

Work-Family Policies: Supporting Today's Parents and Building Tomorrow's Work Force

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The Majority of American Parents Must Balance Work and Family

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 - Work is a **necessity** for many of these women
- Important to understand the consequences of policies aimed at working parents
 - **Paid family leave (PFL)**: provides workers with time off work with (partial) wage replacement to care for their newborn or adopted children as well as for severely ill family members [*Main focus today*]
 - **Public preschool**: care and early learning for young children while parents work [*Discuss at the end*]

Family and Medical Leave Act (FMLA)

- Federal policy enacted in 1993, offers 12 weeks of **unpaid** family leave to eligible workers
- Job protection; continued health insurance coverage by employer
- Firm size and work history requirements → about 60% of private sector workers are eligible (Klerman et al., 2012)

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Employer-provided PFL

- According to 2016 National Compensation Survey, only **14 percent** of private sector workers have access to PFL from their employers
 - Unequal (but still low) access: 23% of highest 10 percent of wage earners; 4% of lowest 10 percent of wage earners

Current U.S. Policy Landscape: Family Leave

State-level:

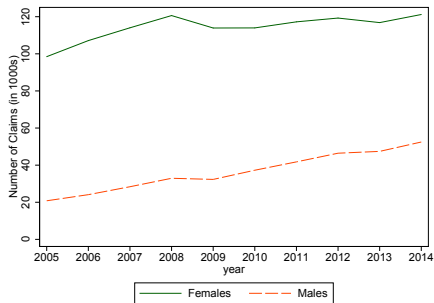
- Birth mothers eligible for \approx 6-8 weeks of paid maternity leave through Temporary Disability Insurance (TDI) since 1978 Pregnancy Discrimination Act in CA, HI, NJ, NY, and RI
- State-level PFL programs: CA (2004), NJ (2009), RI (2014), NY (2018), WA (2020), DC (2020)
 - 4-12 weeks of leave with partial wage replacement
 - Not job protected in CA and NJ; job protection in other localities
 - Funded by mixture of employee and employer payroll taxes (only employee taxes in CA & NJ)
 - Much wider eligibility than FMLA (e.g: no firm size requirements)
 - Integrated with state temporary disability insurance systems

- PFL Take-up
- Impacts of PFL on Parental Labor Market Outcomes
- Impacts of PFL on Children
- Impacts of PFL on Employers
- Public Preschool: A policy to support parents and invest in future generations?

From Bana, Bedard & Rossin-Slater (AEA P&P 2018)

- Linked administrative data from CA Employment Development Department:
 - 1 Universe of PFL claims over 2005-2014
 - Claim effective date, claim filed date, total benefit amount received, the authorized weekly benefit amount, the reason for the claim (bonding with a new child versus caring for an ill family member), the employee's date of birth, the employee's gender, and a unique employee identifier
 - Flag for an associated transitional SDI claim for birth mothers (can calculate total leave duration)
 - 2 Quarterly earnings data over 2000-2014
 - For universe of employees working for employer that reports to the EDD
 - Employee identifier, earnings in each quarter and job, unique employer identifier, employer industry code

Trends in Bonding and Caring Claims, CA-PFL



(a) Bonding Claims Trends



(b) Caring Claims Trends

Estimated bonding leave take-up rates: 40 (5) percent of employed mothers (fathers) in 2005; 47 (12) percent of employed mothers (fathers) in 2014

Distribution of Leave Duration, CA-PFL

- Conditional on taking PFL, 97 percent of women also take SDI
 - Average leave duration among female bonding claimants \approx 12 weeks
- Conditional on taking any leave, 24 percent of men take the maximum 6 weeks of bonding leave
- Caring leave: 65 (70) percent of women (men) take less than 6 weeks

Heterogeneity in CA-PFL Take-Up by Industry and Firm Size

	Female Bonding		Male Bonding		Female Caring		Male Caring	
	(1) EDD	(2) CPS	(3) EDD	(4) CPS	(5) EDD	(6) CPS	(7) EDD	(8) CPS
A. By Industry								
Construction	0.014	0.019	0.082	0.140	0.008	0.016	0.052	0.121
Manufacturing	0.063	0.075	0.138	0.160	0.091	0.093	0.199	0.151
Wholesale	0.038	0.034	0.053	0.052	0.027	0.026	0.056	0.041
Retail	0.138	0.141	0.153	0.104	0.132	0.145	0.141	0.130
Transportation	0.015	0.016	0.053	0.038	0.023	0.019	0.088	0.052
Finance and Insurance	0.076	0.075	0.045	0.051	0.063	0.064	0.028	0.039
Professional Services	0.090	0.085	0.090	0.094	0.052	0.082	0.052	0.079
Administrative Support	0.058	0.043	0.048	0.059	0.035	0.046	0.046	0.062
Health	0.234	0.223	0.101	0.038	0.359	0.202	0.123	0.049
Accommodation and Food	0.083	0.097	0.034	0.060	0.037	0.095	0.029	0.077
Other Industry	0.191	0.191	0.203	0.203	0.175	0.213	0.186	0.200
B. By Firm Size								
Firm Size 1-99	0.319	0.429	0.217	0.479	0.162	0.463	0.159	0.496
Firm Size 100-499	0.210	0.133	0.229	0.128	0.190	0.131	0.228	0.137
Firm Size 500+	0.471	0.437	0.554	0.393	0.648	0.406	0.613	0.367

