

Paid Family Leave and Unpaid Eldercare

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Motivation

- Aging populations and COVID-19 have dramatically increased demands for eldercare, much of which is provided by family members who often juggle between work and caregiving.
- To support workers who take care of family members including newborn children and sick adult members, some states have implemented paid family leave (PFL) policies, offering up to around 6 weeks of paid leave in a calendar year.

Research Question: How did state-level paid family leave policies in CA, NJ, and RI impact labor and health outcomes of potential unpaid eldercare providers?

Contribution to Literature

- Estimate dynamic heterogeneous effects of eldercare needs on potential caregivers' outcomes using de Chaisemartin and D'Haultfoeuille (2021).
- Use both parental and spousal health shocks to include more types of eldercare needs.
- Use most recent HRS data available up to 2018 and eventually add 2020 data.
- Establish causal relationship by showing pre-event trends and testing whether pre-event placebo effects are jointly zero.

Data

- The Health and Retirement Study (HRS), 1992-2018, is a biannual survey of a nationally representative panel of population over age 50.
- Study sample is restricted to respondents aged 50-70 who meet the following criteria:
 - 1 Have lived in any state that have ever implemented PFL.
 - 2 Have a parent or spouse who developed ADL or IADL care needs, memory disease, or were diagnosed with health conditions for the first time in 4 years.
 - 3 Were employed in the private sector within 4 years prior to the health shock.

Methods

- Estimate the following event-study for all sample and by whether individual had access to PFL:

$$y_{iast} = \kappa_i + \gamma_a + \theta_s \lambda_t + \sum_{r=-3}^3 \delta_r c_{iast}^r + X_{iast} \alpha + \epsilon_{iast}$$

where y_{iast} is outcome of individual i of age a living in state s at year t , κ_i is individual-level FE, γ_a is age-level FE, $\theta_s \lambda_t$ is state-by-year FE, X_{iast} is a vector of individual characteristics, c_{iast} is a dummy variable equal to one if parent/spouse needs care.

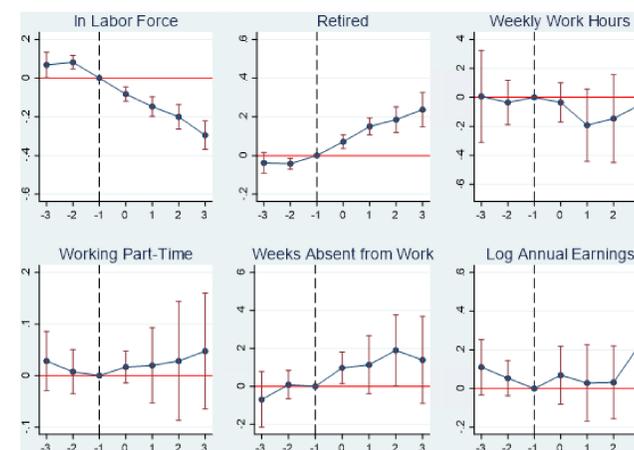
- Event time r is survey wave relative to the survey wave in which parent/spouse experiences health shock in the last two years.
- X includes: marital status, number of siblings, number of children, whether have work limiting disability, whether receiving any pension, whether receiving SSDI
- Use individual weights and cluster standard errors at the household level.

Results

- Even with age fixed effects, Figure 1 shows a clear downward trend of labor force participation and upward trend of retirement for potential caregivers after the onset of their parent or spouse's health shock.
- Figure 2 shows that access to PFL did not significantly alter the labor outcomes of potential caregivers.
- Figure 3 shows no significant changes to self-reported physical health or self-reported depression levels with the onset of a parent or spouse's health shock, and Figure 4 shows no significant effects of paid family leave on health outcomes.
- These findings on the labor and health outcomes of potential caregivers were consistent for subsamples limited to women or the bottom wealth tertile.

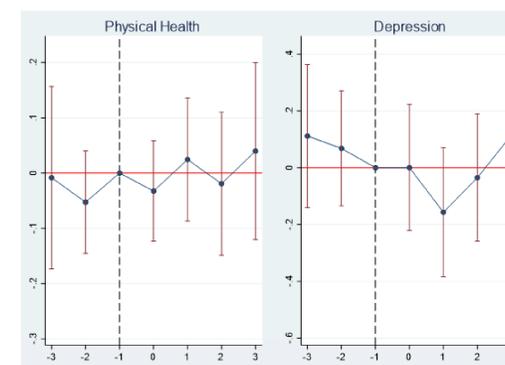
Effects of Health Shock

Figure 1: Effects of Parent or Spouse's Health Shock on Potential Caregivers' Labor Outcomes



Note: The x-axis plots the relative wave from the health shock, and the dots plotted represent the estimated coefficients δ_r .

Figure 3: Effects of Parent or Spouse's Health Shock on Potential Caregivers' Health Outcomes

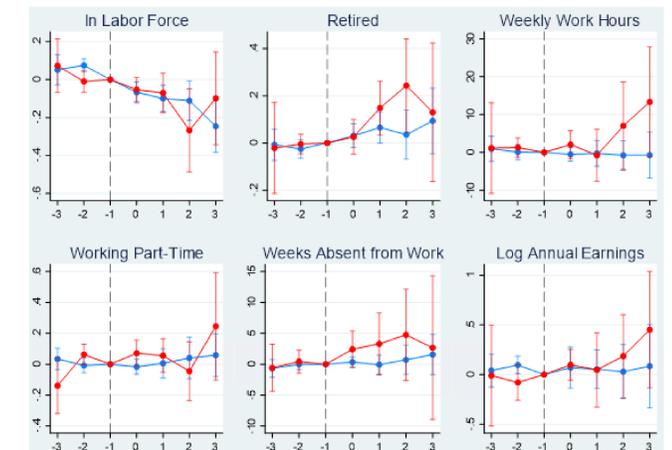


References

de Chaisemartin, C., & D'Haultfoeuille, X. (2021). Difference-in-Differences Estimators of Intertemporal Treatment Effects. Working Paper.

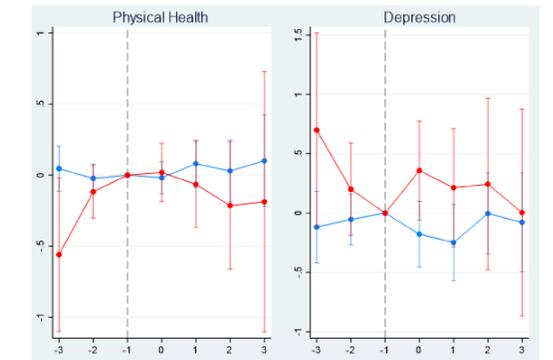
Effects of Paid Family Leave

Figure 2: Effects of Paid Family Leave on Potential Caregivers' Labor Outcomes



Note: The red line plots the estimated effects for respondents with access to PFL and the blue line plots the effects for those without access to PFL.

Figure 4: Effects of Paid Family Leave on Potential Caregivers' Health Outcomes



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