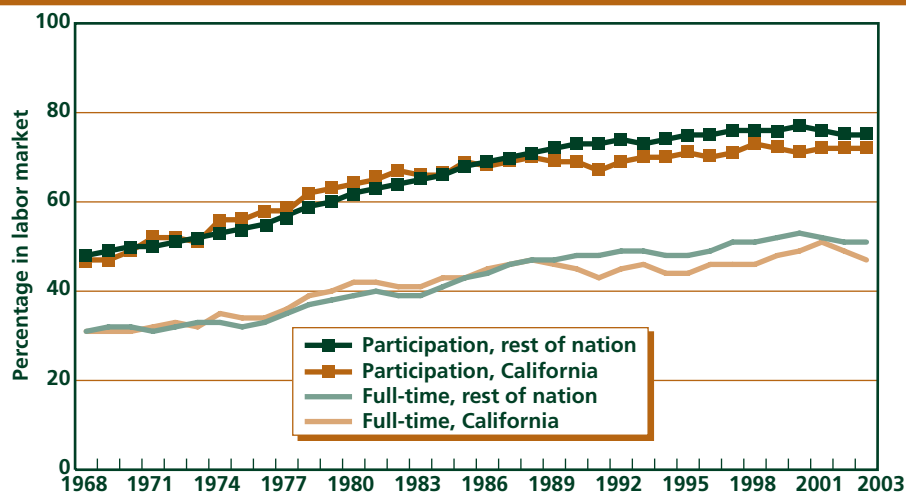
**Family income.** Family income is defined as the sum of all income from all sources for all related persons living in the same residence. Because larger families require more resources than smaller families to maintain the same level of consumption, we adjust for family size using the number and age of family members. We report family income adjusted to represent a family with two adults and two children.<sup>6</sup>

work participation was more responsive to the recent business cycle swings, growing from 44 percent at the low point of the 1994 recession to 51 percent at the peak in 2001 and then dropping off slightly during the recent downturn.

In contrast to trends for women, labor force participation among working-age men has declined slightly in California from about 95 percent in the late 1960s to just under 90 percent in recent years. Over 70 percent of men work full-time. The participation rates of men in California are similar to rates in the rest of the nation.

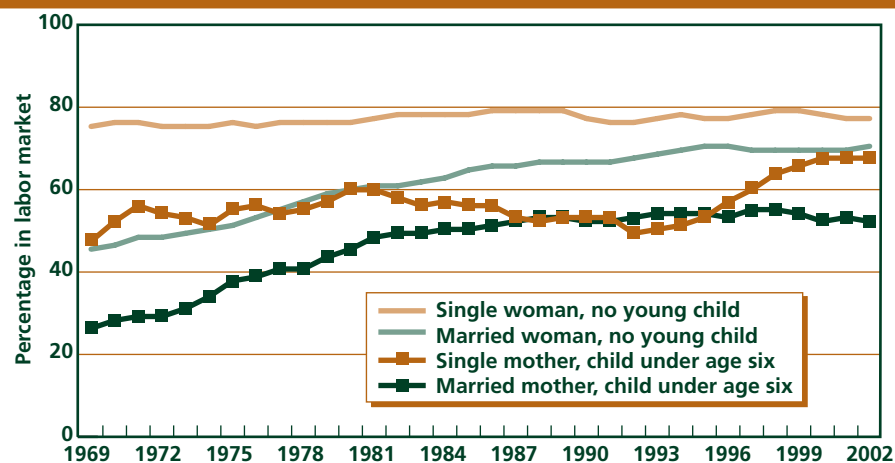
Trends in women’s work participation over the last three decades vary substantially across different types of California families. Among unmarried women who do not have a young child, work participation has held fairly steady at about 80 percent (Figure 2).<sup>7</sup> The substantial growth in women’s labor force participation over the 1970s and early 1980s was primarily driven by the increasing work participation of married women. Among married women without a young child (under age six), work participation grew from just under 50 percent in the late 1960s to almost 70 percent in the mid-1980s and then grew more slowly to about 73 percent in recent years.<sup>8</sup> Among married women with a young child, work participation

**Figure 1. Trends in Labor Force Participation and Full-Time Work of Women Ages 25 to 59, 1968–2003**



Sources: Author's calculations from the March CPS, 1968–2003.  
 Notes: Full-time is defined as 35 or more hours of work per week. See the text box for details.

**Figure 2. Trends in Labor Force Participation of California Women Ages 25 to 59, by Marital Status and Presence of Young Children, 1969–2002**



Sources: Author's calculations from the California subsample of the March CPS, 1968–2003.  
 Note: The figure shows a three-year moving average.

increased from less than 30 percent in the late 1960s to about 55 percent in the late 1980s and has held fairly steady since that time.

The most notable trend during the 1990s has been the growth in labor force participation of single mothers with a young child. During the late 1980s and early 1990s, single mothers with a young child were about as likely or slightly less likely to work than were married mothers with a young child. This was a departure from patterns in earlier decades: From the late 1960s through the mid-1980s, single mothers with a young child had been more likely to work than their married counterparts. In 1993, only 52 percent of single mothers with a young child were working. By 2000, the share had increased to 70 percent.<sup>9</sup>

Growth in women's work participation is related to several social and economic trends that can be viewed as contributors to the growth in participation as well as the changes that result, in part, from participation growth. For example, there has been a substantial increase in the share of women who are single with no young child—growing from 17 percent to 33 percent between 1967 and 2003. The share who are single with a young child grew from 2 percent to 4 percent.<sup>10</sup> Over the same period, the share who are married without a young child declined from 57 percent to 46 percent, and the share who are

**Welfare reform illustrates the interplay between private decisions, social norms, and public policy.**

married with a young child declined from 24 percent to 17 percent. Because single women with no young child are more likely than other women to work in the labor market, growth in their share is related to higher levels of work participation. Furthermore, as rates of divorce have increased, married women may anticipate a greater potential for their own marriage to dissolve and may thus feel a stronger need to have a career as a source of earnings that could be relied on in the event of divorce. These factors also may operate in a reverse manner whereby growth in earnings potential and career opportunities encourages some women to remain or become single.

Growth in women's labor force participation has also coincided with a rising age at which women have their first child, up from an average of 21.8 years in California in 1970 to 25.3 years in 2000 (Mathews and Hamilton, 2002). By delaying childbirth, women potentially have more opportunities for further schooling and early career investments. Indeed, other related trends over

the last 30 years include growth in women's educational attainment, occupational status, and earnings potential (as will be described more fully in the next section).