Notes: We limit the sample to employed parents of youngest children aged less than one year old in California with positive earnings in the previous year and who are aged 18-44 when comparing to bonding claims (cols. 2 and 4). We limit to employed individuals in California with positive earnings in the previous year who are aged 18-64 when comparing to caring claims. The CPS sample sizes are 1,012, 1,414, 31,651, and 39,290 for columns (2), (4), (6), and (8), respectively. Bold numbers indicate statistically significant differences (at 5% or lower levels) between the EDD and CPS data.

Heterogeneity in CA-PFL Take-Up by Earnings Quartile and Age

	Female Bonding		Male Bonding		Female Caring		Male Caring	
	(1) EDD	(2) CPS	(3) EDD	(4) CPS	(5) EDD	(6) CPS	(7) EDD	(8) CPS
C. By Earnings Quartile								
Earnings Quartile 1	0.189	0.327	0.163	0.272	0.069	0.285	0.078	0.281
Earnings Quartile 2	0.298	0.261	0.279	0.291	0.247	0.279	0.251	0.274
Earnings Quartile 3	0.259	0.221	0.313	0.231	0.328	0.236	0.387	0.227
Earnings Quartile 4	0.253	0.191	0.245	0.205	0.355	0.200	0.284	0.218
D. By Age Group								
18-24	0.173	0.207	0.085	0.105	0.020	0.167	0.025	0.142
25-29	0.293	0.258	0.243	0.246	0.062	0.128	0.080	0.137
30-34	0.315	0.301	0.341	0.328	0.103	0.119	0.129	0.132
35-49	0.219	0.234	0.331	0.322	0.434	0.350	0.458	0.360
50-64	0.000	.	0.000	.	0.381	0.237	0.307	0.229

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Main Take-Aways on CA-PFL Take-Up

- CA-PFL take-up for both bonding and caring increased substantially over first decade of the program
 - Awareness of the program may have increased over time (Appelbaum & Milkman, 2011; 2013)
 - Take-up among men lower than among women
- Vast majority of women combine PFL with SDI; most men do not take the maximum 6 weeks of PFL
- Caring leave duration tends to be shorter than bonding leave duration

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- Access to the program remains unequal: women and men in lowest earnings quartile and small firms are under-represented in the claims data
 - Lack of job protection may be a barrier (FMLA only applies to workers in firms with 50+ employees)

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- Access to the program remains unequal: women and men in lowest earnings quartile and small firms are under-represented in the claims data
 - Lack of job protection may be a barrier (FMLA only applies to workers in firms with 50+ employees)
- Patterns across industries → “family-friendliness” may be important (Goldin, 2014)
 - No major differences in bonding claim rates across the most common industries for women
 - New fathers who use PFL over-represented in retail, transportation, and health; under-represented in construction
 - Caring claimants significantly over-represented in the health industry

PFL and Workers' Labor Market Outcomes

- Family leave programs aim to help individuals balance the dual (and often conflicting) responsibilities of family and work
- Theoretically ambiguous impacts of family leave on workers' subsequent labor market trajectories
 - May increase job continuity (and therefore wages, employment status, promotions, etc.) for workers who would have otherwise quit
 - May reduce job continuity for workers who would have taken shorter leave (or no leave at all)
 - Also a concern that employers may discriminate against women/mothers

From Rossin-Slater, Ruhm & Waldfogel (2013):

- Nearly doubled leave-taking rates among mothers of children under 1 year old
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 - From ≈ 3 weeks to ≈ 6 weeks on average
- Estimated effects **largest** for least advantaged mothers (unmarried, minorities, low education levels)
- Increase in usual weekly work hours of employed mothers 1-3 years later by 10-17 percent

What Can We Learn from the Introduction of CA-PFL?

From Baum & Ruhm (2016) and Bartel, Rossin-Slater, Ruhm, Stearns & Waldfogel (2018):

- Fathers of children under 1 year old increase leave-taking by nearly 50%
 - Because the base rate is so low, leave duration only increases by less than 1 week

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- In dual-earner households, both joint leave-taking and “father-only” leave-taking increases
- For mothers:
 - Higher employment rate 9-12 months after childbirth
 - Higher work hours and wages in the child’s 2nd year of life

Does the Benefit Amount Matter in CA-PFL?

