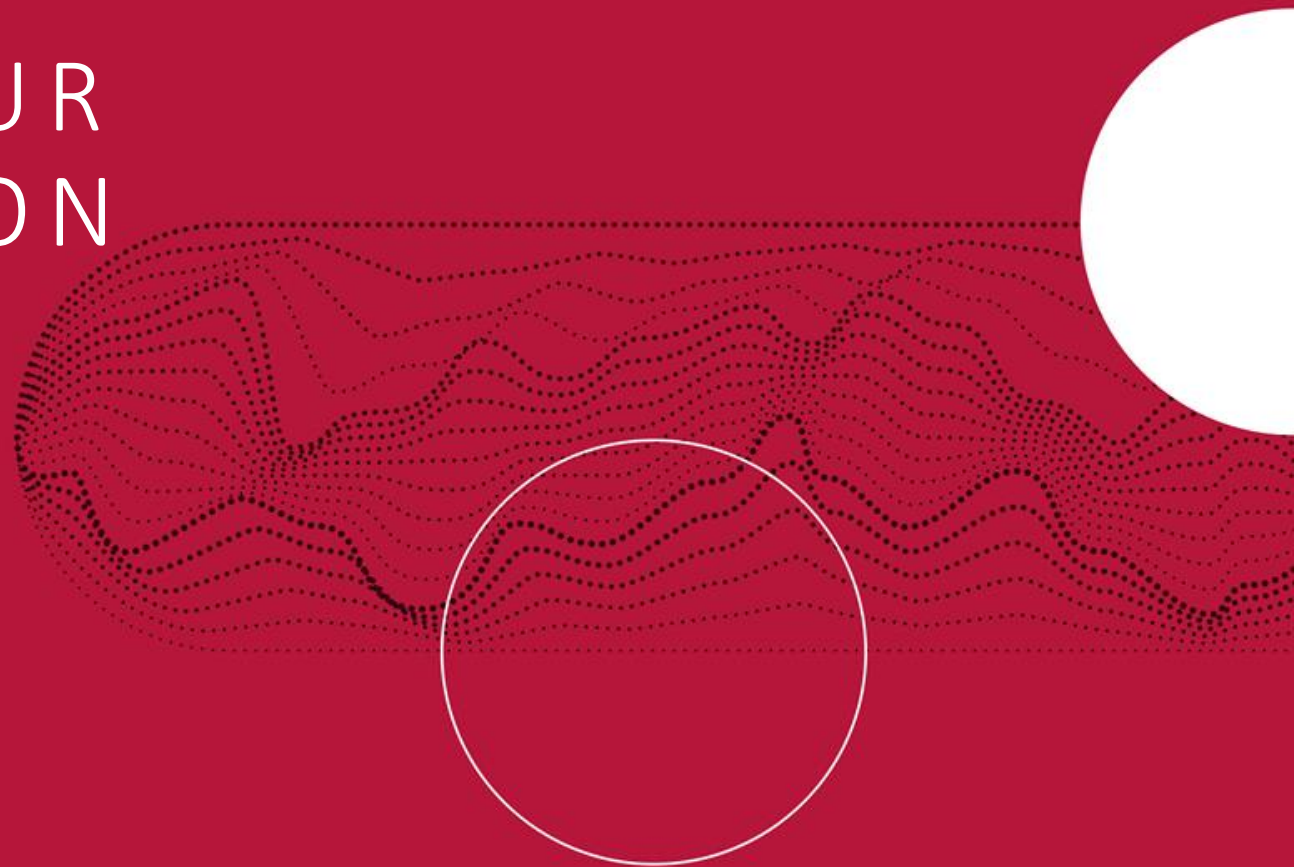


FAMILY 500+ AND WOMENS' LABOUR MARKET PARTICIPATION

IGA MAGDA

24.10.2017 (version 2)