In addition to having their first child at a later age, women are also having fewer children. Among women ages 30 to 40, the average number of children was 2.5 in the late 1960s and 1.5 in recent years.<sup>11</sup> Having fewer children leads to less time out of the labor market for childbearing and childrearing as well as lower costs to provide child care during working hours.

A final related trend was the decline of husbands' earnings during the 1980s and early 1990s. In 1993, husbands earned an average of \$40,300—down 12 percent from a peak in 1979 of \$46,800. Although husbands' earnings later grew during the economic boom of the mid- to late 1990s, in 2002 they were roughly the same as in 1979. Married women may have increased their labor market work effort in response to declining earnings of their husbands.<sup>12</sup> Husbands may also have reduced their work hours or made other changes, such as choice of city in which to live, to accommodate the increased work and career orientation of their wives.

The sharp increase in labor force participation for single mothers of young children during the 1990s may result from specific policy changes. Meyer and Rosen-

baum (1999) find that a large share of the national increase in the work participation of single mothers over the period 1984–1996 can be attributed to expansions of the Earned Income Tax Credit, a program that provides work incentives by offering tax credits to low-income families based on earnings. They also find a smaller role for welfare benefit reductions, changes in training programs, and expansions of child care subsidies. In 1996, the federal Personal Responsibility and Work Opportunity Reconciliation Act reformed welfare in ways that further encouraged work, including time limits, workforce training, and child care subsidies. The welfare reform program in California, California Work Opportunity and Responsibility to Kids, began in 1998.

Welfare reform illustrates the interplay between private decisions, social norms, and public policy. Under the prior program, Aid to Families with Dependent Children, low-income single women with children could remain on assistance indefinitely with no work requirement. Implicit in the policy was a sense that it was appropriate for low-income women to receive government assistance to care for their children rather than to work in the labor market. In the two decades before welfare reform in 1996, there was tremendous growth in the share of married women with young

children who were working in the labor market—nationwide their participation grew from 28 percent in the late 1960s to 66 percent in 1995. The trend suggests that over this period there was a change in social norms regarding both mothers in the workplace and nonmaternal care for young children. The 1996 welfare reform reflected this change in social norms by imposing work requirements and time limits, implying that it is now more appropriate for low-income women to work in the labor force while others care for their young children rather than to receive public assistance to provide full-time maternal care. Under welfare reform, recipients receive assistance that is directed at improving work opportunities and subsidizing paid child care.

### Earnings, Education, and Occupation

Over the last three decades, the average annual earnings of working California women show a strong increasing trend from less than \$18,000 in the late 1960s to over \$31,000 (in inflation-adjusted 2002 dollars) in recent years, representing growth of roughly 75 percent (see Figure 3). This growth in annual earnings results from an increase in hours of work and a growing share of women working full-time (as was shown in Figure 1)

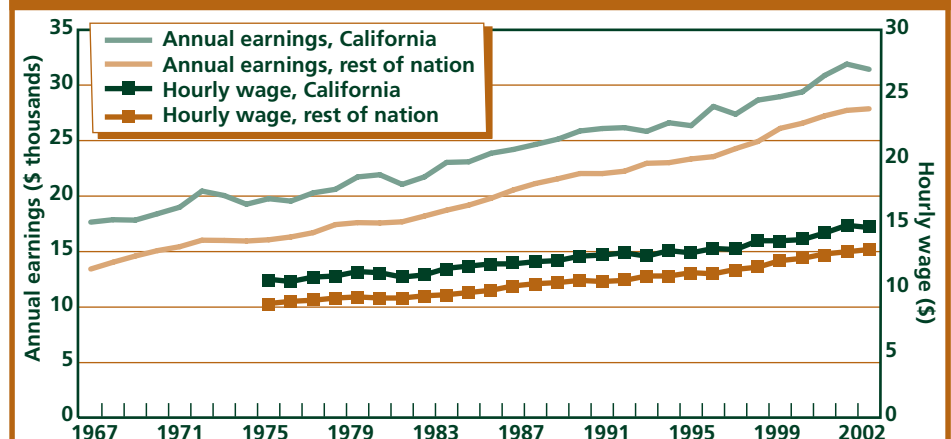
as well as a rising hourly wage of working women. Between 1975 and 2002, the average hourly wage received by women grew from about \$12.40 to over \$17.00, representing an increase of more than 35 percent (hourly wage information begins in 1975).<sup>13</sup> In the rest of the nation, women’s average annual earnings and hourly wages have been lower than in California, but the growth trends were similar to those of the state.<sup>14</sup>

Education is strongly related to work participation and earnings potential. Over the last three decades, the educational attainment of California women increased substantially along with their work participation and hourly earnings. In 1969, only 28 percent of women

**Over the last three decades, the educational attainment of California women increased substantially along with their work participation and hourly earnings.**

had attended college and only 11 percent had a bachelor’s degree or higher (Table 1). By 2002, 60 percent had attended college and 29 percent had a bachelor’s degree or higher. Because women with more education are more likely to work, the share of working women with a bachelor’s degree was even higher, at 33 percent in 2002. Between

**Figure 3. Trends in Average Annual Earnings and Hourly Wages of Women Ages 25 to 59, 1967–2002**



Sources: Author’s calculations from the March CPS, 1968–2003.  
 Notes: Earnings and wages are adjusted for inflation to 2002 dollars but are not adjusted for the higher cost of living in California. Annual earnings are reported for the calendar year before the March survey. Hourly wage is calculated from annual earnings and hours worked in the prior year beginning with the survey in 1976.

1969 and 2002, women at every educational level increased their work participation. Average hourly wages grew at every educational level except for those with less than a ninth grade education. Wage growth was greatest for those with bachelor's degrees and graduate degrees.<sup>15</sup>

As women's workforce participation, education, and earnings grew, so did their presence in high-wage occupations. We define high-wage occupations to be those with the highest average hourly wages that together employ 15 percent of the nationwide workforce—average wages in these occupations ranged from \$24 to \$39 in 2000.<sup>16</sup> Fewer than 7 percent of working California women were in these occupations in 1976 (Table 2). By 2000, nearly 12 percent were in high-wage occupations. By comparison, the share of working California men in high-wage occupations was over 24 percent in 1976 but almost 20 percent in 2000.

