

# FAMILY 500+ ALLOWANCE AND FEMALE LABOUR MARKET SUPPLY

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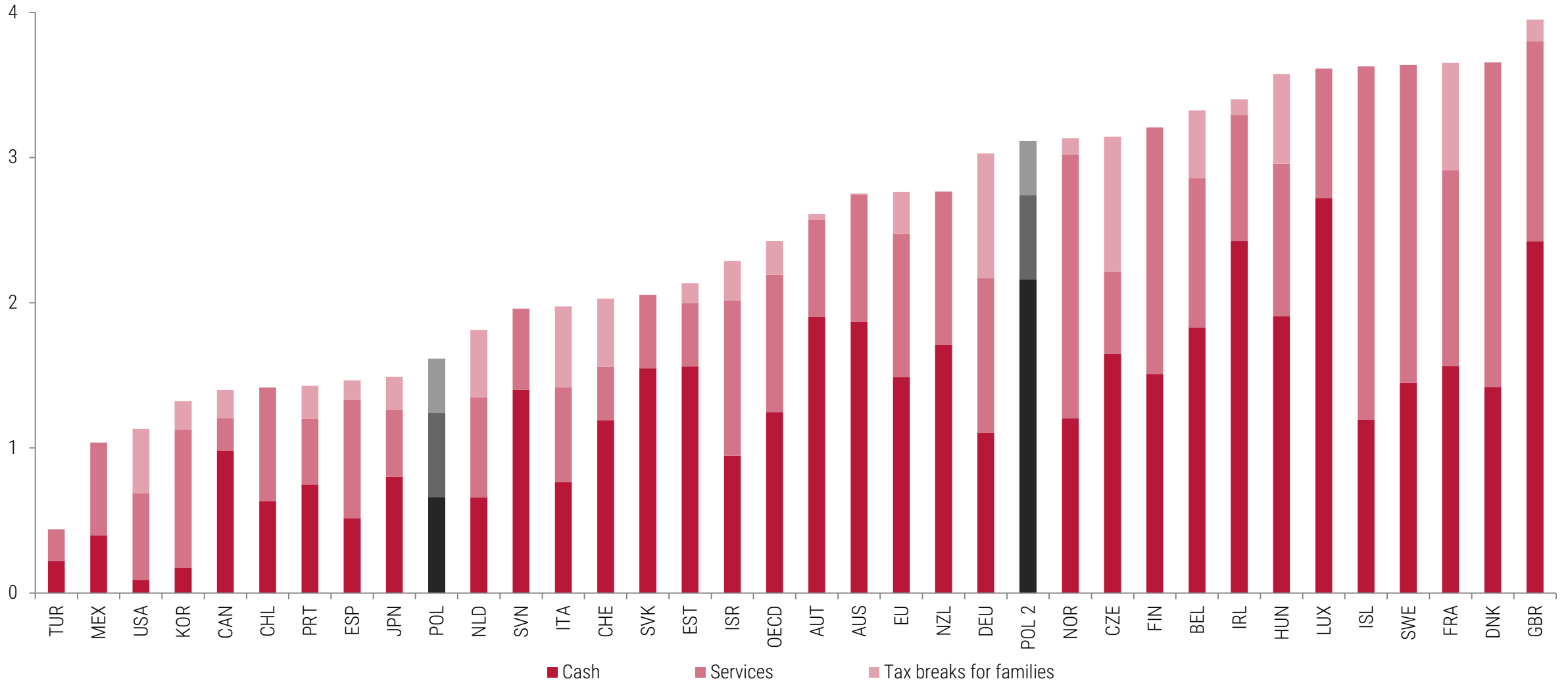
# Background & research question

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- Introduction of a large **Family 500+ Programme** in 2016 in Poland
  - aim- increase fertility, lower poverty among children
  - doubles fiscal support for families

# Public support for families as a percentage of GDP, 2013



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# Family 500+ Programme

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- A universal benefit of 500 PLN for each 2nd and subsequent child and means tested for 1st child
- On top of the existing system of family benefits (means-tested, 89-120 PLN per child, around 1 milion families benefitting)