Background & research question



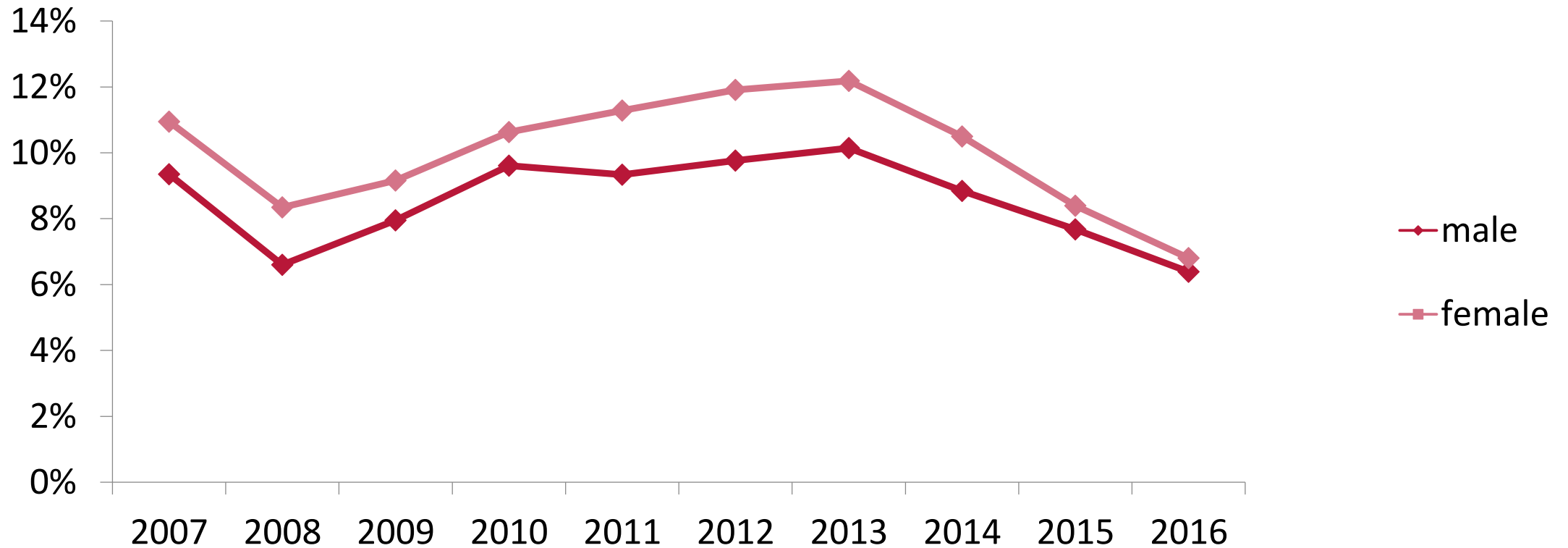
- Significant increase in child benefits after the introduction of the 500+ benefits
- Child benefits or other non-labour income can have a negative impact on female labour force participation (Killingsworth & Heckman 1986, Jaumotte 2006)

- Did the introduction of the Family 500+ Programme have a negative impact on female labour supply ?
 - Labour supply = employed + unemployed

Decrease in unemployment rate (since 2013)



