

October, 2026

Assessing the Impact of Social Care Expansion in Mexico:

Time Use, Employment, and Poverty

Thomas Masterson, Rania Antonopoulos, Ajit Zacharias,
Fernando Rios-Avila, and Aashima Sinha



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By Thomas Masterson, Rania Antonopoulos, Ajit Zacharias, Fernando Rios-Avila, and Aashima Sinha¹

Acknowledgments

Michelle Augusto Borges and Emily Huang contributed research to this project.

1. Introduction

In recent years, there has been increased interest in the expansion of social care services in Mexico as well as in other countries. This is due partly to the recognition that the responsibility for unpaid care work, which falls most heavily on women within households, is a major obstacle to women's labor force engagement. Unlocking this potential labor is thought to be important due to its positive impacts on economic growth, on women's economic empowerment, or both. The expansion of social provisioning of care services is thus promoted with an eye towards the development goals of economic growth, gender equality, and poverty reduction. Relatively little research has directly examined these linkages between social provisioning of care, the expansion of employment opportunities for women, and growth. Even less attention has been paid to the potential impact of labor force engagement for women's time use and time poverty.

ONU Mujeres has produced aggregate estimated impacts of three social infrastructure interventions in the system of social provision in Mexico: universal free quality childcare; extended school days for school age children; and provision of universal elder care. In each case the estimates have utilized injections of spending into specific sectors outlined in the reports for each specific intervention, based on the Input-Output table for Mexico. These estimated impacts include the overall cost of each intervention, the aggregate impact on output and employment, as well as the impact on the fiscal balance for the government of Mexico. In a prior phase of this project, we estimated the impacts, both direct and indirect, of the expansion of early childhood education services. In this report, we turn to the estimation of the impacts of the latter two policy proposals, including the direct impacts on the time use of individuals in

¹ This work was carried out for the project "Assessing the Impact of Social Care Expansion in Mexico: Time Use, Employment and Poverty" supported by the United Nations Research Institute for Social Development (UNRISD). The project coordinator is Rania Antonopoulos. Thomas Masterson is the Principal Investigator. The research team is Fernando Rios-Avila, Aashima Sinha, and Ajit Zacharias.

affected households, as well as the income and time-use impacts of the employment generated by the spending required to provide these services.

The direct impacts of these policies are different in scope and scale. The provision of universal elder care would potentially impact every household with an elderly person that needs care. Universal provision greatly reduces the responsibilities of household members to provide care, whether it is direct care in the form of feeding individuals, bringing them to appointments, or just being present to make sure that the individual has access to help if needed. The school day extension program can benefit any household with children of primary school age. At least some of the time individuals spend helping children with homework would be eliminated, since supervised study is part of the extended school day. Time spent supervising primary school age children may be eliminated in the cases where there are no other younger children in the household that receive such care at home. In the case of both programs, the impact of reduced supervisory care may not have a large impact on the time spent on household production activities, since these are typically done concurrently with supervisory care. However, relief from supervisory care may free individuals to engage in paid work that the responsibility for supervising children or the elderly may not currently allow.

In this report, we include details of our analysis of these policies on the distribution of time spent on household care activities, as well as on time and income poverty. We begin with a review of the literature relevant to each of the policies. Then we discuss the methods and data we use for the estimates. Next, we analyze Mexican time-use data to assess how it can be used to predict the direct impact of these policy interventions on time-use patterns of adults in Mexican households. We then move on to estimate the employment changes due to the expansion of social provision of services, the impact on time use due to job creation, and finally the predicted impacts on time and income poverty in Mexico due to each of the policies.

2. Literature review

Universal Elder Care

Over the last two decades, a substantial literature has developed on unpaid care work, both child and elderly care, and its negative impact on care providers' employment, earnings, physical and mental health, and time poverty (Neal 1993; Moen, Robison, and Fields 1994; Ettner 1995; 1996; Fiona Carmichael and Charles 1998; 2003; F. Carmichael, Charles, and Hulme 2010; Berg-Weger, Rubio, and Tebb 2000; Lee, Walker, and Shoup 2001; Martire and Stephens 2003). While care activities can broadly take place in three spheres of the economy--household, public, and market--global evidence indicates that most of the care responsibilities is borne by households/families, and within them particularly by women, owing to gender norms and family bargaining power dynamics that drive the gender division of paid and unpaid work (Robles 2000; Varley and Blasco 2000; Esquivel 2011; Lloyd-Sherlock et al. 2018). Globally, unpaid care work constitutes nearly 2 billion work hours per day, of which three quarters are performed by women (Addati et al. 2018). Scholarship has highlighted the gendered nature of family care work (Hooyman and Gonyea 1995; Folbre and Himmelweit 2000; Folbre 2006; Garey et al. 2002; Razavi 2011), and has identified persistent gender inequality in the sharing of unpaid care work as one of the key reasons