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# Family 500+ Programme

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- A universal benefit of 500 PLN for each 2nd and subsequent child and means tested for 1st child
- On top of the existing system of family benefits (means-tested, 89-120 PLN per child, around 1 milion families benefitting)
- Quite generous, 1/3 of minimum wage in net terms (12% in DE); 17% of average disposable income in hh which receive the benefit, benefits 2.74 milliion famillies with children <18

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# Background & research question

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- Did the introduction of the Family 500+ Programme have a negative impact on female labour supply ?
- Child benefits or other non-labour income can have a negative impact on female labour force participation (Killingsworth & Heckman 1986, Jaumotte 2006, Schirle 2015)

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# Background & research question

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- Did the introduction of the Family 500+ Programme have a negative impact on female labour supply ?
- Child benefits or other non-labour income can have a negative impact on female labour force participation (Killingsworth & Heckman 1986, Jaumotte 2006, Schirle 2015)
- What is the impact in a **different institutional context?** Evidence so far mostly from countries with higher average incomes

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# Poland's background

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- a catching up economy



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- relatively low social transfers and family transfers until the Programme

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- a very good labour market situation on the one hand, and low female participation rates on the other

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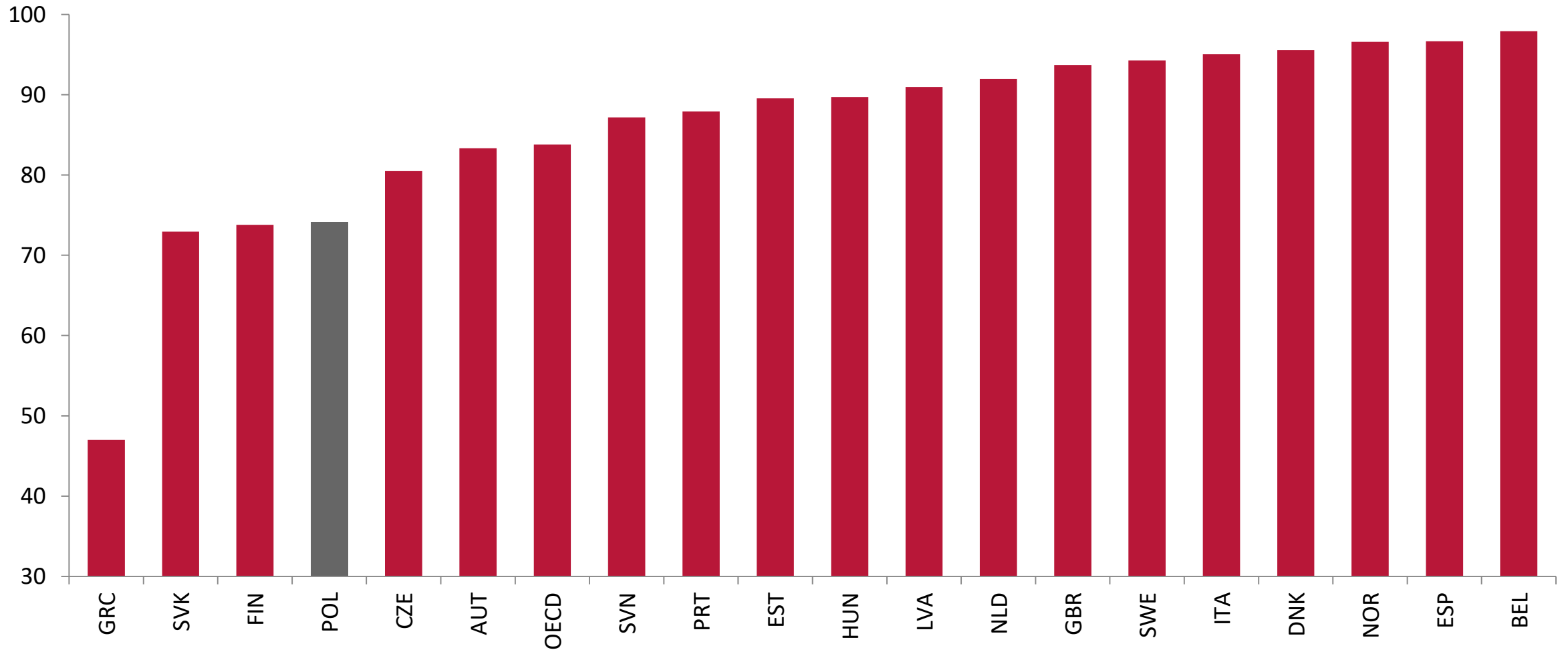
# Poland's background