From Bana, Bedard & Rossin-Slater (NBER wp 2018):

- Use CA administrative data and regression kink (RK) research design to isolate the effect of CA-PFL benefit amount on leave duration, subsequent labor market outcomes, and future leave-taking for mothers
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 - Kink in benefit schedule because of cap on benefit amount
 - RK sample: high earners
- No evidence that a higher weekly benefit amount (WBA) increases leave duration or leads to worse future labor market outcomes for women in RK sample
 - Can rule out that a 10 percent increase in the WBA would increase leave duration by more than 0.4 to 3.2 percent; contrasts with evidence from other social insurance programs (UI, SSDI, Workers' Comp)
- Small positive impact on employment 1-2 years after leave
- Wage replacement during first period of leave predicts future program participation

What Can We Learn from Other Countries' PFL Policies?

- In Europe and Canada: 2 months up to 3.5 years, 70-100 percent of wages replaced (at least for part of the duration)

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- In Europe and Canada: 2 months up to 3.5 years, 70-100 percent of wages replaced (at least for part of the duration)
- General conclusions from a vast body of research (see **Olivetti & Petrongolo, 2017** and **Rossin-Slater, 2018** for recent overviews):
 - Implementation and extensions of PFL increase leave-taking among both mothers and fathers
 - The effect is typically larger for mothers than for fathers
 - PFL up to one year in length has either positive or no effects on parents' subsequent labor market outcomes

Effects of PFL on Children?

- *Possible channels*: lower maternal stress in the pre- and post-natal periods; more time spent in parental care; more breastfeeding; more financial resources (if leave is paid)

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- Two key take-aways from existing research:
 - Expansions in existing paid leave policies in Europe and Canada have no effects on child well-being (Baker & Milligan, 2008, 2010, 2015; Liu & Skans, 2010; Rasmussen, 2010; Dustmann & Schönberg, 2012; Dahl et al., 2016)
 - Introduction of short paid and unpaid leave programs improves children's short- and longer-run outcomes (Rossin, 2011; Carneiro et al., 2015; Stearns, 2015; Huang & Yang, 2015; Lichtman-Sadot & Pillay-Bell, 2017)

- PFL programs are typically financed mostly or entirely through employee payroll taxes → limited direct costs to employers
- May be other costs due to having to hire temporary replacement workers or coordinating schedules
 - Opposition to PFL programs often comes from small business groups and the Chamber of Commerce

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- May be other costs due to having to hire temporary replacement workers or coordinating schedules
 - Opposition to PFL programs often comes from small business groups and the Chamber of Commerce
- On the other hand: may be benefits due to reductions in overall turnover rates, improved employee morale, greater productivity

- Research on employers is **very limited**
- Appelbaum & Milkman (2011, 2013) conducted a survey of about 250 California firms in 2010
 - \approx 90 percent of firms report that CA-PFL had either a positive effect or no effect on employee productivity, morale, and costs
 - \approx 2/3 of firms temporarily re-assigned work to others, while the remainder hired temporary replacements
- Preliminary findings from some of my ongoing work:
 - Administrative data on all CA firms: very little or no effects of PFL leave-taking on turnover rates or total payroll (Bana, Bedard & Rossin-Slater, 2016)
 - Survey of small and medium-sized firms in RI, CT, and MA: no statistically significant negative effects of RI's PFL law on any outcomes; majority of RI employers in favor of PFL (Bartel, Rossin-Slater, Ruhm & Waldfogel, 2016)

PFL: Conclusions and Implications

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- Introduction of PFL can improve child well-being in the short- and long-run (but not expansions in already existing programs)
- The benefits of PFL to employees and their children seem to come at little or no cost to employers
 - Caveat: more research on employers is needed

High Quality Preschool: A Work-Family Policy with Large Intergenerational Effects?

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- U.S. targeted programs (Head Start, Perry Preschool, Abecedarian): positive medium-run effects on outcomes at ages 15-40 (Currie & Thomas, 1995; Garces et al., 2002; Ludwig & Miller, 2007; Carneiro & Ginja, 2012; Anderson, 2008; Heckman et al., 2010; Masse & Barnett, 2002; Campbell et al., 2014)
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 - Small sample sizes, self-reported outcomes in survey data
- Scandinavian studies: more recent universal programs for children from all SES groups (Havnes & Mogstad, 2011, 2015; Bingley et al., 2015; Datta Gupta & Simonsen, 2016)
 - Biggest medium- and long-term effects for least advantaged children
 - Current Scandinavian policy landscape for working parents and children → limited relevance for the U.S. setting

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From Rossin-Slater & Wüst, 2018:

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- Lasting benefits of access to preschool at age 3:
 - **Educational attainment** increases: 0.07 year increase in yrs of schooling; 2 percent increase in likelihood of having more than compulsory schooling
 - **Mean age 30-60 income** increases by 1.6 percent
 - **Survival beyond age 65** increases by 0.6 percent
 - The effects persist to the **education of the next generation**: 2 percent increase in likelihood of going beyond compulsory education

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 - The effects persist to the **education of the next generation**: 2 percent increase in likelihood of going beyond compulsory education
- Example of a public policy that supports labor force participation among today's workers and contributes to greater labor force participation and productivity in future generations