ASSA Meetings CSWEP Sponsored Session Summary

January 2-5, 2009, San Francisco, CA

Session Title: The Interface Between Family and Work
Session Chair: Ronald Oaxaca (University of Arizona)
Discussants: Jing Cai (Upjohn Institute), Ronald Oaxaca (University of Arizona), Debra Barbezat (Colby College), and Cordelia W. Reimers (Hunter College)

Tami Gurley-Calvez (West Virginia University) and Amelia Biehl (University Of Michigan, Flint) and Katherine Harper (University Of Tennessee, Knoxville) presented "Time Use Patterns and Women Entrepreneurs."

Rates of entrepreneurship among women have increased substantially over the past three decades and existing econometric studies indicate that women choose self-employment primarily because of family factors. We use recently available American Time Use Survey data for 2003 to 2006 to compare the daily activities of self-employed women with those of self-employed men and wage and salary workers of both genders. Information on how self-employed women divide their time between work and other life activities provides insights into their motivations for choosing self-employment and allows us to address the question of whether entrepreneurial women allocate their time differently than other workers. Our results indicate striking differences in time spent working, caring for children, and performing household activities by gender and employment sector. Self-employed women spent the least amount of time working and the most time on childcare activities, even after controlling for education, industry and a variety of other demographic characteristics. Differences are greatest for time spent on secondary childcare and suggest that self-employed women value being near their children, even if they are not primarily engaged in childcare. Further, family factors affect men and women differently. Marriage decreases hours worked for self-employed women but increases time worked for men.

Arif Mamum (Mathematica Policy Research) presented "Effects Of Employment On Marriage And Cohabitation: Evidence From A Randomized Study Of The Job Corps Program."

This paper explores the effects of employment-related outcomes (namely, average hours worked per week and average earnings per week) on the likelihood of marriage for men and women. We use data from an experimental evaluation of the Job Corps program, which found statistically significant positive effects of the Job Corps program on the employment outcomes of both male and female participants. By using the randomized treatment status from the evaluation as an instrumental variable (IV), we utilize this exogenous increase in employment and earnings created by the Job Corps intervention to identify causal effects of the employment-related outcomes on the likelihood of marriage for economically disadvantaged individuals. The most prominent finding of this study is that an increase in employment and earnings via the Job Corps program increases the likelihood of marriage for young women with economically disadvantaged backgrounds. The positive effects on women's likelihood of marriage may be regarded as reflecting the benefits of women's economic independence as well as the "good-catch" effect in the marriage market. The analysis also shows that for young men with economically disadvantaged backgrounds their employment and earnings have no statistically significant effect on their likelihood of marriage.

Annalisa Mastri (Mathematica Policy Research) presented "Non-traditional Benefits and Subsequent Employee Turnover and Profitability"

Firms have recently begun providing non-traditional benefits, such as Employee Assistance Plans (EAPs) and emergency child care, in an attempt to retain employees, particularly females who might face challenges combining work and family. In this paper we investigate how the provision of non-traditional benefits is linked to the percentage of female employees in a firm and overall employee turnover. Using longitudinal data on approximately 1,600 law firms over ten years, we estimate models with firm fixed effects that allow credible estimation of these relationships in the presence of firm heterogeneity. We find that Employee Assistance Plans, child care flexible spending accounts, and emergency child care are associated with increases in the percentage of female associates and reductions in the turnover rates of all associates. These two findings indicate that non-traditional benefits help retain female employees. Finally, by linking a subset of the firm-level data to data on firm profitability over the same period, we provide evidence that provision of these benefits is associated—at worst—with no decrease in profitability for the firms that adopt them. Overall, these findings suggest that firm provision of non-traditional benefits can play an important role in retaining female employees without hurting firm profitability.

Saranna R. Thornton (Hampden-Sydney College) presented "An Examination of the Implementation and Utilization of "Stop the Tenure Clock" Policies in Canadian and U.S. Economics Departments."