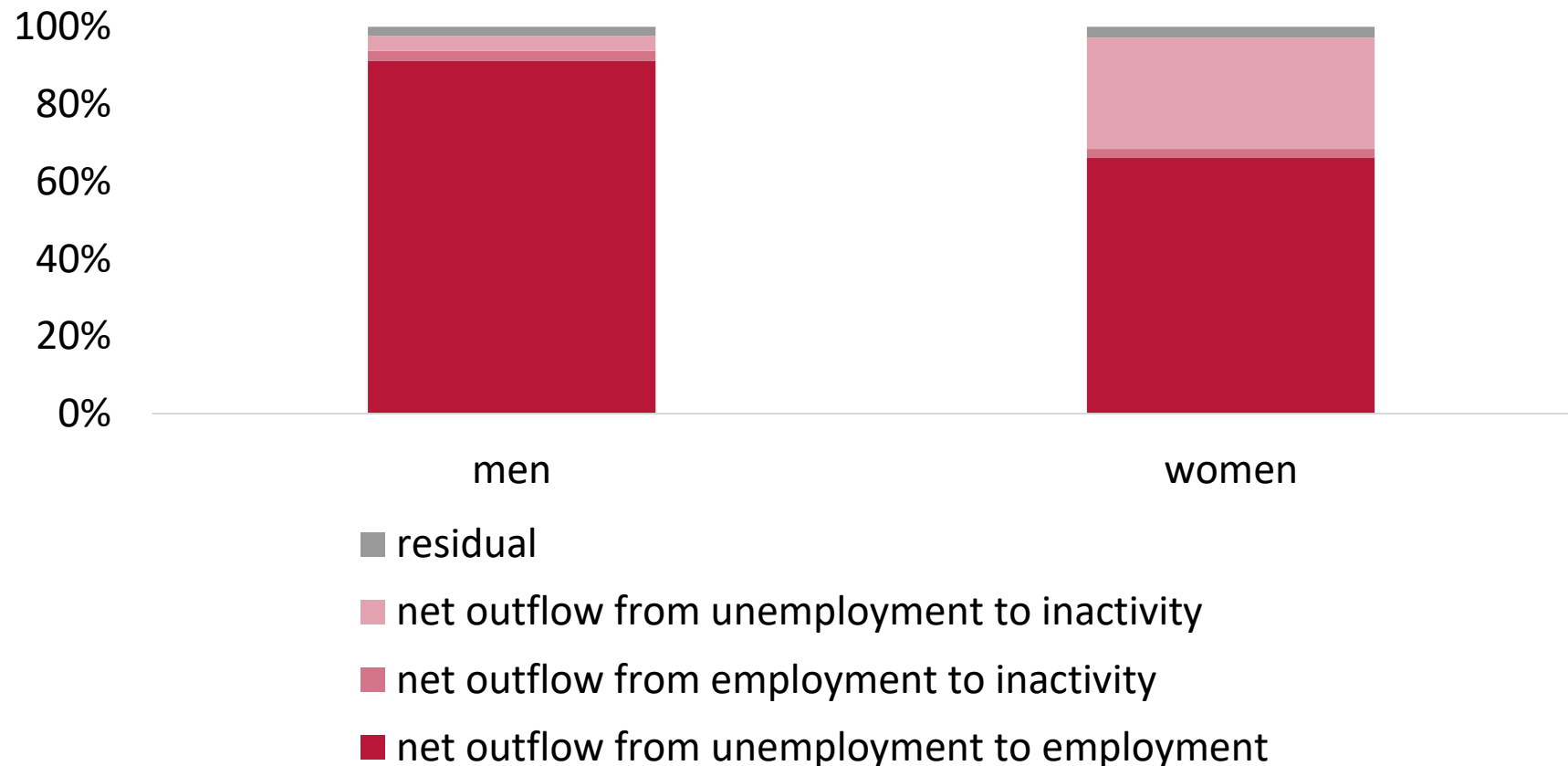
Unemployment rate, age 20-49, Poland



The decrease in unemployment of women was to a larger extent the result of labour market withdrawals