Despite a growing presence in high-wage occupations, the most common occupations for female workers in California remained largely unchanged between 1976 and 2000. In both periods, these included secretaries, bookkeepers, sales positions, teachers, registered nurses, cashiers, and nursing aides (Table 3). However, the concentration of women in these occupations has declined from 34 percent to 23 percent. Many of the most com-

**Table 1. Labor Force Participation and Hourly Wages of California Women Ages 25 to 59, by Educational Level**

	% Share of All Women		% Who Work in Labor Market		% Share of Working Women		Average Hourly Wage (\$)	
	1969	2002	1969	2002	1969	2002	1976	2002
Less than ninth grade	12	10	36	49	9	7	8.90	8.60
Some high school	16	7	43	53	15	5	10.20	10.60
High school diploma	43	22	48	70	44	22	11.40	13.40
Some college	17	31	50	78	18	33	13.10	16.70
Bachelor's degree	7	21	50	78	8	23	14.50	21.70
Graduate degree	4	8	73	83	6	10	17.00	25.00
All	100	100	48	72	100	100	12.40	17.00

Sources: Author's calculations from the California subsample of the March CPS for 1968–1970 (combined), 1976–1978 (combined), and 2001–2003 (combined).

Notes: In 1969, the survey asked about years of completed schooling. In 2000, the survey asked about degree completion. Hourly wages are not available before 1975 and are inflation-adjusted to 2002 dollars. Percentages may not sum to 100 because of rounding.

**Table 2. Presence of California Women Ages 25 to 59 Working in High-Wage Occupations, 1976 and 2000**

High-Wage Occupations in 1976	% Share in 1976	High-Wage Occupations in 2000	% Share in 2000
1. Dentists	<0.01	1. Dentists	0.10
2. Electrical engineers	0.02	2. Lawyers	0.52
3. Engineers (unspecified type)	0.02	3. Airplane pilots	<0.01
4. Civil engineers	0.04	4. Electrical engineers	0.20
5. Mechanical engineers	<0.01	5. Pharmacists	0.16
6. Industrial engineers	0.05	6. Physicians	0.30
7. Stock and bond sales	0.07	7. Mechanical engineers	0.05
8. Physicians	0.17	8. Computer scientists	1.21
9. Economists	0.06	9. Engineers (unspecified type)	0.04
10. Sales managers (nonretail)	0.04	10. Management analysts	0.34
Total for top ten	0.46	Total for top ten	2.92
Total for all high-wage occupations	6.85	Total for all high-wage occupations	11.66

Sources: Author's calculations from the March CPS, 1976–1978 (combined) and 2000–2002 (combined).

Notes: Occupational categories are not the same in 1976 and 2000. High-wage occupations are calculated based on the highest average hourly wage for workers ages 25 to 59 nationwide from all occupations that employ at least 0.1 percent of nationwide workers (in inflation-adjusted 2002 dollars).



mon occupations for women have low wages on average. Although women working as accountants and registered nurses do have fairly high wages on average, none of these occupations pay enough to be included in the list of high-wage occupations (described in Table 2).

## Demographic and Regional Differences in Women's Work Participation and Hourly Wage

Work participation varies substantially between U.S.-born and immigrant groups in California. Among working-age women born in the United States, about 75 percent of those who are white, Hispanic, or black work in the labor market (Table 4).<sup>17</sup> Among U.S.-born Asian women, the share working in the labor market is higher, at 84 percent. In contrast, among immigrant women who are white, Hispanic, and Southeast Asian, work participation is roughly 60 percent.<sup>18</sup> Foreign-born Asian women other than those from Southeast Asia are more similar to U.S.-born white women—about 75 percent are in the workforce.

For foreign-born Hispanics, an important factor explaining their low workforce participation

is the high share who are married and raising a child age ten or younger—44 percent. Foreign-born Hispanic families also have more children on average, which would tend to increase the cost of paid child care for working parents. Low levels of education are another factor for this group: 43 percent have not finished ninth grade. As Table 1 showed, less education is associated with particularly low hourly wages that provide less incentive to work in the labor force, particularly for women who would have to pay for child care. Larger families and low educational attainment are also factors for Southeast Asian

immigrant women, among whom 19 percent have not finished ninth grade. In contrast, foreign-born women from other parts of Asia have particularly high levels of education: More than half have a bachelor's degree.

To better understand the racial, ethnic, and immigrant differences in labor force participation, we estimated a statistical model of work participation taking into account marriage, presence of children, education, and region within California.<sup>19</sup> We then estimated an “adjusted” participation rate for each group to match these factors to those of the average California woman. The results suggest

**Table 3. Ten Most Common Occupations for California Women Ages 25 to 59, 1976 and 2000**

Ten Most Common Occupations in 1976	% Share in 1976	Wage in 1976 (\$)	Ten Most Common Occupations in 2000	% Share in 2000	Wage in 2000 (\$)
1. Secretaries	8.1	11.40	1. Secretaries	3.1	13.60
2. Bookkeepers	4.7	11.60	2. K–12 teachers	2.9	19.10
3. Retail sales clerks	3.6	9.40	3. Sales supervisors	2.8	18.10
4. K–12 teachers	3.2	14.70	4. Cashiers	2.5	8.90
5. Waitresses	3.2	7.40	5. Bookkeepers	2.5	14.20
6. Registered nurses	2.9	15.00	6. Registered nurses	2.4	22.80
7. Cashiers	2.4	9.50	7. Nursing aides	2.4	10.80
8. Typists	2.3	10.70	8. Accountants	1.8	22.00
9. Nursing aides	2.0	8.60	9. House cleaners	1.6	9.40
10. Clerical workers	2.0	11.70	10. Administrative investigators	1.4	14.60
Total for top ten	34.4		Total for top ten	23.4	

Sources: Author's calculations from the March CPS, 1976–1978 (combined) and 2000–2002 (combined).

Notes: Occupational categories are not the same in 1976 and 2000. Most common occupations are calculated based on the highest percentage of female workers ages 25 to 59. Wage is the average hourly wage for workers ages 25 to 59 nationwide (in inflation-adjusted 2002 dollars). Administrative investigators is an administrative support position but excludes those in insurance or social welfare.