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- a catching up economy
- relatively low social transfers and family transfers until the Programme
- a very good labour market situation on the one hand, and low female participation rates on the other
  - > related both to strong family values shaped by deep-rooted Catholicism and by limited access to affordable childcare (in particular in rural areas)

# Enrolment rates– 3-to-5 year-olds



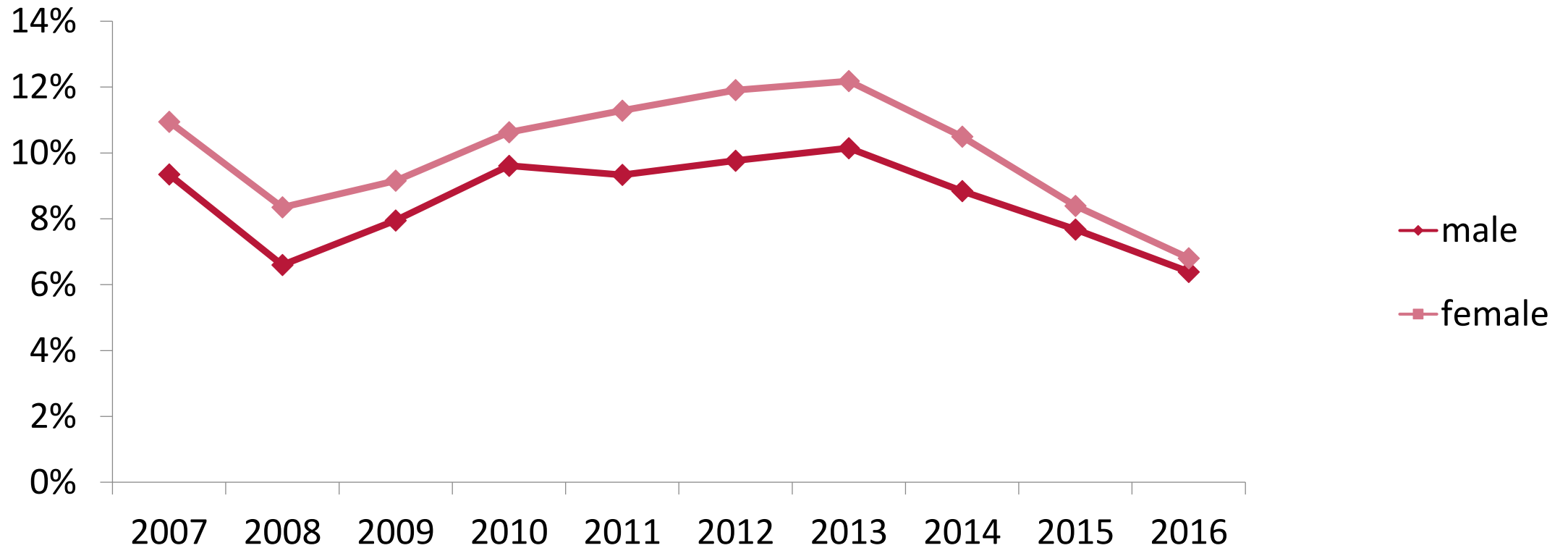
# Participation 0-to-2 year-olds, mothers without tertiary edu, 2014