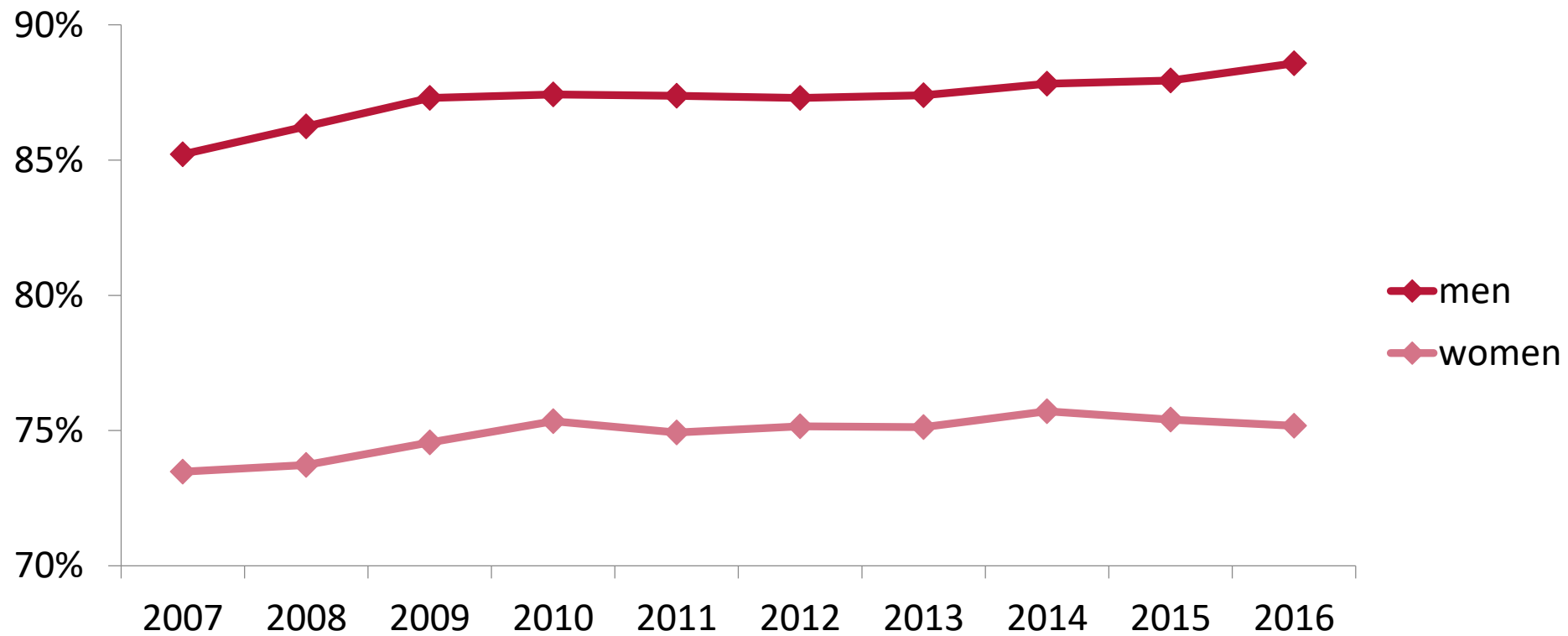
Decomposition of changes in the unemployment rate (age 20-49), 2015-2016



Men's participation rates slightly increasing since 2013,
stable among women



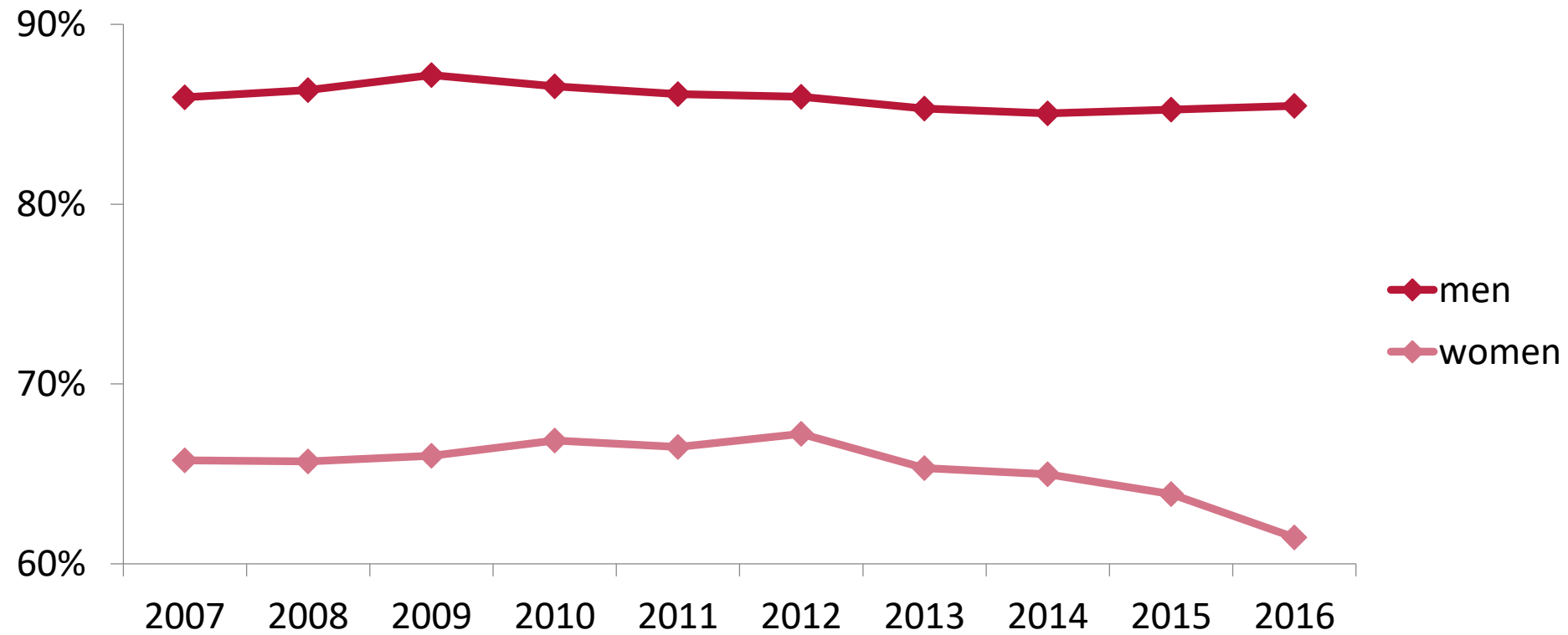
Labour force participation rates, age 20-49