**Table 4. Labor Force Participation and Hourly Wages of California Women Ages 25 to 59, by Demographic Characteristics and Region, 2001**

	Actual			Adjusted	
	% Share of All Women	% Who Work in Labor Market	Average Hourly Wage (\$)	% Who Work in Labor Market	Average Hourly Wage (\$)
White, born in United States	44	77	18.80	74	17.50
White, foreign-born	5	64	17.20	63	17.80
Hispanic, born in United States	10	74	15.10	80	17.80
Hispanic, foreign-born	19	58	10.40	74	15.20
Asian, born in United States	2	84	19.30	89	18.60
Asian, born in Southeast Asia	2	60	15.80	67	17.50
Asian, other foreign-born	11	74	16.70	74	15.50
Black	6	73	16.00	69	16.50
Ages 25 to 29	15	70	14.40	75	15.30
Ages 30 to 39	32	71	16.30	78	17.10
Ages 40 to 49	31	77	16.90	76	18.40
Ages 50 to 59	22	67	17.90	64	18.10
Sacramento region	5	80	16.70	78	16.10
San Francisco Bay Area	22	77	18.90	76	19.30
Central Coast	3	68	14.00	75	17.10
San Joaquin Valley	10	65	13.60	71	15.50
Los Angeles County	29	70	16.00	73	17.60
Orange County	8	73	18.30	75	18.50
Inland Empire	9	65	15.80	69	17.50
San Diego County	9	75	16.50	75	16.30
All	100	72	16.50	74	17.40

Sources: Author's calculations from the March CPS, 2000–2002 (combined).

Notes: Hispanics of any racial group are included as Hispanics. American Indians are not included because of small sample sizes. Several regions are also not included because of small sample sizes.

Wages are inflation-adjusted to 2002 dollars. See the text and footnotes for details on adjustments.

that these factors can explain the low participation rate of foreign-born Hispanics. Put differently, if foreign-born Hispanic women were to have the same family structure, education, and region of residence as the average California woman, they would participate at a rate of 74 percent. Indeed, for several racial, ethnic, and immigrant groups, the adjusted participation rate falls within a relatively small range—67 to 74 percent. Foreign-born white women have lower adjusted participation rates. U.S.-born Hispanics and especially U.S.-born Asians have higher adjusted participation rates.

The racial, ethnic, and immigrant differences described in Table 4 help explain the lower overall rate of women's work participation in California compared to the rest of the nation (see Figure 1). In 2001, women in the rest of the nation participated at a rate of 76 percent compared to 72 percent in California. Participation rates for the rest of the nation are dominated by U.S.-born white women, who make up 70 percent of the population in the rest of the nation compared to only 44 percent of the population in California. The participation rate for U.S.-born white women in the rest of the nation was 78 percent, very similar to that of California, at 77 percent.

Racial, ethnic, and immigrant differences cannot explain the higher wage of women in Califor-

nia (see Figure 3). In 2001, women in the rest of the nation earned an average wage of \$14.70, or 11 percent below the average for California women (\$16.50). Among U.S.-born white women in the rest of the nation, the average was \$15.30, or 19 percent below the average of white women in California (\$18.80). One explanation for the higher wage of white women in California is their higher education—36 percent have completed a bachelor's degree compared to 31 percent in the rest of the nation. In addition, the higher wage in California may reflect an adjustment for higher costs of living in the state.<sup>20</sup>

Turning to wages across groups within California, we find that U.S.-born Asians have the highest average hourly wage among working women in the state, at \$19.30. High levels of educational attainment—55 percent have a bachelor's degree—help explain their high wage. However, even after adjusting for education, age, and occupation, their adjusted hourly wage remains higher than that of U.S.-born white women.<sup>21</sup>

Among U.S.-born women, Hispanics have the lowest average wage. Adjusting for the same factors, particularly their low educational attainment (only 14 percent have a bachelor's degree), closes the wage gap with U.S.-born white women. In contrast, adjusting for these factors closes the gap for black

women only partially. Foreign-born Hispanic women have the lowest average wage of the groups studied. Adjusting for these factors explains a substantial share of the gap with U.S.-born Hispanics.

Overall, the wage gaps between racial, ethnic, and immigrant groups tend to narrow when we adjust for education, family structure, age, and occupation. However, substantial adjusted wage gaps remain for many groups when compared to U.S.-born white women. Several factors have been shown to be important in research at the national level. First, the adjustments do not include detailed information on job skills, workforce experience, school quality, college major, or English language ability. Second, labor market and related discrimination against racial and ethnic minorities likely plays a role. Third, some groups, particularly blacks, are more likely to live farther away from high-paying jobs. Finally, there may be important differences in job networks, labor market information, and positive role models. See Reed and Cheng (2003) for an analysis of racial and ethnic wage gaps in California.

In recent years, 72 percent of California women ages 25 to 59 were working in the labor market. Within this age range, women who were ages 40 to 49 were somewhat more likely to be working—77 percent (Table 4). This higher share reflects the fact that women

of this age range are less likely to be raising a young child. Older women, ages 50 to 59, were somewhat less likely to be working—67 percent—perhaps because of early retirement. Average hourly wage tends to increase with age, which is likely due to the higher degree of workforce experience and related career advancement for older women. Throughout this study, we focus on working age women—those ages 25 to 59. Among younger women, those ages 18 to 24, 64 percent work. Among older women, those ages 60 to 65, 41 percent work. Only 17 percent of women ages 66 to 70 work in the labor market.

Women's work participation is highest in the Sacramento, San Francisco, and San Diego areas, at 75 to 80 percent. Participation rates are lowest, about 65 percent, in the San Joaquin Valley and the Inland Empire.<sup>22</sup> The high share of Hispanic immigrants in these regions helps explain the low participation rates. When we adjust for family structure, age, education, race, ethnicity, and nativity, participation rates in the San Joaquin Valley and the Inland Empire are closer to those of other regions. The San Joaquin Valley has particularly low hourly wages, with an average of \$13.60 (below the state average by 18 percent). Adjusting for demographic factors, education, and occupation brings the average to 11 percent less than the state average.

## Work and Child Care

When it comes to raising young children in California, mothers are much more likely than fathers to take time out of the labor market. Among married women whose youngest child is under age two, about half participate in the labor market (Figure 4). Among those whose youngest child is older, participation is higher—rising with age of the youngest child until about age ten. Married women whose youngest child is age ten or older participate in the labor market at roughly the same level as married men without a child, close to 75 percent.

