

Ruhm, Christopher J.

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¹⁴ D. Acemoglu, V. Chernozhukov, and M. Yildiz, "Fragility of Asymptotic Agreement under Bayesian Learning," MIT Working Paper No. 08-09, February 2009; G-M. Angeletos and J.

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Work-Family Balance

Christopher J. Ruhm*

Difficulties in balancing the competing needs of work and home life are likely to be most acute for families with young children. Two trends—dramatic increases in employment rates of women, including mothers of young children, and the rise in lone-parent families—make this particularly relevant. Much of my research (often with coauthors) focuses on a broad set of issues surrounding these topics, particularly parental leave policies, employment by parents of young children, and early childcare and education. Some of the studies take a cross-national perspective, motivated by the sharp differences between many U.S. policies and those in other industrialized countries. For instance, parental leave entitlements are particularly limited in the United States, where early childcare generally is more a private responsibility.¹

Parental Time with Children

Liana Fox, Wen-Jui Han, Jane Waldfogel, and I use March Current

**Ruhm is a Research Associate in the NBER Programs on Health Economics, Health Care Policy, and Children. He is also a Professor Public Policy and Economics at the University of Virginia's Frank Batten School of Leadership and Public Policy. His Profile appears later in this issue.*

Population Survey (CPS) data for 1967–2009 to examine how these trends in family structure and parental employment translate into changes in two important inputs into children's well-being: time and money.² We supplement our primary analysis with investigations of time use and work scheduling arrangements. The analysis is child-based, in that it identifies secular changes for the typical child (rather than family). Our results verify that children have become much less likely to have a parent at home full or part-time: in the late 1960s approximately two-thirds of children were in homes with a nonworking parent compared to only around one-third at the beginning of the twenty-first century. These trends primarily reflect increases in the probabilities that parents hold jobs, rather than longer work hours for those who are employed or changes in family structure. For children in two-parent families, increases in market work have raised household incomes; for those with a single parent, the changes were largely required to offset income declines that otherwise would have occurred. Working parents spend less time in primary childcare than their nonworking counterparts. However, holding employment status constant, childcare hours have trended upwards, so the implications of these changes for child wellbeing are unclear.

Parental Leave Policies in Europe

In a series of papers, I examine the consequences of policies providing parents with rights to time off work following the birth of an infant. Because these entitlements are more extensive and have a longer history in Europe than the United States, my initial research involves a cross-national investigation of policies in Western European nations. Jacqueline Teague and I construct a longitudinal data set detailing durations of job-protected leave in 17 European nations from 1960–1989, provide evidence of the trend towards increased durations of leave rights, and explore the relationship between these policies and macroeconomic outcomes.³ Next, I conduct a differences-in-differences (DD) analysis of labor market outcomes for nine European countries covering the period 1969–93.⁴ The identification strategy compares changes for females, the treatment group, to those of males, who were assumed to be unaffected by parental leave entitlements, as a function of variations in parental leave rights. My key finding is that rights to short periods (for example three months) of paid leave increased the employment-to-population (EP) ratios of women by 3 to 4 percent while having little effect on wages. More extended entitlements (for

example, nine months) raised predicted female EP ratios by approximately 4 percent but decreased hourly earnings by around 3 percent. In part, employment rises because persons on leave are counted as “employed but absent from work”, but also because of incentives to enter the labor force before having a child in order to qualify for leave benefits as well as increases in job continuity or higher reemployment rates following the birth.

Parental leave entitlements may also yield broader benefits, including enhancing the health of infants and young children. I investigate this theory using aggregate data from 1969–1994 for 16 European countries.⁵ More generous paid leave is found to reduce deaths of infants and young children. The magnitudes of the estimated effects are substantial, especially where a causal effect of leave is most plausible. In particular, the estimated benefits of leave are larger for post-neonatal or child fatalities (deaths between 28 days and one year, or one to five years of age) than for perinatal mortality (deaths during the first 28 days of life), neonatal deaths, or low birth weight. The evidence further suggests that parental leave is a cost-effective method of improving child health.

Parental Leave in the United States

It is not clear to what extent the European results apply to the United States. Until enactment of the Family and Medical Leave Act (FMLA) in 1993, the United States did not provide broad rights to maternity/family leave, and the 12 weeks mandated under the FMLA are unpaid and not available to persons in firms with fewer than 50 employees (within 75 miles of the worksite) or who have not worked for the company for at least 1250 hours during the previous year.