Decline in LFPR among low educated women



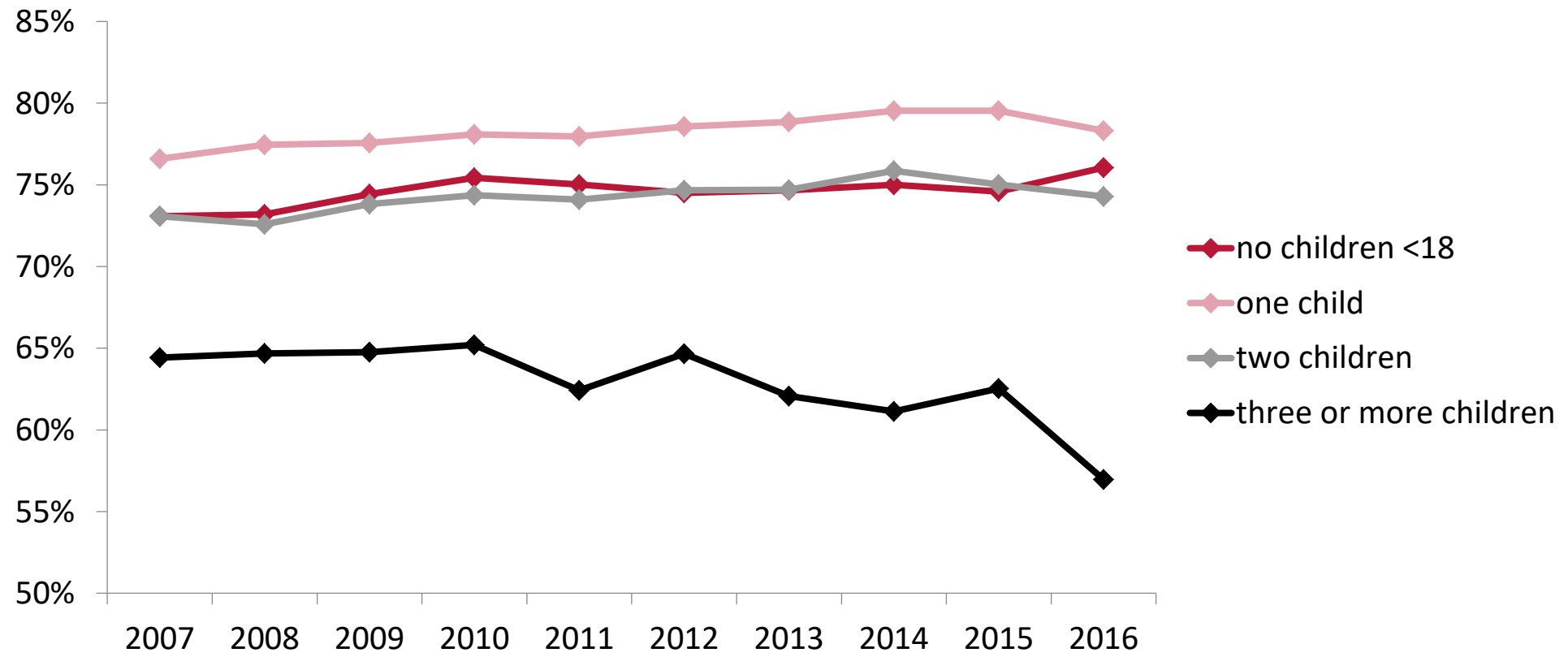
Labour force participation rates
for low educated (basic vocational and lower) men and women, age 20-49