In contrast, husbands in families with young children are more likely than other men to work in the labor market. About 95 percent of husbands in families with a child age ten or under are working. Work participation of husbands is lower, about 90 percent, in families with older children. Among married men with no children, 84 percent participate in the labor market.<sup>23</sup>

The annual survey used for this study does not include information on work in the months surrounding the birth of a child. Noonan (2004) finds that for the nation as a whole, in the late 1990s women were working longer into pregnancy and returning to work sooner after childbirth than did women in the late 1960s, but husbands were no more likely to reduce their work hours at the

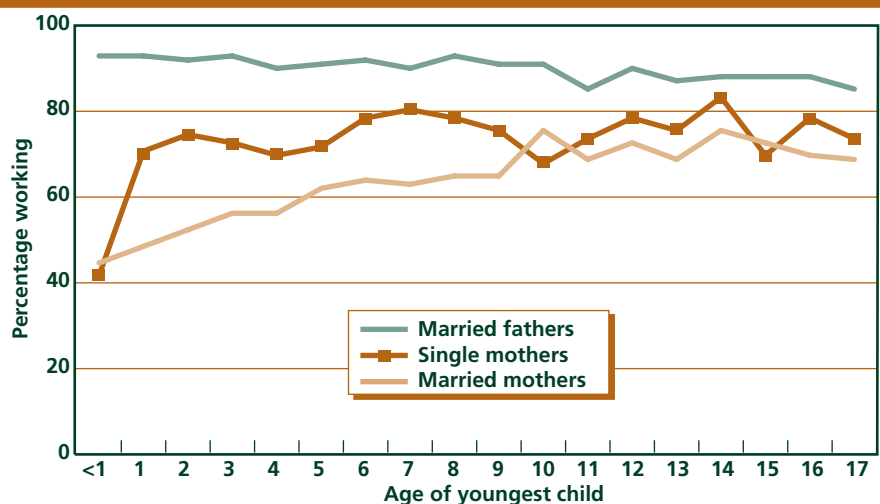
birth of a young child than were husbands in earlier decades. More recently, policy changes are encouraging parental leave. The federal Family and Medical Leave Act legislates up to 12 weeks of unpaid paternity leave. In California, effective in July 2004, fathers could receive half-pay for up to six weeks of paternity leave under the Paid Family Leave Act.

For single mothers, work participation is low only for those with infants—43 percent of single mothers with a child under age one are working in the labor market. For single mothers whose youngest child is age one, participation is 73 percent. For those whose youngest child is age two or older, participation is near 80 percent, a rate similar to that of

single women with no children.

In a study of child care in California, O'Brien-Strain, Moye, and Sonenstein (2003) find that 65 percent of children under age six are regularly placed in some form of nonparental care. Among young children who have at least one parent who is not employed, 49 percent receive some regular nonparental care for an average of 18 hours per week (Table 5). Among those with at least one parent employed part-time, 83 percent receive nonparental care for an average of 27 hours per week. Among those with both parents employed full-time (or with an unmarried parent who is employed full-time), 87 percent are in nonparental care for an average of 38 hours per week.

**Figure 4. Trends in Labor Force Participation of California Parents, by Age of Their Youngest Child, 2002**



Sources: Author's calculations from the California subsample of the March CPS, 2001–2003 (combined). Note: Sample includes families where the female head is ages 25 to 59.

**Table 5. Percentage Distribution of Type of Child Care for California Children Ages 0 to Five, by Parents' Work Schedule**

	Regular Hours			Some Evening and Weekend Hours	
	At Least One Parent Not Employed	At Least One Parent Part-Time	Both Parents Full-Time	At Least One Parent Part-Time	Both Parents Full-Time
Nonparental care	49	83	87	61	81
Type of care					
Structured care	58	45	54	32	47
Relative care	44	53	43	61	65
Family day care	13	26	33	16	17
Nanny/babysitter	11	26	12	28	11
More than one arrangement	34	46	46	40	41
Average hours in care	18	27	38	23	31

Source: O'Brien-Strain, Moye, and Sonenstein (2003) based on data from the National Survey of American Families.

Note: Children may be in more than one type of arrangement.

One strategy for reducing time in nonparental care is to stagger the work schedules of parents to include evening and weekend hours. Among children whose parents work full-time but the hours include evening and weekend work, the share in nonparental care is slightly lower than for other parents working full-time, at 81 percent, and the average number of hours in care is also lower, at 31 hours.

Among children with full-time employed parents, structured care (such as preschool or a day care center) is the most common arrangement, at 54 percent. Many

of these children are cared for by relatives—43 percent. Family day care is also quite common, 33 percent. Nannies or babysitters care for 12 percent of these children. A substantial share—46 percent—are in more than one nonparental care arrangement.

## The Relative Earnings of Women and Men

During the late 1960s and the 1970s, the women's movement popularized the "59 cents"

earned by women for every dollar earned by men. In 1975, the first year for which we have hourly wage data, women in California were earning an average of \$12.40 compared to \$20.50 for men—or 60 cents for every dollar earned by men (Figure 5).<sup>24</sup> During the 1980s, the average hourly wage of women grew, whereas the average wage of men remained stagnant. In 1989, women earned 73 cents per dollar earned by men. During the early 1990s, the hourly wage of men fell, whereas that of women rose; by 1994, women earned 80 cents per dollar earned by men. That ratio has continued to fluctuate near 80 percent over the last decade. In the rest of the nation, the ratio is about 75 percent.

We measure the relative earnings of women compared to earnings of men using hourly wages to remove differences resulting from differences in hours of work. Because women work in the labor market fewer hours than men on average, their relative annual earnings are even lower than their relative hourly wage. For example, in California in 2002, female workers worked an average of about 1,790 hours and earned an average of \$31,500. Male workers worked an average of about 2,110 hours and earned an average of \$45,800.

Differences in educational attainment do not explain the lower wages of women relative to men. Indeed, the educational attainment of working California women

nearly matches that of men, although men are slightly more likely to have a graduate degree.

Occupational segregation is an important factor in understanding the lower wages of women. In Table 2, we showed that only about 12 percent of women were in high-wage occupations in 2000. Among men, the share in high-wage occupations was 20 percent. For the most part, the occupations that women dominate tend to have relatively low wages. The first panel of Table 6 lists the ten occupations that have the highest ratio of female-to-male workers. In each of these occupations, women make up over 90 percent of California workers. The second panel shows the occupations dominated by men. The lowest-wage occupation dominated by men is “extraction helper” (i.e., digging) with a national average hourly wage of \$13.00. Five of the ten occupations dominated by women have average hourly wages less than \$13.00. With the exception of registered nurses (\$22.80 per hour), the occupations dominated by women do not pay over \$14.10 per hour, whereas seven of the ten occupations dominated by men pay over this amount.