contributing to gender gaps in employment and wages (Razavi 2007; Antonopoulos and Hirway 2010; Ferrant, Pesando, and Nowacka 2014; Elson 2017), thereby posing challenges to overall gender equality. The role of family caregivers becomes even more crucial in the absence of public and affordable market provisioning of care. Moreover, despite the lack of formal training and monetary compensation, family caregivers have been found to operate as part of the geriatric health care workforce. Studies highlight the importance of recognizing the role of family caregivers as a “shadow workforce” because the care work that they do not only within the household but also in health care institutions is largely unseen and unrecognized (Bookman and Harrington 2007).

In many low- and middle-income countries (LMICs), and so across Latin America, formal or institutional care services for dependent elders remain limited. Negligible public provisioning of formal care and low income levels prevent households from affording quality market substitutes, resulting in the primary caregiving responsibilities falling on family care providers, particularly women, often at the cost of their own well-being (Gomes da Conceicao and Montes de Oca 2004; Bernabe-Ortiz et al. 2016; Flores-Castillo 2012). Mexico is no exception: there is no national social care system, and subsidized long-term or elderly care services are nearly non-existent. Moreover, there are no special benefits in place to help family providers of elder care such as tax incentives, monetary support or respite care support. For workers attached to a social security institution, leave schemes do not provide any special arrangements for family care providers. In 2013, only 26.1% of those 60 years and over had a retirement pension, and this percentage is higher for men compared to women (35% versus 18.5%) (INEGI 2014). In other words, a significant segment of the older population in Mexico lacks access to any safety net. Few federal and state-level programs target older adults, and the only public social care services available, such as day care and institutionalization, are through the National Institute for Older Adults (Instituto Nacional para las Personas Adultas Mayores, INAPAM) and the National System for Integral Family Development (Sistema Nacional para el Desarrollo Integral de la Familia, DIF). On the other hand, private sector capacity for offering long-term care has grown only slightly, mainly because of its high costs which makes it affordable only to a small percentage of older adults who are wealthy or receive a substantial pension (López Ortega and Jiménez Bolón 2014). In such a setting, care provided informally within the family becomes an important source of financial and nonfinancial support for the elderly. A tradition of extended family, in which several generations live together, and share caregiving responsibilities, contributes to persistent dependence on informal family care provisioning. Family care arrangements and bargaining processes are highly gendered, and largely conform to prevailing cultural norms (Lloyd-Sherlock et al. 2018). The strong intra-familial pressure to provide care may affect care providers’ opportunities to participate in the labor market, particularly for the generation in the middle taking care of both children and elderly, sometimes called the sandwich generation (D. A. Miller 1981).

Elder care is gaining increasing attention due to the demographic shifts towards an aging population, increase in life expectancy, and decline in fertility rates. A growing body of research substantiates that Mexico, is at the forefront of this transformation in Latin America (Vega et al. 2015; Burniaux, Duval, and Jaumotte 2004; CISS 2005). The aging process in Mexico is taking place in a context of wide economic disparities, few viable public strategies for supporting an aging population and extensive reliance on family care givers, and limited economic security of older adults. This aging of the population will increase the

demand for elder care (Jackson, Strauss, and Howe 2009; Rossel 2016). In Mexico, the elderly population (aged 65 years and above), nearly doubled over the last two decades reaching 10 million in 2021 (UN Population Division, 2022), resulting in a dependency ratio of 10%. Moreover, this segment of the population is expected to nearly triple by 2050, aggravating the pressure on the working age population. Statistics reveal that adults 65 years and older will increase from 9.8 older adults per 100 working age persons in 2015 to almost 29 older adults by 2050 (Department of Economic and Social Affairs, UN Population Division, 2015). In addition, the life expectancy has been rising, at 60 years old it is estimated at 22.9 years for women, and 20.9 for men, which further indicates an increasing pressure on care demand.