Using data from the June Fertility Supplements to the 1987–2004 CPS, Han, Waldfogel, and I examine how the FMLA, state leave laws, and Temporary Disability Insurance (TDI) programs in five states (that effectively provide a limited amount of paid leave) influence the

leave-taking and employment of mothers and fathers.⁶ The empirical strategy compares labor market outcomes in the birth month and the following three months to outcomes of adults becoming new parents 11 or 12 months later (who are assumed not to be affected by the policies), as a function of leave rights in the state.

Leave laws are not found to affect *employment* during the immediate post-birth period, but they are associated with an increase in *leave-taking* by mothers of between 5 to 9 percentage points (13 to 20 percent) in the birth month and next two months. Paternity leave use also increased during the birth month (but not later) by amounts that are slight in absolute terms but large as a percentage of the (small) baseline rates. In addition, leave-taking rose more for college-educated or married mothers than for their less-educated or unmarried counterparts, presumably because the former are more often eligible for and able to afford the mostly unpaid leaves.

California enacted the first explicit paid family leave (PFL) program in the United States in 2004. Maya Rossin-Slater, Waldfogel, and I examine the consequences of this program for California mothers using a DD strategy where the comparison groups are California mothers with older children (aged 5–17), childless women in California, or mothers with infants in other large states.⁷ We estimate that PFL approximately doubled the use of maternity leave by new California mothers, from an average of around three to six weeks, with particularly large growth for less advantaged groups. In addition, PFL increased the usual weekly work hours (and possibly wages) for employed mothers of one-to-three-year-old children.

Parental leave policies do not work in isolation. With this in mind, Elizabeth Washbrook, Han, Waldfogel, and I consider the combined effects of three U.S. public policies potentially influencing the work decisions of mothers of infants — parental leave laws, exemptions from welfare work require-

ments, and childcare subsidies for low-income families.⁸ Using a group DD technique suitable for analysis of cross-sectional data, we find that these policies have strong effects on early maternal work participation, particularly for less educated or single mothers. However, we do not find any significant consequences for a variety of child outcomes.

Parental Employment

As mentioned earlier, female labor force participation increased rapidly during the second half of the twentieth century, with particularly large growth for mothers. Although it is difficult to determine how this has affected children — because employment is often correlated with difficult-to-observe confounding factors, the short-term and long-term effects may differ, and because of the numerous pathways through which child outcomes could be influenced — I have explored these issues using longitudinal data on parents and children from the 1979 cohort of the National Longitudinal Surveys of Youth (NLSY).⁹

My results suggest that maternal employment during the first year of a child’s life has small negative effects on cognitive development at ages three through six. Job-holding during the second and third years of a child’s life has more mixed consequences, although with some evidence of deleterious impacts when the mother works long hours. Interestingly, while few of these negative consequences persist through the beginning of adolescence for the typical child, there are sharp socioeconomic variations. In particular, early maternal employment is estimated to have far more negative impacts on the cognitive development of advantaged than disadvantaged 10- and 11-year olds. Maternal labor supply also is associated with higher obesity rates among high- but not low-SES children. In this case, though, work in later years (after age three) is found to be of primary importance. The SES differences in the cognitive impacts may occur because maternal employment pulls advantaged children out of home environments that

are particularly conducive to learning. However, this does not explain the disparate findings for obesity.

What about fathers? The preceding discussion focuses on the importance of maternal investments, and we simply do not know whether mothers provide unique child inputs or whether there is (partial or complete) substitutability between parents. Unfortunately, the potential bias created by nonrandom selection into employment is even more severe for fathers than mothers—most nonworking men are involuntarily unemployed and probably do not devote much of the extra nonmarket time to investments in children. There is, however, some evidence that children may be harmed when fathers work long hours during the early years, hinting that the time investments of fathers may substitute for those of mothers.