Stop the Tenure Clock (STC) policies allow tenure-track faculty members to extend their probationary periods for one, or more, semesters. During the 1990s colleges and universities increasingly recognized that many events that affect both men and women can be a source of noise in a tenure candidate's record, including birth or adoption, serious illness, etc. Although professors typically do return to productive research, teaching and service, one or two such events occurring during the five year probationary period can seriously distort a probationary professor's record. STC policies, if utilized and properly implemented, can potentially benefit women faculty members in particular. Of the various reasons for which the tenure clock may be stopped, childbirth has disproportionate effects on the productivity of mothers in particular. Annual surveys of 350-400 economics department chairs conducted by the Center for Business and Economic Research (CBER) at the University of Arkansas regarding the labor market for new Ph.D.s are utilized to examine time trends in the adoption, utilization and implementation of STC policies in US and Canadian economics departments. Additionally, data are analyzed from an email survey of 329 ladder-rank faculty who were employed in the 180 economics departments that responded to the CBER's 2003 survey.

Session Title: Changes in Women's Labor Supply
Session Chair: Patricia Anderson (Dartmouth College)
Discussants: Elizabeth Cascio (Dartmouth College), Patricia Anderson (Dartmouth College), and Andrea Weber (University Of California-Berkeley)

Natalia Kolesnikova (Federal Reserve Bank of St. Louis), Dan Black (University of Chicago) and Lowell Taylor (Carnegie Mellon University) presented "Why Do So Few Women Work in New York (And So Many in Minneapolis)? Labor Supply of Married Women Across U.S. Cities."

This paper documents a little-noticed feature of U.S. labor markets: there is very large variation in the labor market participation rates and annual work hours of married women across cities. Consider, for example, one large group of women: married non-Hispanic white women with a high school level education. In Minneapolis, 79 percent of such women are in the labor force, while in New York the proportion is only 52 percent. We focus on cross-city differences in commuting times as a potential explanation for this variation in women's labor supply. Our starting point is the analysis of labor supply in a model in which commute times introduce non-convexities into the budget set. Empirical evidence appears consistent with the model's predictions: In the cross section, labor force participation rates of married women are negatively correlated with the metropolitan area commuting time. Our analysis also indicates that metropolitan areas which experienced relatively large increases in average commuting time from 1980 through 2000 had slower growth in the labor force participation of married women.

Catherine Weinberger (University of California, Santa Barbara) presented "In Search of the Glass Ceiling: Cohort Effects among College Graduates in the 1990s."

It is well known that gender gaps in career attainment are larger among older than among younger workers. Using panels of college-educated workers from the 1990s, I search for gender differentials in earnings growth. Faster earnings growth for men is predicted in human capital models (where women make fewer post-schooling investments) and also in discrimination models (where the effects of discrimination are cumulative over the course of the career). Contrary to what is suggested by both models, this study finds similar average rates of earnings growth for women and men in all cohorts. This result is robust across most college majors and professional fields, and is also robust to using more familiar data sources. These findings are consistent with the presence of glass-ceiling barriers that affect only a small (but influential) subset of workers at the very top. Although the average gender gap becomes smaller across successive cohorts, the typical woman of any given cohort follows an earnings growth path that is parallel to--and below--the path followed by men with similar educational credentials. Large gender gaps remain among full time workers, with the typical woman in her forties earning 30-45 percent less per hour than an observably similar man. Since the differential does not tend to grow larger with age, it is apparently determined by factors already present early in the career.

Blen Solomon (Grand Valley State University) and Jean Kimmel (Western Michigan University) presented “Testing the Inverseness of Fertility and Labor Supply: The Case of Ethiopia.”

We test the inverseness of fertility and labor supply for married women in Ethiopia to determine if previous research (focusing on developed countries) that has found an inverse relationship between fertility and labor supply is applicable to least developed countries. The research into fertility and labor supply has relied on a variety of methodologies for addressing the endogeneity of fertility. Using data from the Demographic Health Survey (DHS) of Ethiopia, we use the husband’s desire for children to instrument for fertility. Our empirical results fail to support an inverse relationship between fertility and labor supply in Ethiopia, perhaps because the persistence of traditional family structures in the face of rising national female employment facilitates maternal employment. This finding has implications for other LDCs as well.

