

More Than Just Babies: Paid Family Leave and Caregiver Outcomes

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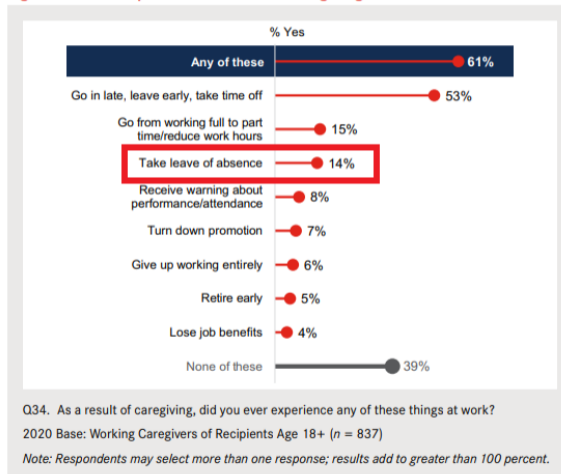
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In 2020, 53 million Americans were caregivers AARP, 2020

- Caregivers are:
 - Majority Female (61%)
 - Most commonly Age 50-64 (35%)
 - Half are caring for a parent or parent-in-law
 - Working (61%), mostly full-time (60% of working caregivers)
 - Among those caring for a parent/parent-in-law, 69% work an average of 36.9 hrs/week and care-give 20 hrs/week
- Caregiving impacts ability to work

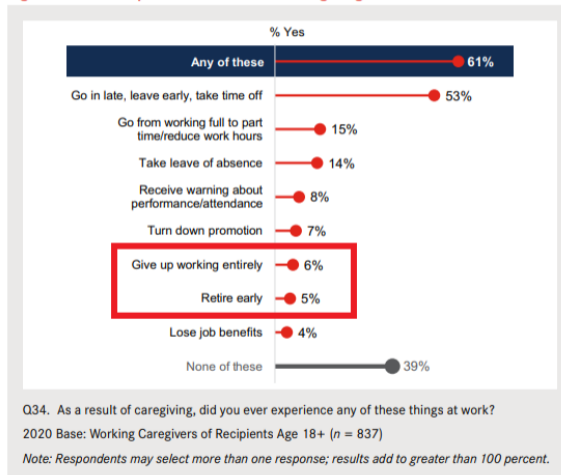
14% take a leave of absence, 5% retire early AARP, 2020

Figure 4. Work Impacts as a Result of Caregiving



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Overview

Research Question: Does the introduction of PFL in the U.S. (CA) impact caregivers' employment and retirement decisions?

Data: Health and Retirement Survey 1992 - 2010

Method: Triple Differences (Parents Living x California x Post)

Preview of Results

- Increase hours/week, weeks/year, and earnings
- Reduce part-retired and increases age at retirement

Policy Background: Family Leave in the U.S.

- U.S. is the only industrialized nation without federally mandated paid maternity or family leave.
- Family Medical Leave Act of 1993 (FMLA):
 - U.S. national policy is 12 weeks of unpaid, job-protected leave.
 - Only about half of American workers are eligible. (Ruhm, 1997; Pihl Basso, 2019; Klerman, Daley & Pozniak, 2012)

California Paid Family Leave Insurance (CA-PFL)

- Announced: September, 2002
- Began: July 1, 2004
- 6 weeks leave paid at 55 percent wage replacement up to a cap (\$917/week in 2008), average of \$474/week
- Eligibility: \geq \$300 in gross wages in base period at any private employer
- Not job-protected (unless also qualify for FMLA)
- 41,541 care claims were made in 2019 (\approx 14 % of all CA-PFL claims)

Literature and Contribution

- Labor and Health Outcomes: A large literature studies the impact of paid family leave (particularly CA-PFL) on a variety of labor and health outcomes (Byker, 2016; Timpe, 2019; Bailey et al., 2018; Rossin-Slater et al., 2013; Bana et al., 2018; Campbell et al., 2018; Das & Polachek, 2015; Baum & Ruhm, 2016; Stanczyk, 2019; Pihl and Basso, 2019; Golightly and Meyerhofer, 2021; Rossin-Slater, 2013)

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- Elderly and Caregiver Studies
 - Following CA-PFL, 11 percent decline in elderly nursing home utilization (Arora and Wolf, 2017)
 - No impact on caregiver's mental health (Gimm and Yang, 2016)
 - Spousal health shock reduced own labor force participation (Anand et. al, 2021)
 - Increased caregiver labor supply, caregiving, and health outcomes (Braga et. al, 2021)
- Contribution: Study impact of PFL on caregiver's intensive and extensive labor and retirement decisions