Households in Mexico are characterized by an extended family structure such that the majority of the older population lives at home with their spouse or partner, children, grandchildren or other close relatives, seeking care from other family members, mostly women (Monkkonen 2011; Gomes da Conceicao and Montes de Oca 2004). In other words, the family remains the major source of support for most aging parents in Mexico despite recent efforts to expand social pensions and health care access (Gutiérrez Robledo, López Ortega, and Arango Lopera 2012; Angel et al. 2016). The National Institute on Aging (Instituto Nacional de Geriátría, INGER) was created in 2008 because of the need to produce more geriatric specialists and the need to develop human resources dedicated to elder care. INGER contributes to improving national policies on aging and age research and the creation of health care systems according to the needs of the aging populace. Gutiérrez Robledo et al. (2012) recommend that Mexico should continue to build programs and policies with a human rights perspective and orient efforts towards adaption of health care that addresses the needs of the elderly. Moreover, there is a need to focus on providing the elderly with primary care, education, and resources to avoid functional dependency and enhance healthy aging. More recently, at the local level, the government of Mexico City, with support from the Economic Commission for Latin America and the Caribbean, launched a caregiving program in 2015 that trains health care professionals to supervise and support caregivers and family members who care for older adults (Amieva Gálvez 2015).

To some extent declining fertility rates, rural-urban and international migration, and women's increasing participation in the labor force may change family structure and composition, restricting the availability of family care (Gutiérrez Robledo, López Ortega, and Arango Lopera 2012). However, in the absence of adequate public or institutional provisioning of care, women will continue to bear the burden of caregiving either by reducing their labor market participation or combining their employment hours with caregiving, thereby engaging in the double burden of work. Despite an aging population and increasing life expectancy, which means that more elders will need care for longer periods of time, Mexico does not have adequate care policies in place to ensure the treatment, daily care and well-being of elderly (Hakkert and Guzmán 2004). Limited fiscal resources and the needs of a large low-income population limit the possibilities of institutional care provisioning. In light of this discouraging situation, it is families, mainly women, who continue to be responsible for looking after elders (Montes de Oca 2004). There is consensus between academic literature and government institutions (such as the National Population Council) that elderly care in Mexico is largely the responsibility of the family. Only the middle- and upper- income classes can seek support from private services. The situation is even more concerning given the high rates

of gender inequality in the country which can potentially widen if women continue to take the responsibility of elderly care. Reforms are needed to put in place comprehensive long-term care policies and a social care system that integrates existing efforts, regulates them and allows for monitoring and evaluation of their overall quality and impact on households' wellbeing (Gutiérrez Robledo, López Ortega, and Arango Lopera 2012).

Growing demand for elder care can lead to conflicting decisions regarding competing social investments and threaten the development of educational and employment opportunities for younger generations who are primary care providers. In recent years there is growing evidence on the contemporaneous negative effects of providing care on labor market outcomes. Most U.S. and European studies find a negative relationship between female labor force participation and caregiving (Ettner 1995; Pavalko and Artis 1997; Heitmueller 2007; Fiona Carmichael and Charles 1998; 2003; Bolin, Lindgren, and Lundborg 2008; Crespo and Mira 2014; Ciani 2012). The magnitude of this negative effect varies across studies, ranging from no effect to a 30-percentage point decrease in the probability of working. In addition, researchers have found different thresholds of caregiving intensities above and below which the impact varies, the negative relationship being stronger amongst intensive caregivers (Fiona Carmichael and Charles 1998; Heitmueller 2007; Casado-Marín, García-Gómez, and López-Nicolás 2011). Moreover, studies show that there is differential impact of caregiving for co-resident versus care receivers not residing in the same household (Ettner 1995; Heitmueller 2007). Casado-Marín, García-Gómez, and López-Nicolás (2011) find that in Spain, labor market effects appear to be concentrated among intensive caregivers (more than 28 hours per week), co-resident caregivers, and those who provide care for long periods. On the other hand, Skira (2015) provides evidence for the U.S. on the short- and long-term effects of caregiving for an elderly parent on a woman's current and future labor force participation, at the intensive and extensive margins, as well as on wages in one comprehensive framework. The author estimates a dynamic discrete choice model of elder parent care and work in an inter-temporal framework that includes a forward-looking adult daughter, parental health uncertainty, human capital accumulation, and labor market frictions. The findings reveal that women are more likely to provide intensive care when their parent is no longer healthy, intensive caregivers are less likely to be working; women who begin care provision are likely to continue to do so and it is difficult to return to labor market if a woman leaves paid work while caregiving. Moreover, women who leave work forgo experience and the associated wage returns and face a lower expected wage if they return to work. Finally, the median cost for elderly caregiving by a woman in her mid-50s was found to be USD 164,726 over two years, which is comparable to the cost of two years of nursing home care. Most studies examining the quantitative impact of caregiving on family care providers are limited to developed countries, whereas studies focusing on Latin America, particularly Mexico have used mixed-methods approach, mostly qualitative analysis and incorporate the role of cultural norms, gendered power relations and country-specific government actions to evaluate work-family linkages (Blanco and Pacheco 2009; Mayston et al. 2017; Lloyd-Sherlock et al. 2018). Using data from the Mexican Health and Aging Study, Van Gameren and Naranjo (2015) show that women are more likely to provide care if the parents suffer from health problems and live in the same household. Moreover, simulation results show that a scenario with more parents living but in better health than the elderly in the sample, in combination with fewer and older grandchildren, is likely to reduce individual care needs but lead to only a small increase in labor force participation rates. The

authors show that increased participation rates can be expected if future generations of women have a stronger connection to the (formal) labor market.