Session Title: Human Capital Acquisition
Session Chair: Kristin Butcher (Wellesley College)
Discussants: Lauren Malone (CNA Corporation), Deborah Reed (Public Policy Institute of California), Melinda Pitts (Federal Reserve Bank of Atlanta), And Niels-Hugo Blunch (Washington and Lee University)

Cynthia Bansak (St. Lawrence University) and Brian Chezum (St. Lawrence University) presented “How Do Remittances Impact Human Capital Formation of School Age Boys and Girls?”

We revisit the impact of remittances on educational attainment of school age children in Nepal, paying particular attention to differences between girls and boys. A heightened interest in understanding the impact of remitting practices on a variety of economic variables has emerged as remittances to developing countries continue to rise. We use the 1995/1996 Nepal Living Standards Survey (NLSS) to examine the impact of remittances on human capital investments for female and male children. If remittances do positively affect human capital, then not only will remittances affect long-run growth in Nepal, but the opportunities for women in Nepal should improve as the female population becomes more educated. Our data provides an opportunity to separate the effect of household disruption from the income effect of remittances on the decision to invest in schooling. Our results indicate that young children benefit more from remittances but the benefits, controlling for absenteeism, tend to be stronger for male children.

Jin-Tan Liu (National Taiwan University and NBER), Yen-Chien Chen (National Taiwan University) and Stacey H. Chen (Royal Holloway, University Of London) presented “The

Impact of Unexpected Maternal Death on Education – First Evidence from Three National Administrative Data Links.”

The death of parents is one of the most traumatic events for school-aged children. It can have a long-lasting effect on a child's cognitive ability and socio-emotional development. However, because of data limitations and unobserved parental factors, including unobserved pre-existing health conditions prior to the actual death, there is little existing evidence of any causal link between parental deaths and children's educational outcomes. Based on an unique data set, which is constructed by linking three national administrative datasets -- the Birth Registry, Death Registry and College Entrance Tests' records from Taiwan -- we can exploit unexpected parental deaths in a family fixed-effects model in order to compare the difference in education between siblings who lost parents unexpectedly before versus after the age of 18. Our empirical strategies can remove most of the problems caused by unobserved characteristics. We find that losing a mother has a strong impact on a child's possibility of entering college, while losing a father has no significant impact. Consistent with the suggestion in Behrman (1999), our evidence implies that a mother's role of in child rearing a child has a stronger impact on a child's outcome than a father's role as bread winner.

Amalia R. Miller (University of Virginia) presented “Motherhood Delay and The Human Capital of The Next Generation.”

This paper exploits biological fertility shocks as instrumental variables to estimate the effect of motherhood delay on the cognitive ability of the next generation. Using data on women in the NLSY79 and their first-born children aged 5 to 14, I find a year of delay leads to significant increases in math and reading scores: a 7 year delay produces gains on par with the black-white test score difference. This result reveals a potential weakness of pro-natalist policies promoting early motherhood. While such policies may increase total period fertility rates, they will be less effective at increasing total human capital.

Joseph J. Sabia (American University) and Daniel I. Rees (University of Colorado-Denver) presented “Boys Will Be Boys: Gender Differences in the Schooling Effects of Sexual Abstinence.”

Recent research by Sabia and Rees (Forthcoming, *Demography*) suggests that abstinence can have important educational spillovers. However, there are several reasons to expect abstinence to have a larger impact on female, as compared to male, educational attainment. Females are more likely than males to contract the Human Immunodeficiency Virus and other sexually transmitted infections from an act of heterosexual sexual intercourse with an infected partner. Similarly, because females typically shoulder a disproportionate share of the cost of an unintended pregnancy, one might expect them to be more preoccupied with the physiological and psychological consequences of sexual activity than their male counterparts (Sabia and Rees, *Journal of Health Economics*, 2008). The current study uses a puberty index available in the

National Longitudinal Study of Adolescent Health to identify exogenous variation in the timing of first intercourse. Among females, we find that abstinence from sexual intercourse until age 18 increases the probability of high school graduation by 23.6 percent. However, we find little evidence of an abstinence effect for males. These gender differences are consistent with the hypothesis that adolescent males are less likely to suffer adverse psychological consequences from sex, and face lower costs of an unplanned pregnancy.