# Decrease in unemployment rate (since 2013)



Unemployment rate, age 20-49, Poland

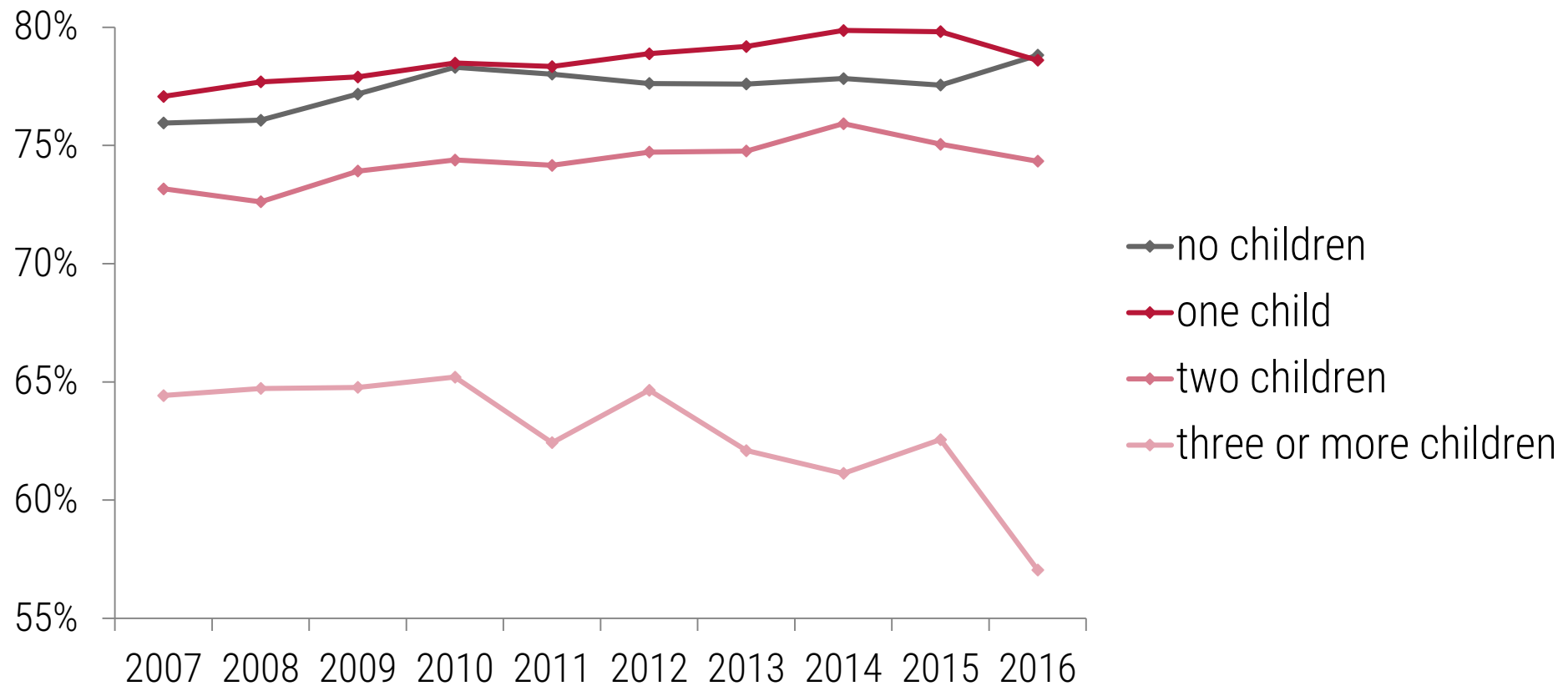


Źródło: Badanie Aktywności Ekonomicznej Ludności, GUS.

# 2016 decrease in LFPR among women with children



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



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# Disentangling the effect of Family 500+ Programme

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- We study **changes** in labour market participation rates: were they different among women eligible and not eligible to the 500+ benefit?