A major factor driving the gap between women’s and men’s earnings is the primary role of women in childrearing. In families with young children, women are far more likely than men to be working part-time or not to be in the

Figure 5. Trends in Average Hourly Wages of California Women Relative to Wages of California Men, 1975–2002

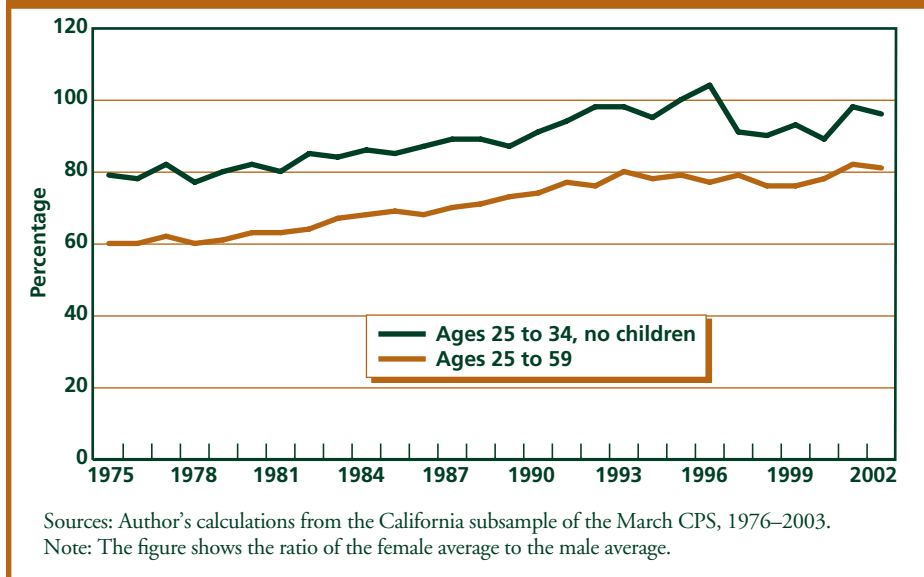


Table 6. Most Gender-Dominated Occupations in California, 2000

Occupations Dominated by Women	Wage (\$)	Occupations Dominated by Men	Wage (\$)
1. Family child care providers	6.20	1. Extraction helpers	13.00
2. Preschool teaching assistants	7.80	2. Painters	13.50
3. House cleaners	9.40	3. Tractor operators	14.00
4. Teachers aides	9.90	4. Auto mechanics	14.30
5. Receptionists	11.30	5. Truck drivers	14.80
6. Preschool teachers	13.20	6. Carpenters	15.60
7. Secretaries	13.60	7. Welders	16.10
8. Typists	13.80	8. Machinists	18.20
9. Information clerks	14.10	9. Plumbers	19.30
10. Registered nurses	22.80	10. Electricians	20.60
Total share of women (%)	13.5	Total share of women (%)	0.5
Total share of men (%)	0.6	Total share of men (%)	13.4

Sources: Author’s calculations from the March CPS, 2000–2002 (combined).  
Notes: Wage is the average hourly wage for national workers ages 25 to 59 (in inflation-adjusted 2002 dollars). Occupations dominated by women are identified based on a high ratio of female-to-male workers among occupations that employ at least 0.5 percent of female workers in California.

labor market (Figure 4). As a result, even when we compare women and men of the same ages, women tend to have less work experience. The relationship between childrearing and earnings can also work in the reverse direction: Women may choose to focus on childrearing because their earnings potential is low. To provide a sense of the wage gap in the absence of childrearing responsibilities, we limit the analysis to comparisons of childless men and women ages 25 to 35. In recent years, women in this group have earned about 90 cents per dollar or higher relative to men (Figure 5).

To better understand the relationship between taking time away from the labor market (e.g., to care for children) and wages, national studies have used surveys that contain detailed work histories. O'Neill (2003) found that women earned 78 cents per dollar earned by men but that after adjusting for actual work experience since age 18, women earned 91 cents per dollar. After adjusting for occupational characteristics, O'Neill found that women earned 98 cents per dollar earned by men. Light and Ureta (1990, 1995) also find that adjusting for actual work experience closes the gender wage gap somewhat, although they find that a substantial gap remains. Because differential work history is a major factor driving the gender wage gap in the United States, it seems unlikely that the gap will be elimi-

nated without substantial social change in gender roles within families (Crittenden, 2001).

Although work history and occupational status help explain the gender wage gap, labor market discrimination may also play an important role. In particular, occupational segregation may itself be due to discrimination. In addition, if discrimination leads women to have lower earnings potential and less career advancement, then it may be a factor in their choosing to take time away from the labor market, perhaps to raise children.<sup>25</sup>

## **Women's Contribution to Family Income**

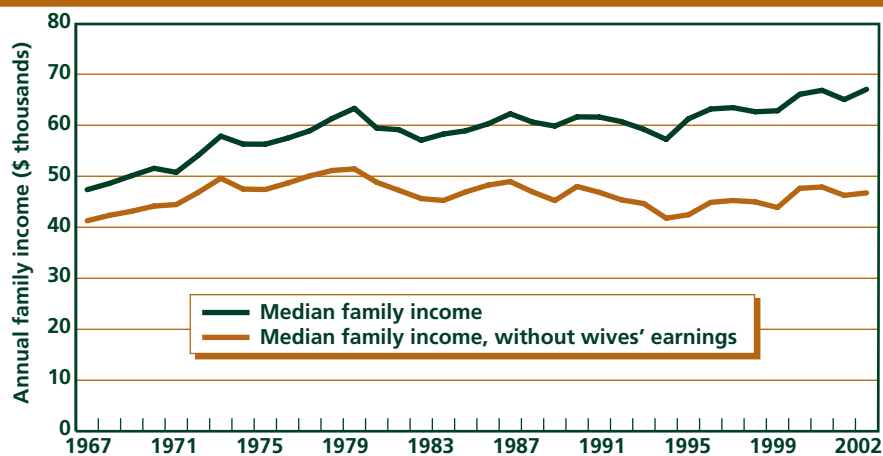
**T**hat women earn less than men also tends to be true within families: Married women tend to earn less than their husbands. In recent years, almost 70 percent of married women earned substantially less than their husbands.<sup>26</sup> Only 11 percent of married women earned about the same as their husbands and only 19 percent earned more than their husbands. Among families with children, 75 percent of wives earned substantially less than their husbands. Married women tend to earn less than their husbands because they work fewer hours—about 1,220 hours per year com-

pared to 1,980 hours per year for husbands—and they are paid lower wages per hour—\$16.70 compared to \$21.20 for husbands.