CSWEP Non-Gender Sessions
Summaries ASSA 2009

Session Title: Public Economics and the Low Income Population
Session Chair: Hilary Hoynes (University of California, Davis)
Discussants: Bill Evans (University of Notre Dame), Hilary Hoynes (University of California, Davis), Thomas Buchmueller (University of Michigan), Kosali Simon (Cornell University)

Andreea Balan Cohen (Tufts University)
Healthy, Wealthy and Wise? The Impact of the Old Age Assistance Program on Elderly Mortality in the United States

How much have government programs improved the well-being of the most vulnerable elderly? To analyze this question, I examine the impact of Old Age Assistance (OAA) — the first significant U.S. welfare program for the elderly—on the mortality of older Americans from 1930-1955. I construct two new data sets: a database of OAA benefits and rules, and a database of mortality by age, race, gender, and cause of death. To control for the joint determination of income and mortality, I use a simulated instrumental variables approach that relies on exogenous changes in OAA legislation at the state and year level. I find a substantial reduction in mortality for many vulnerable elderly groups, especially poor males. Mortality decreased mainly because of declines in risky behavior, infectious diseases (after the introduction of antibiotics) and suicides. Household survey analyses reveal changes in consumption consistent with these patterns. Overall, OAA income transfers were highly effective in preventing deaths among the elderly poor by increasing their access to health care and altering their behavior.

Sara LaLumia (Williams College)
The Persistence of Tax Refunds: Evidence from Panel Data

This paper uses a 12-year panel of income tax return data to investigate patterns of refund receipt over time. Approximately 30% of non-elderly filers receive refunds in all twelve years of the panel. This share is higher for unmarried women than for unmarried men, and lowest for joint filers. Higher levels of income and wealth are associated with shorter spells of refund receipt. There is some evidence that taxpayers learn about their likely tax obligations over time and adjust their behavior accordingly. Owing a large balance in one year is associated with higher withholding in the following year, and receiving a large refund is associated with subsequently lower withholding.

Sharon Long (Urban Institute)
Early Evidence on the Impacts of Health Reform in Massachusetts

In April 2006, Massachusetts enacted a health care reform bill that seeks to move the state to (almost) universal coverage. Implementation of the reform initiatives began in 2006 and continued through 2007 (with some provisions delayed beyond 2007). The study estimates the impact of the state's reform on uninsurance and type of insurance coverage. We employ a difference-in-differences model, subtracting changes in coverage over the reform period for comparison groups in other states to control for the underlying trends in insurance coverage in Massachusetts that are not related to health reform. We estimate models for the overall non-elderly adult population in Massachusetts, as well as for lower- and higher-income residents, controlling for individual, family, and community characteristics. We find that the first year of reform in Massachusetts increased insurance coverage by 6.6 percentage points for non-elderly adults. This increase was primarily driven by an expansion of coverage for lower-income residents, who experienced a decline in uninsurance of 17.3 percentage points as a result of the reform. These findings reflect the response of Massachusetts' residents prior to full-implementation and, thus, provide an interim assessment of the impacts of health reform in the state.

Lara Shore-Sheppard (Williams College), John Ham, (University of Southern California), Xianghong Li (York University)
Public Policy and the Dynamics of Children's Health Insurance, 1986-1999

The past twenty years have seen important changes in public policy with the potential for significant impacts on health insurance for children. These changes included both those explicitly intended to expand access to public insurance for children, including expansions in eligibility for Medicaid and the introduction of the State Children's Health Insurance Program (SCHIP), and other changes in anti-poverty policy. Despite the potential importance of these factors for coverage, the fraction of children who are uninsured has remained largely constant, particularly through the 1990s. However, this relatively constant level of uninsurance may mask changes in the underlying dynamics of health insurance among children. In this paper, we use data from the 1986-1996 panels of the Survey of Income and Program Participation (SIPP) to examine patterns of health insurance coverage among children during the period 1986-1999, focusing on transitions between public coverage, private coverage, and no coverage. Using these data, we document a shift in the underlying dynamics of health insurance coverage among children. We show that this shift takes two forms: a general increase over the 1990s in the rate of transitions between all three insurance states—public insurance, private insurance, and no insurance, and a particular increase in transitions involving public coverage. We find that several of the policy changes that took place over the 1990s had important effects on health insurance transitions for children.