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# Disentangling the effect of Family 500+ Programme

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- We study **changes** in labour market participation rates: were they different among women eligible and not eligible to the 500+ benefit?
- Difference-in-differences approach
  - Treatment: eligibility to the 500+ allowance (as of mid 2016)
  - Treated group (main specification): women with one or two children
  - Control group: women without children

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# Alternative treatment specifications

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(1) Treatment group: women with two children, control group: childless women

(2) Treatment group: women with two children and women with one child receiving social assistance transfers, control group: childless women and women with one child not receiving social transfers

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# Disentangling the effect of Family 500+ Programme

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- We estimate the following equation:

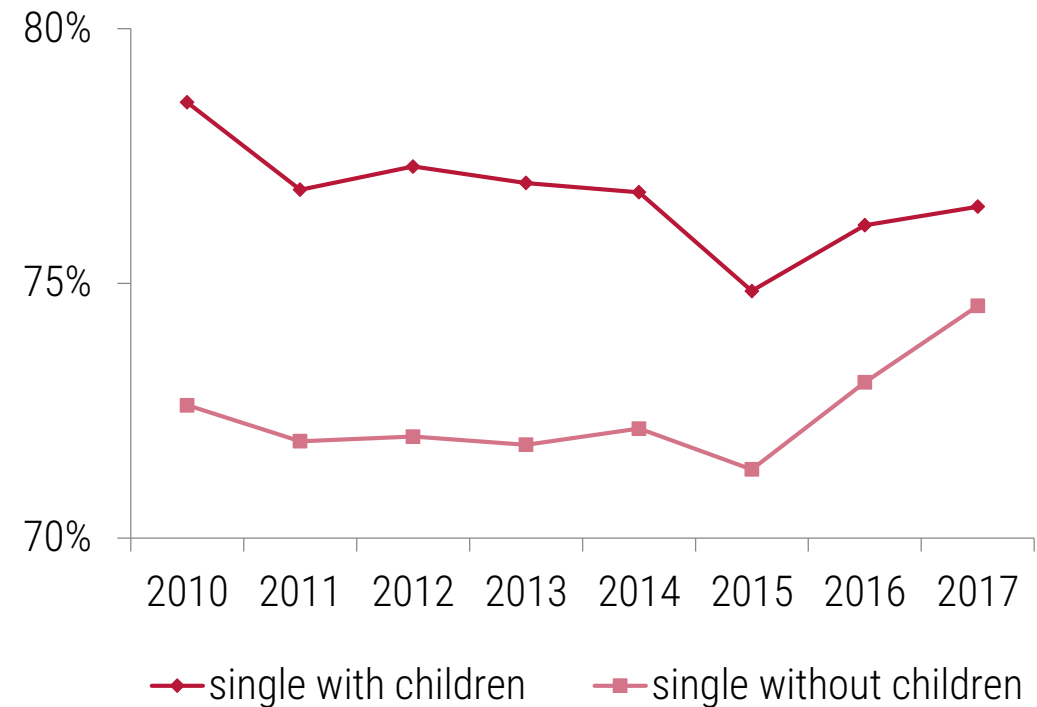
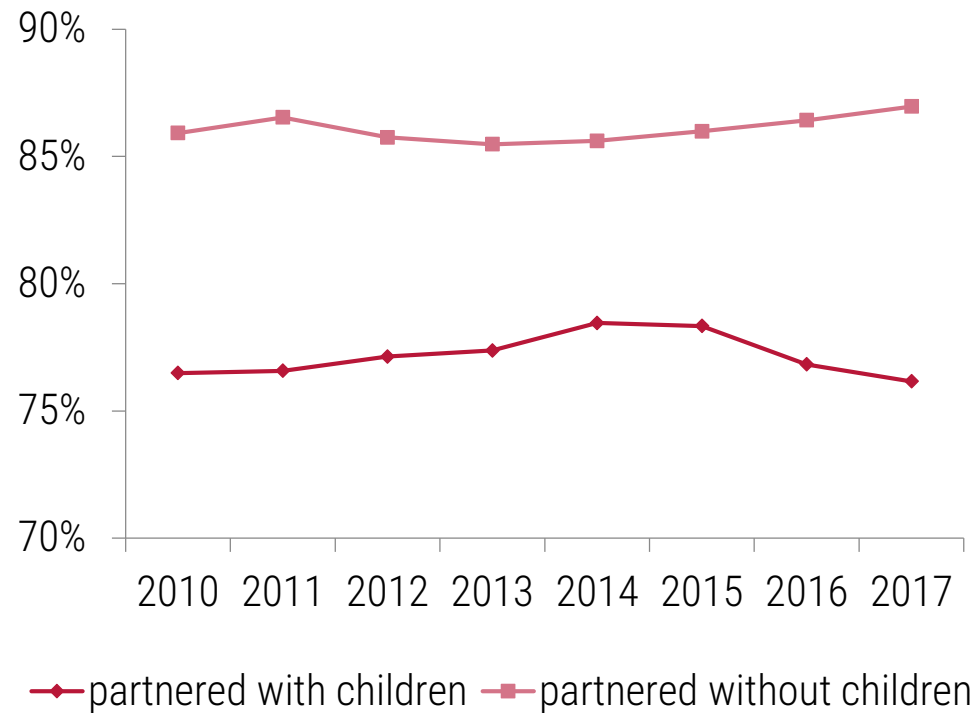
$$A_{it} = \alpha + \beta X_{it} + \gamma T_i + \theta post * T_i + \varepsilon_{it}$$