The 2016 decrease concerned all women with children



Labour force participation rates of women (age 20-49) by number of children



Disentangling the effect of Family 500+ Programme

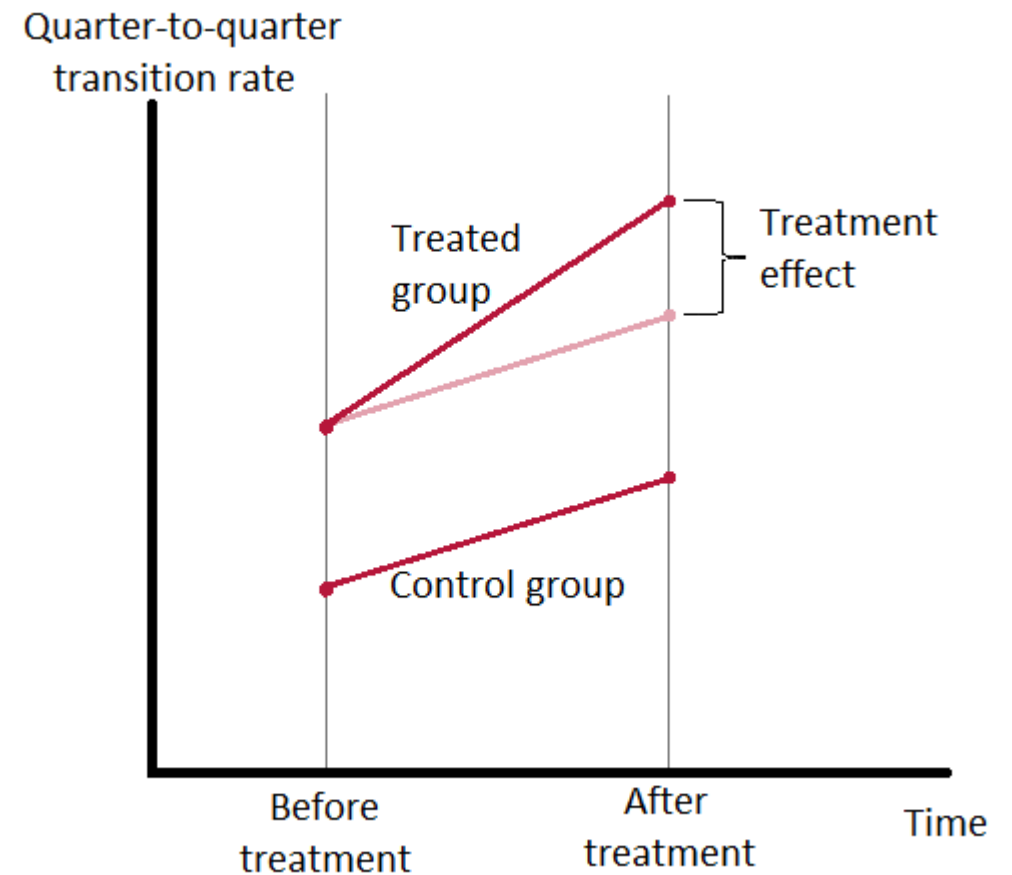


- We study **changes** in labour market withdrawal rates: were they different among women eligible and non eligible to the 500+ benefit?
- Difference – in – differences approach

