More Than Just Babies: 
Paid Family Leave and Caregiver Outcomes

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In 2020, 53 million Americans were caregivers \textsuperscript{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

Q34. As a result of caregiving, did you ever experience any of these things at work?
2020 Base: Working Caregivers of Recipients Age 18+ (n = 837)

Note: Respondents may select more than one response; results add to greater than 100 percent.
14% take a leave of absence, 5% retire early AARP, 2020

Figure 4. Work Impacts as a Result of Caregiving

- Any of these: 61%
  - Go in late, leave early, take time off: 53%
  - Go from working full to part time/reduce work hours: 15%
  - Take leave of absence: 14%
  - Receive warning about performance/attendance: 8%
  - Turn down promotion: 7%
  - Give up working entirely: 6%
  - Retire early: 5%
  - Lose job benefits: 4%
  - None of these: 39%

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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: $≥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 (≈ 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)

- 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
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• 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

\[ Y_{ist} = \beta_1 \cdot ParentsLiving \times CA \times Post_{imt} + \ldots + \rho_1 \cdot X_{ist} + \tau_i + \delta_s + \mu_t + \epsilon_{imt} \] (1)

- \( Y_{ist} \) = currently employed, hrs/wk, wks/yr, retired, part-retired, age at retirement
- ParentsLiving x CA x 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)
- \( \tau_i \) is an individual fixed effect, \( \delta_s \) is a state fixed effect, \( \mu_t \) is a year fixed effect, ... is necessary two-way interactions, robust standard errors clustered at the state level
Results: Employed

Employed
By Any Parent Living

Yes
No

X = California  O = All other states*

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

Hours Worked/Week
By Any Parent Living

Yes

No

X = California  O = All other states*

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.

DDD = 6.87***
se = (2.45)
Results: Weeks per Year

Weeks Worked/Year
By Any Parent Living

X = California  O = All other states*

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: Retired

Retired
By Any Parent Living

Yes

No

X = California  O = All other states*

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: Part-Retired

Part-Retired
By Any Parent Living

X = California  O = All other states*

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.

$DDD = -0.08^{***}$
$se = (0.02)$
Results: Age at Retirement

Age Retired
By Any Parent Living

Yes

No

\( X = \text{California} \quad O = \text{All other states}\)

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.

\( DDD = 0.97^{***} \)
\( se = 0.29 \)
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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