Overall, evidence suggests that policy debates about aging population and care reforms require greater attention to the contribution of family caregivers in order to develop new policies that will be responsive to economic, health, and quality-of-life issues of both care providers and recipients. There is growing emphasis on community-based and residential care services, disability benefits, caregiver allowances, adult day-respite services (Feinberg 2004; Gitlin et al. 2006; Skira 2015), in addition to enhancement of health insurance schemes and scaling up of social pensions, which are important components of social and economic well-being of elderly (Mayston et al. 2017). The authors highlight the crucial point that in LMICs, the availability of health and social care systems are lagging socio-demographic changes, leaving families to negotiate a ‘journey without maps’—without the structure and support similar to those offered by various health and social policies in many developed high-income countries. As a result, family resources are overexploited in LMICs, and security of older people are threatened. Efforts are needed in the public policy space such that the elderly population is regarded as a priority group and care, a human right, is affirmed along with redistributing care burden from family care providers to the public space.

Full-Time School

Caregiving responsibilities combined with limited public and market provisioning of care often prevent women from participating in the labor market or lead to their occupational segregation into part-time or informal sector jobs that offer greater time flexibility. Extended school or full-time school (FTS) programs have gained momentum in various parts of the world not just to meet their primary goal of improving students’ academic outcomes but also to serve as an indirect childcare subsidy freeing the time of care providers within households, especially women who are the primary caregivers, to potentially increase their labor supply (Holland, Alfaro, and Evans 2015; UNESCO 2015; Patall, Cooper, and Allen 2010). The latter spillover effect is crucial to examine particularly in settings entailing low and/or declining women’s labor force participation and increasing time poverty.

Scholarship has identified two main sets of potential impacts of extended school day programs. The first set pertains to direct impacts on students, which can be further divided into academic, non-academic, and long-term labor market impacts. Regarding academic performance, several studies have found positive effects associated with extended school day programs. These effects include improvements in test scores, enhanced learning outcomes, increased school enrollment, reduced likelihood of early dropout, and decreased grade repetition (Padilla-Romo 2022; Thompson 2021; Cabrera-Hernández 2020; Figlio, Holden, and Ozek 2018; Hincapie 2016; Garcia, Fernandez, and Weiss 2013; Bellei 2009). Moreover, evidence on the impact on non-academic outcomes suggests a decrease in the probability that children engage in risky activities including crime, teenage pregnancy, substance abuse, and child labor (M. E. Berthelon and Kruger 2011; Kozhaya and Martínez Flores 2022). However, when it comes to the longer-term effects on students’ labor market outcomes, the evidence suggests a more negligible impact. For example, Llach et al. (2009) find that after three decades of exposure of children to longer school days in Argentina, there were positive but insignificant impacts on labor market outcomes. (Pires and Urzua,

(2010) find no impacts on labor market outcomes (either employment or wages), one decade after students were exposed to an extended school day in Chile.

Second, is the indirect impact on parents' (particularly mothers') labor market outcomes. As a result of longer school day, children spend more time in school and parents find more free time available to them. This would potentially lead to time reallocation in other activities and alter parents' labor supply decisions as they spend fewer hours caring for children. These decisions will depend on the relative magnitudes of income and substitution effects broadly between leisure and consumption (Gelbach 2002). Existing literature has mostly focused on the impact of extended school days on students' outcomes and very few studies have examined the spillover effects on parents' labor supply.

Within the second set of studies, the focus is on the relationship between women's labor supply and care support for preschool-aged children and childcare subsidies, and that too mostly on developed countries including the United States, Canada, Belgium, France, and the Netherlands (Bettendorf, Jongen, and Muller 2015; Dujardin, Fonder, and Lejeune 2018; Baker, Gruber, and Milligan 2008). Only a few studies have provided evidence on how school-going children, who are still in need of adult supervision and care, affect women's labor market outcomes. Felfe, Lechner, and Thiemann (2016) find a positive effect of after-school care provision on mothers' full-time employment in Switzerland, and in the context of low- and middle-income countries (LMICs), some studies have recently provided evidence on the effects of extended school day programs (Contreras and Sepúlveda 2017; Cabrera-Hernández and Padilla-Romo, n.d.; Kozhaya and Martínez Flores 2022). This is a crucial gap because traditional school timings last for 4-5 hours (8am to 12pm or 1pm), generally not completely aligning with traditional employment hours of parents (9am to 6pm), which means children spend more time at home seeking care potentially reducing mothers' availability for paid work.