Difference-in-differences estimation – concept



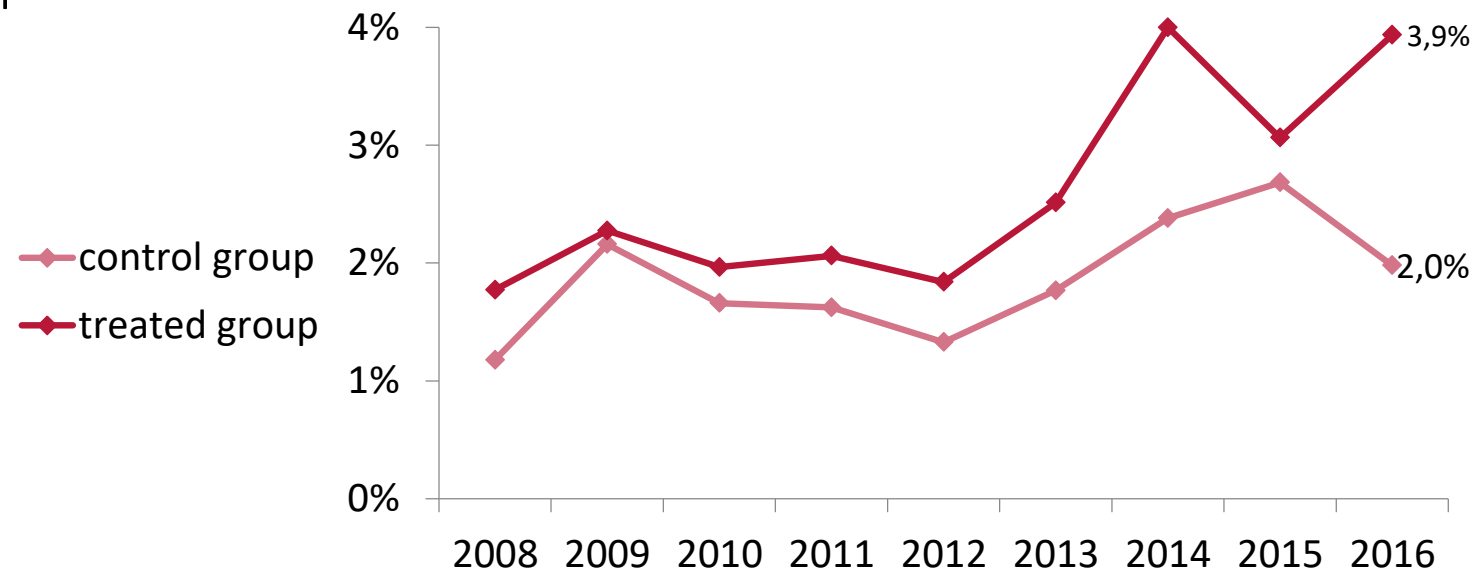
- Outcome: quarterly withdrawals from LF
- Treatment: eligibility to the 500+ allowance
- Treated group: women with one or two children eligible to the 500+ transfer
- Control group: women with one child, not eligible to the 500+ transfer
- Before treatment : April-September 2015
- After treatment : April-September 2016



Data & methodology details



- Polish Labour Force Survey, 2007-2016
 - For difference-in-differences: quarterly panel for 2015 and 2016
- Sample: active women aged 20-49 (maternity and parental leaves excluded)
- Common trend assumption:



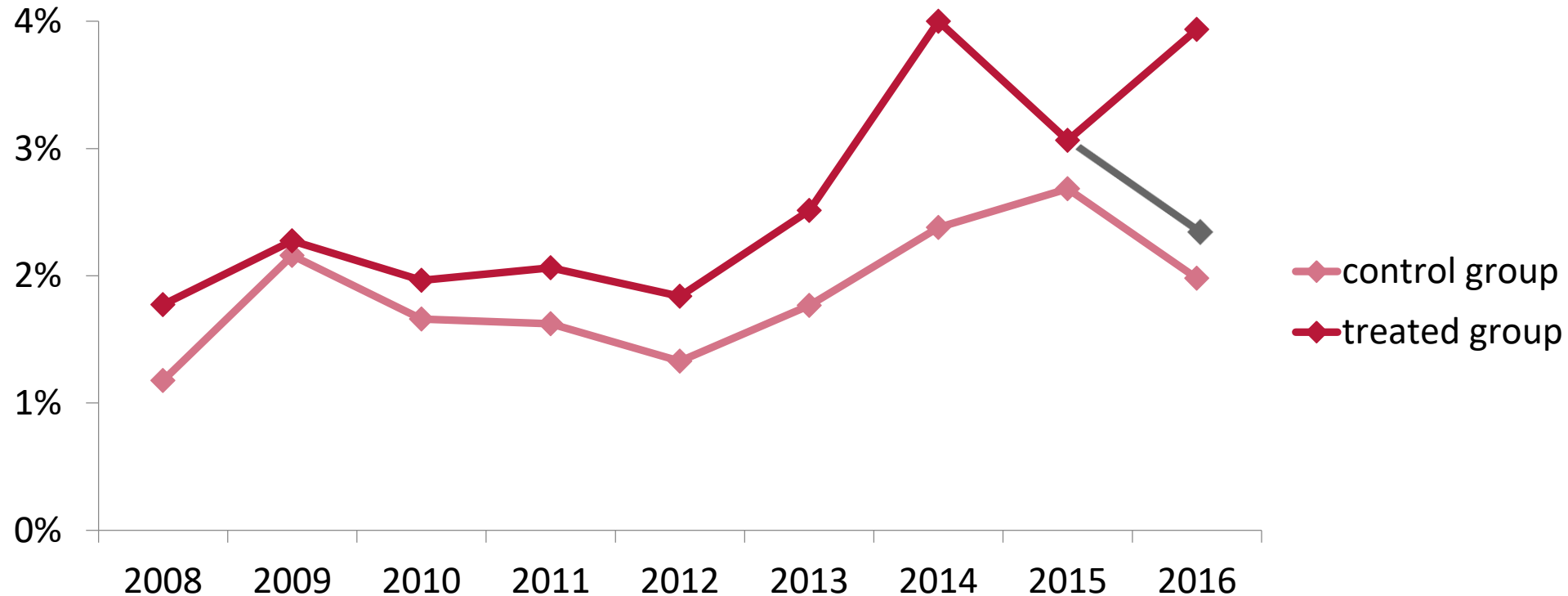
- Kernel propensity score matching

Quarterly withdrawal rate among women eligible to 500+ would be 1.6 pp less without the effect of the transfer



	Outcome: flow from activity to inactivity 2016 vs 2015
Period effect	-0.007
	(0.005)
Treatment effect	0.004
	(0.005)
Difference-in-differences effect	0.016**
	(0.007)
Constant	0.027***
	(0.003)
Observations	10,311

40-55 thousand women withdrew from the labour market in the second half of 2016 due to the 500+ benefit.



Quarterly withdrawal rate among women eligible to 500+ would be 1.6 – 2.2 pp less without the effect of the transfer

The effect is even stronger once composition is accounted for



	Outcome: flow from activity to inactivity 2016 vs 2015
Period effect	-0.014***
	(0.005)
Treatment effect	-0.006
	(0.005)
Difference-in-differences effect	0.022***
	(0.007)
Constant	0.038***
	(0.004)
Observations	10,310

Conclusions



What we know:

- There was a statistically significant effect of Family 500+ on womens' increased withdrawal from the labour market
- The results were likely heterogenous across educational groups

What we don't know:

- To what extent was it a one-off event?
- Impact on labour market entrance/ re-entrance?
- Impact on mens' activity rates?
- Impact on working hours?
- Impact on unregistered employment/ unregistered payments?

Research paper coming by the end of 2017

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