Parental Leave and Early Child Care

Jenna Stearns
Department of Economics
University of California, Davis

February 27, 2020
Parental Leave is Important

- Most parents of young children work outside the home in the U.S.
- Majority of working parents report work/life balance is a challenge
- Access to paid parental leave is low and unequal in the U.S.
  - Less than 20% of workers have access to employer-provided paid parental leave
    - < 9% of workers in bottom wage quartile, 30% in top wage quartile
- California’s Paid Family Leave (2004) provides near-universal access to partially paid parental leave for workers
Evidence of PFL on Children’s Health

- **Short run effects:**
  - Improved health at birth
  - ↑ breastfeeding duration
  - ↓ hospitalizations
  - ↓ late vaccinations

- **Longer-term effects:**
  - Improved health in kindergarten
  - ↑ parental time in childcare
  - ↑ long-term earnings

---

**Average Share of Low Birth Weight Births by Year**

Stearns, 2015
Evidence of PFL on Maternal Health

- Improved mental health
- ↑ physical health
- ↓ inpatient hospital stays
- Improved maternal health also from paternity leave

Persson and Rossin-Slater, 2019
Evidence of PFL on Labor Market Impacts

▶ Effects on workers:
▶ Mixed employment/wage effects for mothers
▶ No evidence of effects for fathers (but low take-up)

▶ Effects on firms:
▶ Non-negative effects on productivity/costs
▶ Better firms have higher claim rates

Firm Claims by Worker Earnings Quartile

Bana, Bedard, Rossin-Slater and Stearns, 2020
Early Child Care is Important

- Most children under 6 live in households where all parents work
  - Both parents are employed in 58% of married households
  - 69% of single mothers are employed

- Over 61% of children under 5 attend some type of regular childcare

- California is the least affordable state for center-based infant care
  - 19% (60%) of median income for married (single) households
  - Ranked 4th for 4-year olds

- Low-income children and children of color are more likely to receive low quality care, exacerbating inequality
Evidence of Early Child Care on Children’s Outcomes

» Intensive, high-quality programs have positive effects

» Short-term effects:
  » Improve school readiness
  » Strongest effects for disadvantaged children
  » ↑ On-time immunization rates, health

» Longer-term effects:
  » ↑ educational attainment, earnings
  » ↓ reliance on public assistance

» But quality matters!
Importance of Access to Affordable Care

- Full-time center care for very young children is limited
- Low-income children less likely to attend center care
- And lower quality care
- Childcare subsidies reach ≤ 15% of eligible children
- 10%↓ child care costs → 0.25-1.25%↑ parental LFP


Morrissey, 2020
Conclusions

- PFL appears to have high benefits vs. costs
- High-quality early care and education promote children’s cognitive, socioemotional, and health outcomes
- But barriers to access important for equity considerations in both
- Following periods of PFL, families face gaps in affordable, high-quality, and stable early care arrangements before preschool