Childcare

Changes in family structure and employment patterns have increased the reliance on non-parental childcare during the preschool years. Dan Rosenbaum and I investigate the “cost burden” of this care, using data from the Survey of Income and Program Participation to calculate childcare costs as a proportion of after tax income.¹⁰ We find that the average child under six lives in a family that spends 4.9 percent of its after tax income on childcare. However, this conceals wide variation: 63 percent of such children are in families with no childcare expenses while 10 percent are in households where the expenditure share exceeds 16 percent. The proportion of income devoted to childcare is typically greater in single-parent than married-couple families, but it is not systematically related to SES because disadvantaged families use lower cost modes and pay less per hour for given types of care. However, the expenditure share would be much less equal without low cost (subsidized) formal care focused

on needy families, and government tax/transfer policies that redistribute income towards them.

Finally, Katherine Magnuson, Waldfogel, and I use data from the Early Childhood Longitudinal Survey—Kindergarten cohort to examine how enrollment in pre-kindergarten programs influences school readiness.¹¹ The results are somewhat mixed: pre-kindergarten is associated with higher reading and mathematics skills at school entry, but also more behavior problems. By the spring of first grade, the estimated academic effects have largely dissipated, while the behavioral consequences persist. However, larger and longer lasting academic gains are found for disadvantaged children, and pre-kindergartens in public schools do not have the same adverse behavioral consequences as those located elsewhere.

¹ For further discussion, see C. Ruhm, “How Well Do Parents with Young Children Combine Work and Family Life,” NBER Working Paper No. 10247, January 2004, or C. Ruhm, “Policies to Assist Parents with Young Children,” *The Future of Children*, 21(2) (2011), pp. 37–68.

² L. Fox, W.J. Han, C. Ruhm, and J. Waldfogel, “Time for Children: Trends in the Employment Patterns of Parents, 1967-2009,” NBER Working Paper No. 17135, June 2011, and Demography, forthcoming.

³ C. Ruhm and J. Teague, “Parental Leave Policies in Europe and North American,” NBER Working Paper No. 5065, March 1995, and Gender and Family Issues in the Workplace, F. Blau and R. Erbenberg, eds., Russell Sage Foundation, 1997, pp. 133–56.

⁴ C. Ruhm, “The Economic Consequences of Parental Leave Mandates: Lessons from Europe,” NBER Working Paper No. 5688, July 1996, and *Quarterly Journal of Economics*, 113(1) (1998), pp. 285–317.

⁵ C. Ruhm, “The Economic Consequences of Parental Leave Mandates: Lessons from Europe,” NBER Working Paper No. 6554, May 1998, and *Journal of Health Economics*, 19(6) (2000), pp. 931–60.

⁶ W. Han, C. Ruhm, and J. Waldfogel, “Parental Leave Policies and Parents’ Employment and Leave-Taking,” NBER Working Paper No. 13697, December 2007, and *Journal of Policy Analysis and Management*, 28(1) (2009), pp. 29–54.

⁷ M. Rossin-Slater, C. Ruhm, and J. Waldfogel, “The Effects of California’s Paid Family Leave Program on Mothers’ Leave-Taking and Subsequent Labor Market Outcomes,” NBER Working Paper No. 17715, December 2011.

⁸ W. Han, C. Ruhm, J. Waldfogel, and E. Washbrook, “Public Policies and Women’s Employment after Childbearing,” NBER Working Paper No. 14660, January 2009, and B.E. *Journal of Economic Analysis and Policy*, 11 (1-Topics) (2011), pp. 1–48.

⁹ C. Ruhm, “Parental Employment and Child Cognitive Development,” NBER Working Paper No. 7666, April 2000, and *Journal of Human Resources*, 39(1) (2004), pp. 155–92; C. Ruhm, “Maternal Employment and Adolescent Development,” NBER Working Paper No. 10691, August 2004, and *Labour Economics* 15(5) (2008), pp. 958–83.

¹⁰ D. Rosenbaum and C. Ruhm, “The Cost of Caring for Young Children,” NBER Working Paper No. 11837, December 2005, and B.E. *Journal of Economic Analysis and Policy*, 7 (1-Topics) (2007), pp. 1–30 (under the title “Family Expenditures on Childcare”).

¹¹ K. Magnuson, C. Ruhm, and J. Waldfogel, “Does Prekindergarten Improve School Preparation and Performance,” NBER Working Paper No. 10452, April 2004, and *Economics of Education Review*, 26(1) (2007), pp. 33–51.