Data: Health and Retirement Survey

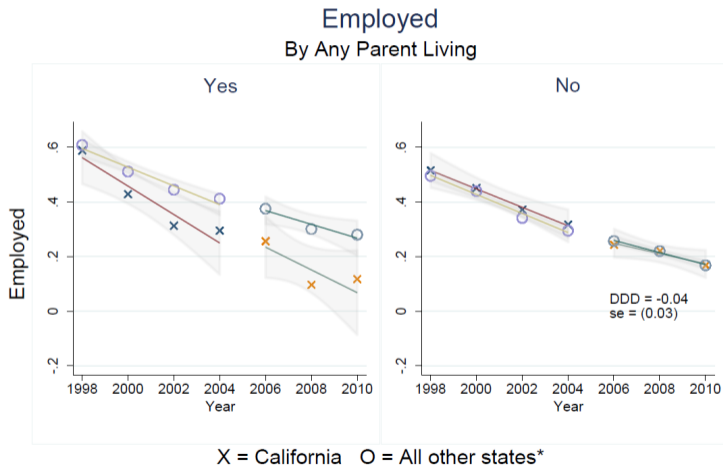
- Nationally representative, longitudinal survey by the National Institute on Aging
- Survey 26,000 adults 50 + every two years
- We use 1992-2010 waves for the initial cohort (in 60s in 2004)
- We use cleaned, restricted access HRS files from RAND

Empirical strategy: Differences-in-Differences-in-Differences

$$Y_{ist} = \beta_1 \cdot \text{ParentsLiving} \times \text{CA} \times \text{Post}_{imt} + \dots + \rho_1 * X_{ist} + \tau_i + \delta_s + \mu_t + \epsilon_{imt} \quad (1)$$

- Y_{ist} = currently employed, hrs/wk, wks/yr, retired, part-retired, age at retirement
- $\text{ParentsLiving} \times \text{CA} \times \text{Post} = 1$ after 7/04 in CA with at least one living parent
- X includes: sex, age, age squared, married, race, education, # of living kids, # of living siblings, HH wealth, HH income
 - (for earnings and hrs also control for firm size, union status, tenure, experience, industry, occupation, hours, and weeks)
- τ_i is an individual fixed effect, δ_s is a state fixed effect, μ_t is a year fixed effect, ... is necessary two-way interactions, robust standard errors clustered at the state level

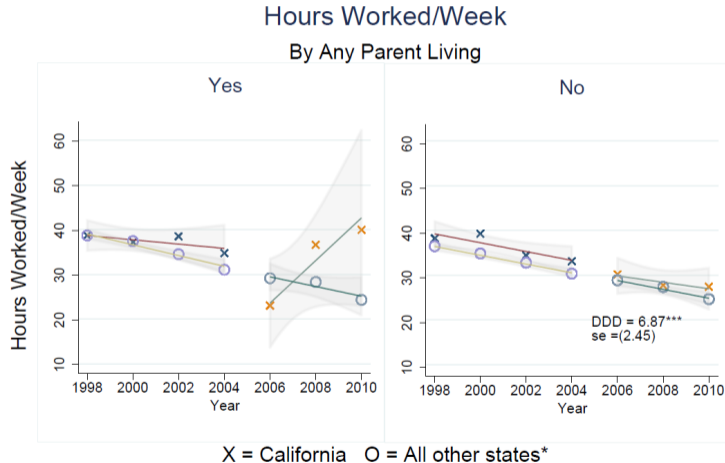
Results: Employed



Points reflect raw means by state and year. Shaded areas represent 95% confidence intervals.

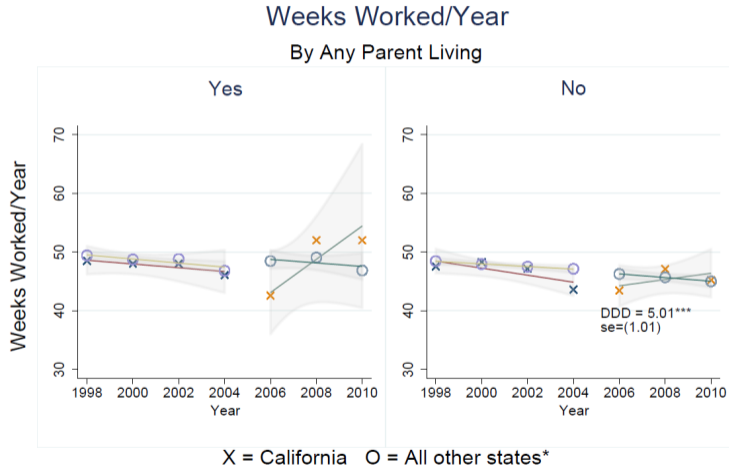
*Excluding New Jersey (2009) and Rhode Island (2014), which passed PFL during the period.