- $A_{it}$  –dummy for labour market participation;
- $X_{it}$  is a vector containing a set of individual-specific characteristics (*age, education, size of place of residence, number of children, age of the youngest child, region, student status, partner's education and educational attainment* )
- $T_i$  is a treatment group variable (group effect),
- $post$  - dummy for the period following the second quarter of 2016 (treatment effect)
- time-fixed effects

# Data & methodology



- Polish Labour Force Survey, 2010-2017 (q1, q2)
- Sample: women aged 20-49, separately single and partnered
- Common trend assumption (LFPR):



## Estimated impact of the 500+ on women's LFPR



	Partnered women [1]	Single [2]
<b>Treatment effect in the 2nd half of 2016 (<math>\theta_{2016}</math>)</b>	-0.017**	-0.014
<b>Treatment effect in the 1st half of 2017 (<math>\theta_{2017}</math>)</b>	-0.027***	-0.029**
<b>Observations</b>	299 662	150 506
<b>R-squared</b>	0.116	0.277

- both single and partnered mothers labour force participation might have been on average 2.4 percentage points higher in the absence of the 500+
- almost 3 pp. in early 2017, around 103 thousand women – is it a lot? Lower boundary estimates

## Robustness check: women with 2ch vs childless



	Partnered women [1]	Single [2]
<b>Treatment effect in the 2nd half of 2016 (<math>\theta_{2016}</math>)</b>	-0.019**	-0.052***
<b>Treatment effect in the 1st half of 2017 (<math>\theta_{2017}</math>)</b>	-0.031***	-0.044***
<b>Observations</b>	184 220	130 600
<b>R-squared</b>	0.112	0.302

- Even larger gap in LFPR among women with 2children and childless ones

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# Conclusions

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## What we know:

- The Family 500+ had a negative impact on womens' labour market participation
- The effect was stronger in early 2017 than in 2016
- The effect was strongest for low educated mothers, those in small towns, and single ones

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# Conclusions

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## What we know:

- The Family 500+ had a negative impact on womens' labour market participation
- The effect was stronger in early 2017 than in 2016
- The effect was strongest for low educated mothers, those in small towns, and single ones

## What we don't know:

- Impact on LFPR of women with 3 and more children
- Impact on mens' activity rates?
- Impact on working hours?
- Impact on unregistered employment / unregistered payments?



## Working paper:

Magda, I., Kiełczewska, A., Brandt, N. (2018). The “Family 500” child allowance and female labour supply in Poland. *IBS Working Paper 01/2018*.

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