Although married women often earn less than their husbands, their contribution to family income has become increasingly important over the last three decades. In 1967, median family income in married-couple families—the level at which half of the people in these families have lower family income—was about \$47,400 (in inflation-adjusted 2002 dollars; see Figure 6). During the 1970s, median income for married-couple families grew to over \$60,000. Since that time, the median has fluctuated with the business cycle, showing declines during the recessions of the early 1980s and early 1990s and growth during the recent economic boom in the mid- to late 1990s. By 2002, median family income was \$67,200, growing 42 percent since 1967. This growth stands in sharp contrast to the trend in family income without the earnings of wives. Over the same period, the median for all other income sources combined increased by only 13 percent from \$41,300 to \$46,800. Indeed, wives' earnings were the main engine of family income growth for married-couple families over the last two decades. In 2002, the median of income from all other sources was actually 9 percent below its 1979 level.<sup>27</sup>

The trends in Figure 6 illus-

**Figure 6. Trends in Median Family Incomes of California Married-Couple Families, 1967–2002**



Sources: Author's calculations from the California subsample of the March CPS, 1968–2003.

Notes: Sample includes families in which the wife is ages 25 to 59. Income is reported for the calendar year before the March survey (in inflation-adjusted 2002 dollars). Income is adjusted for family size (see the text box).

trate the growing importance of wives' earnings for middle-income families. However, the trends for all income other than wives' earnings should not be considered estimates of family income if women did not work for pay. For example, if a married woman were not working for pay, her husband might increase his work hours or seek higher-paying employment.

In recent years, wives' earnings have contributed about one-fourth of all income on average for married-couple families. Earnings of unmarried women make up an even larger share of family income. Among single women living alone, earnings are the major source of income, on average contributing over 80 percent of their total income. For unmarried mothers,

earnings make up an average of nearly 70 percent of family income. Family income in single-mother families tends to be quite low, with a poverty rate of 30 percent in California, but it would likely be much higher in the absence of the increase in work participation of single mothers. Cancian and Reed (2002) find that growth in the work participation and earnings of women has been an important factor in reducing poverty nationwide.

## Conclusions

**T**he rising labor force participation and earnings of married women and young mothers have important implications for fami-

lies and for California. On the positive side, women's earnings contribute substantially to family income. For unmarried women, their earnings are the main source of income. For married women, their earnings have been the main source of growth in family income.

Women's work participation also contributes substantially to the state economy. In 2004, over eight million women will work in the California labor force, making up about 45 percent of California workers.<sup>28</sup> Their income further spurs the economy as their families purchase goods and services. And their earnings contribute tax revenues.<sup>29</sup>

Yet, growth in women's work participation leads to new concerns about how to provide and pay for services that have traditionally been done by wives and mothers who are not working in the labor market. Families may be feeling a "squeeze" of money and time resources. The additional costs associated with women working erodes some of the income gained from their earnings.<sup>30</sup> For example, in California the average annual cost for full-time care for a child ages two to five in a center was \$6,739.<sup>31</sup> This represents about 20 percent of the pretax earnings of a woman working full-time at the average wage (\$17.10) and almost 50 percent of the earnings of a woman working full-time at the minimum wage (\$6.75). The use of paid child care also cre-



ates concerns about the quality of nonparental care. In addition, meeting the demands of the labor force and family and home care can create a stressful “balancing act” of time and resources for women and families (Spain and Bianchi, 1996).

State and local governments also have growing responsibilities. To promote quality care, child development, and parental work, the state licenses child care providers, provides referral networks, offers public preschools, and subsidizes private care costs for low-income families. Concerns about the activities and positive development of youth have led Californians to recently pass Proposition 49 for state-funded after-school programs. Volunteer efforts, such as school Parent Teacher Associations, may be reduced and some may be increasingly replaced by government employee efforts, such as paid teachers’ aides. Nursing home care and other forms of elder care are increasingly becoming state responsibilities. In each of these arenas, women have traditionally played an important unpaid role, but their role is declining as they commit more time to the paid labor market.

Over the last three decades, the lives of women have changed as they increasingly take part in the labor force. The lives of children have changed as they are increasingly cared for by relatives

other than their mothers and in paid child care settings. The lives of families have changed as they face a tougher balancing act between work, family, and home care responsibilities. The face of the workplace has changed as the share of women has grown to nearly half. For women, families, employers, and the state it has indeed been a period of new opportunities and new challenges. ♦

## Notes

<sup>1</sup> For further information on the economic status of women in California, see Brinck and Patrick (2002) and other reports listed by the California Women’s Commission ([www.statusofwomen.ca.gov](http://www.statusofwomen.ca.gov)). For state comparisons, see Caiazza, Shaw, and Werschkul (2004).

<sup>2</sup> The size of the sample varies over the years. Measurements from the 1989 survey are not comparable to other years because the sample in that year was substantially reduced, particularly in Los Angeles. For 1989, figures report the average of statistics measured in 1988 and 1990. The U.S. Census Bureau also made changes to the CPS in 1988, 1993, and 2002. These changes had small effects on measured statistics.

<sup>3</sup> Trends for annual labor force participation (defined as working any time in the prior year) and trends for annual full-time work (defined as working at least 1,900 hours in the prior year) show similar patterns to those reported here.

<sup>4</sup> To ensure the confidentiality of respondents, the U.S. Census Bureau did not report individual salaries above \$150,000 for 2002. The dollar amount of the topcode has varied over the years. To reduce the effect of changes in topcodes, we apply a consistent topcode of the highest 4 percent of earnings for men and women separately in every year.

<sup>5</sup> See Reed (2004) for further discussion of the consumer price index. We calculate a research series index for California by multiplying the national series by the ratio of the CPI-U-X1 for California (from the California Department of Finance) to the national CPI-U-X1.

<sup>6</sup> Unmarried adults who do not live with relatives are included as a family of one person. To adjust

income for family size, we divide family income by the federal 2002 poverty threshold for a family of the relevant size and age structure. We then multiply by the poverty threshold for a family of four (\$18,244). We evaluate the distribution of family income across people by assigning to each person the adjusted income of his or her family. This approach is consistent with poverty measurements by the U.S. Census Bureau.

