FAMILY 500+ ALLOWANCE
AND FEMALE LABOUR
MARKET SUPPLY

IGA MAGDA
Background & research question

- Introduction of a large Family 500+ Programme in 2016 in Poland
  - aim - increase fertility, lower poverty
  - doubles fiscal support for families
Public support for families as a percentage of GDP, 2013

Cash
Services
Tax breaks for families
Introduction of a large **Family 500+ Programme** in 2016 in Poland

- aim- increase fertility, lower poverty
- doubles fiscal support for families

- A universal benefit for each 2nd and subsequent child and means tested for 1st child
- Quite generous, 1/3 of minimum wage in net terms (12% in DE); 17% of average disposable income in hh which receive the benefit
Background & research question

• 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)
Background & research question

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• What is the impact in a different institutional context? Evidence so far mostly from countries with higher average incomes
Background & research question

- 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

GRC  SVK  FIN  POL  CEE  AUT  OECD  SVN  PRT  EST  HUN  LVA  NLD  GBR  SWE  ITA  DNK  NOR  ESP  BEL
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
Disentangling the effect of Family 500+ Programme

• 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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• Difference-in-differences approach
  • Treatment: eligibility to the 500+ allowance (as of mid 2016)
  • Treated group: women with one or two children
  • Control group: women without children
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: women with one or two children
- Control group: women without children

We estimate the following equation:

\[ A_{it} = \alpha + \beta X_{it} + \gamma T_i + \theta post \times T_i + \varepsilon_{it} \]
Data & methodology

- Polish Labour Force Survey, 2007-2017 (q1, q2)
- Sample: women aged 20-49, separately single and partnered
- Common trend assumption (LFPR):

![Graphs showing trends in labour force participation rates for different statuses with and without children between 2010 and 2017.](image-url)
### Estimated impact of the 500+ on women’s LFPR

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<tbody>
<tr>
<td>Treatment effect in the 2nd half of 2016 ($\theta_{2016}$)</td>
<td>-0.017**</td>
<td>-0.014</td>
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<tr>
<td>Treatment effect in the 1st half of 2017 ($\theta_{2017}$)</td>
<td>-0.027***</td>
<td>-0.029**</td>
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<td>Observations</td>
<td>299,662</td>
<td>150,506</td>
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<tr>
<td>R-squared</td>
<td>0.116</td>
<td>0.277</td>
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- 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
### Robustness check: women with 2ch vs childless

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<tr>
<td>Treatment effect in the 2nd half of 2016 ($\theta_{2016}$)</td>
<td>-0.019**</td>
<td>-0.052***</td>
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<tr>
<td>Treatment effect in the 1st half of 2017 ($\theta_{2017}$)</td>
<td>-0.031***</td>
<td>-0.044***</td>
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<tr>
<td>Observations</td>
<td>184 220</td>
<td>130 600</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.112</td>
<td>0.302</td>
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- Even larger gap in LFPR among women with 2children and childless ones
Conclusions

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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• The Family 500+ had a negative impact on women’s labour market participation
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What we don’t know:
• Impact on LFPR of women with 3 and more children
• Impact on men’s activity rates?
• Impact on working hours?
• Impact on unregistered employment / unregistered payments?
Research paper:


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Additional info

- **Control variables:** age, education (3 levels), size of place of residence, number of children, age of the youngest child, region, student status, partner’s education and educational attainment