Session Title: Topics in International Public Economics

Session Chair: Leora Friedberg, University of Virginia

Discussants: Leora Friedberg (University of Virginia), Kathleen McGarry (Dartmouth College), Norma Coe (Tilburg University), Wojciech Kopczuk (Columbia University)

Justine Hastings (Yale University), Lydia Ashton, (Yale University)

Gender and Investment in Privatized Social Security Markets: Evidence from Mexico

This paper documents and examines the reasons for differences in investment choices and account management between men and women in Mexico's privatized social security market. We use administrative data on individual accounts and labor market participation for the entirety of pension account holders in Mexico's privatized social security system from September 2004 through December 2006. We combine this with data on fund prices, historic returns and detailed local advertising rates. We find that women are much less likely to switch their fund managers, and we show that half of the disparity in management activity can be attributed to differences in employment patterns for men and women, while half appears to be completely gender-specific. We also find that women are more influenced by their employers and peers and by advertising both in their decision of when to change fund managers and which fund manager to select. Overall, women are less price sensitive, focusing more on brand name and advertising when choosing a fund, and thus pay higher management fees on average than men do, all else equal.

Laura Juarez (Centro de Investigacion Economica CIE-ITAM)

Altruism, Exchange and Crowding Out of Private Support to the Elderly:
Evidence from a Demogrant in Mexico

To examine whether private support dampens or reinforces the impact of redistributive policies, this paper estimates the effect of an exogenous increase in the income of the elderly, caused by a recent demogrant in Mexico, on the amount of private transfers they receive. My instrumental variables strategy overcomes the endogeneity of income that typically contaminates estimates and, unlike related studies that use natural or policy experiments in reduced-form estimations, it yields evidence of a positive bias. This suggests that an unobservable characteristic is positively correlated both with income and private transfer receipt and that treating income as exogenous could lead to an underestimation of the crowding out effect. In contrast, my preferred estimates are negative, significant and not far from minus one, implying an almost complete crowding out. My findings suggest that private transfers could neutralize the changes in the public transfers for the elderly.

Sophie Mitra (Fordham University)

The Labor Market Effects of the Disability Grant Program in KwaZulu-Natal, South Africa

Research that examines the labor supply effects of disability programs has taken place in developed countries with relatively low unemployment and high labor force participation rates. In developing countries with high unemployment rates, the disincentive effect of disability cash transfers on labor supply has not been assessed. This paper provides initial evidence on the effect of the Disability Grant (DG) program in South Africa on labor supply in the context of a policy change in disability screening. I exploit a natural experiment to estimate the impact of a change in disability screening stringency on labor force outcomes for older individuals in South Africa. Results differ across labor market outcomes and by gender. I provide initial evidence that reduced stringency in DG screening in treatment provinces might not have affected the labor market behavior of older females but might have led to a reduction in the participation of older males in the broad labor force. This result highlights the possibility that the reduced stringency of the DG program in treatment provinces might have made discouraged male workers more likely to stop wanting work and drop out of the broad labor force.

Monica Singhal (Harvard University)
Quantifying Preferences for Redistribution

This paper constructs quantified measures of preferences for redistribution using survey data from seven OECD countries in which respondents were asked how much in taxes individuals earning given levels of income "should" pay. The resulting preferred tax rates generate reasonable budget sets, are consistent with observed tax rates, and correlate closely with conventional categorical preference measures and voting behavior. While the overall variation in preferred progressivity is substantial, differences in preferences across political and economic subgroups are modest. Individuals do not appear to prefer disproportionately lower tax rates at income levels close to their own. Actual tax schedules imply a larger size of government than preferred tax schedules but often do tend to reflect preferred progressivity.