<sup>7</sup> The CPS identifies children only if they are co-resident with the parent. Therefore, throughout this study, when we refer to children, we include only those who live with the mother, including stepchildren. In recent years, just under 8 percent of unmarried women ages 25 to 59 (included here as “single”) were identified in the survey as cohabiting (i.e., having an unmarried partner). For cohabiting women with no young child, labor force participation was 75 percent—above that of married women but below that of unmarried women who were not cohabiting. The sample of cohabiting women with a young child was too small to derive estimates of labor force participation.

<sup>8</sup> In studies of maternal work participation, “young child” is often defined as children under age six, which is roughly the age at which children start first grade. Figure 4 shows the relationship between parental work and age of the youngest child.

<sup>9</sup> Trends in full-time participation show patterns similar to those shown in Figure 2. Among single women with no young child, full-time participation has fluctuated around 60 percent since 1980. Among married women with no young child, full-time participation was 30 percent in the late 1960s and early 1970s; since that time, it has grown in every decade to reach 50 percent in recent years. Among single mothers with a young child, full-time participation fluctuated around 35 percent during the 1970s. During the 1980s, full-time participation for single mothers of young children fell from close to 40 percent to about 30 percent. Between 1994 and recent years, the share of single mothers of young children working full-time increased from 30 percent to almost 50 percent. Among married mothers of young children, the share working full-time increased from about 15 percent in the late 1960s to about 30 percent in the late 1980s and has held fairly steady since that time.

<sup>10</sup> To coincide with Figure 2, the statistics on single mothers reported here are for those with young children. Between 1967 and 2003, the share of women who were unmarried and raising children (up to age 17) increased from 8 percent to 13 percent.

<sup>11</sup> Averages are based on co-resident children, not total fertility.

<sup>12</sup> The survey includes a new sample of families in each year. The data show that the average earnings of husbands in 1993 were lower than those of husbands in 1979, but these are not the same families.

<sup>13</sup> Over the same period, between 1975 and 2002, annual earnings grew by 60 percent.

<sup>14</sup> In percentage terms, earnings growth in the rest of the nation was higher than it was in California—109 percent for annual earnings between 1967 and 2002 and 48 percent for wages between 1975 and 2002. For a study of women's economic status by state, see Caiazza, Shaw, and Werschkul (2004).

<sup>15</sup> See Reed (2003) for analysis of the rising importance of education in the California labor market.

<sup>16</sup> Results for occupational categories depend on the occupational classifications used and the level of aggregation. In each year, we use the most detailed occupational categories available.

<sup>17</sup> Table 4 uses data from 2000, 2001, and 2002 (combined) to provide substantial sample sizes for subpopulations. Data from 2003 are not compatible for racial categories or for occupational codes (used in wage adjustment models).

<sup>18</sup> The Southeast Asian category includes only those countries from which many refugees have come to the United States: Laos, Vietnam, and Cambodia. We separate Southeast Asian immigrants from other Asian immigrants because they have substantially different socioeconomic characteristics.

<sup>19</sup> We use a logistic regression with controls for age, age-squared, and indicators for the educational categories in Table 1. Each of these variables is interacted with indicators for each of the racial, ethnic, and immigrant categories in Table 4. The model includes indicator variables for seven family types: married with no children under age 11, married with youngest child between the ages of six and 11, married with one child and that child is under age six, married with more than one child and at least one child is under age six, single with no children under age six, single with only one child and that child is under age six, and single with more than one child and at least one child is under age six. The model also includes indicators for each region in Table 4 and for residence in the remainder of the state.

<sup>20</sup> Among U.S.-born white men in the rest of the nation, the average wage was 15 percent below the average of white men in California.

<sup>21</sup> We use a linear regression model in which the dependent variable is the natural logarithm of hourly wage. The model controls for age, age-squared, and indicators for the educational categories in Table 1. Each of these variables is interacted with indicators for each of the racial, ethnic, and immigrant categories in Table 4. The model also includes indicators for 45 occupational categories, for seven family types (see footnote 19), for each region in Table 4, and for residence in the remainder of the state.

<sup>22</sup> Regions are made up of counties identified in the CPS, including those identified as parts of metropolitan areas. The Sacramento region includes

El Dorado, Placer, Sacramento, and Yolo Counties. The Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties. The Central Coast includes Monterey, San Luis Obispo, and Santa Barbara Counties. The San Joaquin Valley includes Fresno, Kern, Madera, Merced, San Joaquin, Stanislaus, and Tulare Counties. The Inland Empire is Riverside and San Bernardino Counties.

<sup>23</sup> Statistics on the work participation of married men is for families in which the wife is ages 25 to 59. The sample of unmarried fathers co-resident with children is too small to develop estimates of work participation by age of the youngest child. About 6 percent of men ages 25 to 59 (compared to 13 percent of women) are unmarried parents living with their children. Among single men ages 25 to 59 without children, about 83 percent work. The share working is higher among single fathers.

<sup>24</sup> The original "59 cents" was based on the ratio of average earnings of full-time female workers relative to male workers. In 1975, this ratio was 61 cents in California.

<sup>25</sup> For a discussion of gender differences in the U.S. labor market, discrimination, civil rights and equal pay legislation, and affirmative action, see Neumark (2004).

<sup>26</sup> This figure includes women who have no earnings. "Substantially less" is defined as earning more than 10 percent less than the husband. "About the same" is defined as earning within 10 percent of husband's earnings. See Cancian and Reed (2004) for a study of married-couples' distribution of work and earnings.

<sup>27</sup> Growth in earnings for wives of high-income husbands has led to concern that wives' earnings increase family income inequality. Cancian and Reed (1999) show that changes in wives' earnings do not explain a substantial portion of the increase in family income inequality nationally.

<sup>28</sup> This number represents only civilian workers. At the time of the 2000 Census, there were 16,620 California women in the Armed Forces. The number of female workers is estimated from CPS data on women living in California and working at any time during the previous year. From 2000 to 2003, this number increased from 8.0 million to 8.1 million.

<sup>29</sup> Some of the increase in women's work participation shifted tasks from untaxed home production (e.g., caring for one's own children and home) to the taxed economy (e.g., child care providers and housecleaners).

<sup>30</sup> Iceland (2000) finds that poverty is higher in working-parent families than is traditionally measured because these families have greater costs for child care, work-related expenses, and taxes.

<sup>31</sup> Child care cost statistics are from the California Child Care Resource and Referral Network (2004).

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