Results: Hours per Week



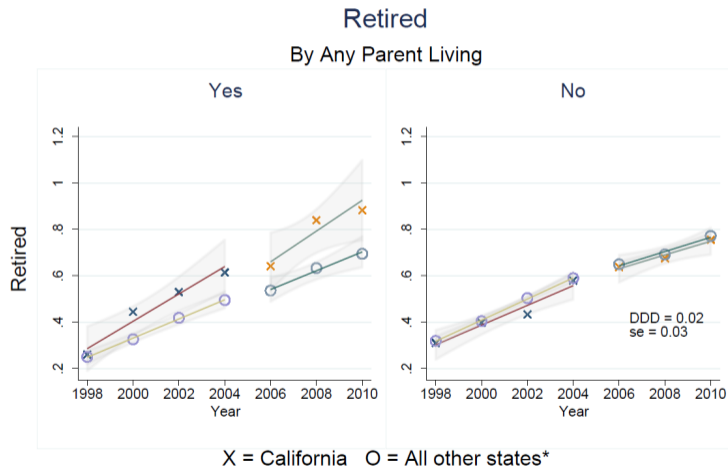
Points reflect raw means by state and year. Shaded areas represent 95% confidence intervals.
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Results: Weeks per Year



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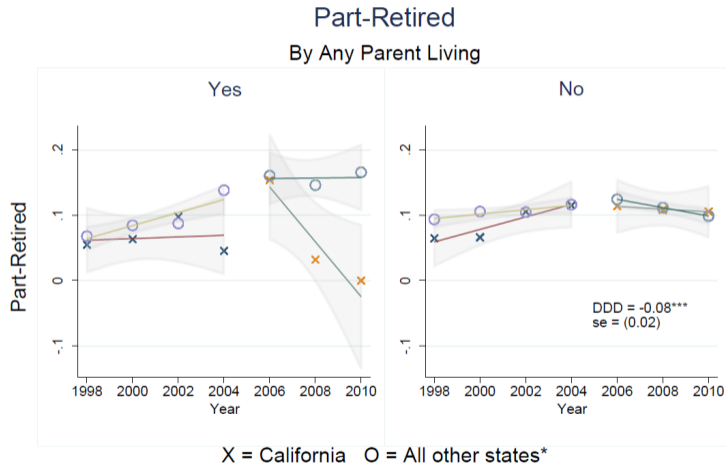
Results: Retired



Points reflect raw means by state and year. Shaded areas represent 95% confidence intervals.

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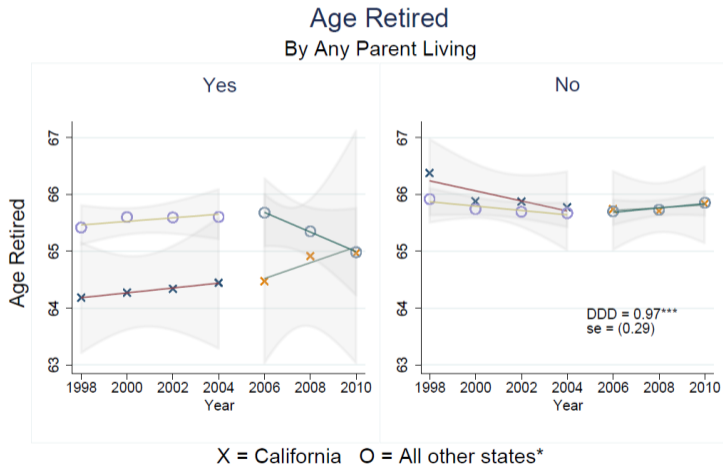
Results: Part-Retired



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Results: Age at Retirement



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Discussion

- No significant change at extensive margin (employed or retired)
- Significant changes at intensive margin
 - Hours per week increased 7 hrs/wk
 - Weeks per year increased 5 wks/yr
 - Part-retired declined 8 percent
 - Age at retirement—retired increased by about 1 year
- Next Steps:
 - Add additional PFL states
 - Stacked DD

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