# Childcare in the Era of Remote Work

# Evidence from Child Care Tax Credit Filing*

Yana Gallen  Stephanie Karol  Dmitri Koustas  Ithai Lurie

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**Abstract**

While the labor force participation of mothers of young children has never been higher, use of paid childcare has fallen below pre-pandemic levels in the United States. We provide new links between administrative tax data on paid childcare and maternal labor supply to investigate the cause of these seemingly incongruous trends. The key hypothesis we probe is the role of increased workplace flexibility. In particular, we examine whether the decline in paid childcare is driven by mothers in more flexible occupations and at firms with more generous remote-work policies. We also examine the role of increased grandparental caregiving driven by Covid-era early retirements and changes in the quality and price of non-relative childcare, and how grandparental availability interacts with the workplace flexibility of mothers. By matching firm remote-work policies with tax records, and leveraging differences in the timing of flexible arrangements among otherwise similar firms, we analyze the impact of increased workplace flexibility on childcare demand and wage growth for mothers. We find that most of the overall decline in paid childcare in 2022 and 2023 can be attributed to teleworkable jobs by mothers and fathers. Our panel dataset, encompassing the universe of U.S. taxpayers, provides an unprecedented first look at how the remote work revolution is shaping the gender wage gap.

Keywords: Work from home, Gender Pay Gap, Childcare

JEL Codes: J13; J22; J24; J31

*Gallen: University of Chicago, Harris School of Public Policy and IZA. E-mail: yana@uchicago.edu. Koustas: University of Chicago, Harris School of Public Policy. Email: dkoustas@uchicago.edu. Karol: The US Department of the Treasury, Office of Tax Analysis. Email: stephanie.karol@treasury.gov. Lurie: The US Department of the Treasury, Office of Tax Analysis. Email: ithai.lurie@treasury.gov. We thank Gustavo Luchesi for his excellent research assistance. This research was conducted while Gallen, Karol, Koustas and Lurie were employees at the U.S. Department of the Treasury or the Internal Revenue Service (IRS). The findings, interpretations, and conclusions expressed in this paper are entirely those of the authors and do not necessarily reflect the views or the official positions of the U.S. Department of the Treasury or the IRS. Any taxpayer data used in this research was kept in a secured IRS data repository, and all results have been reviewed to ensure that no confidential information is disclosed.