Session Title: Education Policy and Public Economics
Session Chair: Jessica Howell, California State University, Sacramento
Session Discussants: Nora Gordon (University of California, San Diego), Jessica Howell (California State University, Sacramento), Sarah Turner (University of Virginia), Judith Scott-Clayton (Harvard University)

Sherrilyn M. Billger (Illinois State University)
What Happens when the Local High School Closes? 'Economies of Size' in Illinois

I examine the fiscal condition of high schools, districts, and communities in Illinois with a new panel data set from 1991 through 2006. Debate continues about the benefits and costs of closing schools and increasing enrolments, in pursuit of great efficiency. I find that per-pupil spending and enrolment are indeed the most important predictors of high school closures. Unfortunately, after a high school has closed, it appears that the community is harmed, with higher expenditures, lower house values, and lower median incomes. I nonetheless find some economies of size benefits to enrolment increases, but only for schools already struggling with conditionally high expenditures.

Anamaria Felicia Ionescu (Colgate University), Linnea Polgreen (University of Iowa)
A Theory of Brain Drain and Public Funding for Higher Education in the U.S.

Many state policy makers are concerned about outmigration of college graduates. There is no consensus, however, in the empirical literature concerning the relationship between outmigration and university funding. We develop a theory that explains the nature of this relationship. We account for heterogeneity in ability across individuals and education funding across states. We stress the role of scale economies in higher education and characterize college enrollment and brain drain within states with various degrees of economies of scale. By linking brain drain to education funding, we deliver policy prescriptions for states experiencing an outmigration of college graduates. Results show that investing in higher education attracts college students. However, if a state does not benefit from increasing returns to scale to higher education, we find a positive relationship between public spending and out-mobility after graduation, but when the state enjoys economies of scale in education, we find that a negative relationship can arise in equilibrium.

Joydeep Roy (Georgetown University & Economic Policy Institute), Rajashri Chakrabarti (Federal Reserve Bank of New York)
Can State Merit Aid Programs have Unintended Consequences? A Closer Look

State merit aid programs have proliferated at a rapid rate in the U.S. over the last two decades, particularly since the institution of Georgia's HOPE scholarship program in the early 1990s. In this paper we argue that merit aid type scholarship programs, tied to attending in-state colleges and universities, may lead to a substitution of more expensive out-of-state colleges for less expensive in-state ones. Lowering of price at in-state colleges makes them more attractive, and some students who were earlier attending out-of-state colleges, and paying significant amounts of money in tuition and fees, will now come back to attend colleges in their home state. However, if these expensive out-of-state colleges are also more effective (in terms of raising academic achievement/human capital of their students) then this will lead to a lowering of overall human capital for these returning students. That is, some students will trade off higher future benefits of a better education (higher wages, etc.) for lower current costs of college education in the post-merit aid scenario. We use data on residence and migration patterns of college freshmen from the Integrated Post Secondary Education Data System (IPEDS) of the National Center for Education Statistics to examine whether Georgia residents exhibited such differential mobility before and after the introduction of the HOPE scholarship in 1993. Using neighboring states in the Southern Regional Education Board as our control group and a difference-in-differences analysis, we analyze whether Georgia students indeed traded off attending more selective out-of-state colleges in favor of less selective but less costly in-state colleges in the post-HOPE scholarship period.

Tansel Yilmazer (University of Missouri-Columbia), Patryk Babiarz (Purdue University)
The Impact of College Financial Aid Rules on Household Portfolio Choice

Households who save in anticipation of their child's college expenses reduce their child's eligibility for financial aid. The penalty of reduced financial aid eligibility acts as an implicit tax on household assets. At the same time, the federal algorithm used to compute the financial aid does not take into consideration the assets accumulated in retirement accounts or as home equity. Households can diminish their marginal financial aid tax rates by moving funds into retirement accounts or by increasing their home equity. Using the 2001 Survey of Consumer Finances, this study investigates the effect of the college financial aid rules on household portfolio choices. Our results show that households who have higher marginal financial aid tax rates have higher retirement assets and home equity compared to their taxable financial assets. However, the marginal financial aid tax rate does not have a significant adverse effect on the amount of taxable financial assets.