Some recent studies on Latin American countries including Chile and Mexico have provided evidence on the impact of FTS programs on women's labor supply through the mechanisms of releasing time for care providers within household and substitution between child and adult labor (M. Berthelon, Kruger, and Oyarzun 2015; Contreras and Sepúlveda 2017; Padilla-Romo and Cabrera-Hernández 2019; 2021; Kozhaya and Martínez Flores 2022). Existing literature has utilized the quasi-experimental nature of the program and its staggered implementation in terms of time, municipality, and age to provide evidence on women's labor supply varying across marital status, age, number of children income, and poverty levels. For Mexico, Kozhaya and Martínez Flores (2022) find that the shift from part-time to full-time school days decreases the probability to engage in child labor and has important spill-over effects within the household causing mothers with children aged 7–14 to increase their labor force participation by 7.7 percentage points (pp). They argue that this increase is driven by mothers with low levels of education and in the lowest income quintiles and is similar for mothers who face higher or lower childcare costs; whereas the impact is similar for mothers who face different levels of childcare costs. Padilla-Romo and Cabrera-Hernández (2019) find that extending the school day increases mothers' labor supply, increasing their LFP by 5.5 pp and number of weekly hours worked by 1.8. Moreover, there is a 22% average increase in earnings across the population of mothers overall, and a 36% increase in earnings in high poverty areas. Moreover, Padilla-Romo and Cabrera-Hernández (2021) find that a 13 percentage point increase in the availability of FTS,

the largest average expansion observed, increases grandmothers' LFP and employment by 1.8 and 1.6 pp, respectively. The results are mainly driven by grandmothers employed in informal sector and the authors argue that to assess the holistic impact of the program it is crucial to examine the social and economic benefits for women in addition to the impact on educational outcomes for students.

In the context of Chile, Contreras and Sepúlveda (2017) using a difference in differences approach find that for single mothers, with youngest child between 8 and 13 years of age, full school day program is associated with a 5-percentage increase in labor participation and 8-percentage increase in employment when compared with pre-initiative means. The authors conclude that the small effect on labor supply may be explained by the fact the new school day hours, until 4 pm, was not totally compatible with paid working hours of parents and that to increase labor force participation the program needs to lengthen the school day to better match paid working hours. They also find that the single mothers' weekly paid work hours per week declined insignificantly by 0.80 or 48 minutes, with the possible explanation that new women entering the labor market may be selecting part-time work compatible with the new school hours, thus lowering the average hours worked for those in the market or that the increased length of the school day decreases women's spending on alternative childcare, thus increasing their disposable income and pushing them to work fewer hours via the income effect. The authors find no significant effect for married mothers consistent with the findings of other existing studies (Havnes and Mogstad 2011; Lundin, Mörk, and Öckert 2007; Cascio 2009).

Furthermore, Berthelon, Kruger, and Oyarzun (2015) show the enduring or more permanent effects on labor market participation such that with an increase of 45 pp in FTS coverage, the probability of women participating in the labor market for at least six months during the year and the fraction of the year they work or seek employment increase by 19 pp, which is equivalent to two months of work. To the best of our knowledge, the above few studies in the context of Chile and Mexico are the only analyses of the relationship between (indirect) childcare support through FTS programs for older children and women's LFP in a developing country context.

Context of Mexico: Women's labor force participation and full-time school (FTS) program

In Mexico, while the percentage of women between 15 and 64 years of age participating in the labor force grew from 35% in 1990 to 48% in 2021 (International Labour Organization [ILO] 2023), it remains low compared to other countries in Latin America with similar per-capita income. In 2021, only 48% of working age Mexican women participated in the labor market; lower than 53% Chile, 59% in Argentina and Brazil, and 70% in Uruguay (ILO 2023). Furthermore, considering the female to male LFP ratio, Mexico stands second last in the whole continent with women's LFP standing at only 55% that of men, above only Honduras (49%) and below the Latin American average of 66% (Martínez Gómez, Miller, and Saad 2013). In the light of this low women's LFP and lack of public investment in childcare which has remained around 1% of the Gross Domestic Product (GDP) and is the worst among 33 countries in the OECD, including mid-income countries such as Israel (2.4%) and Chile (1.4%) (OECD 2017); it is crucial to pay greater attention to policies that promote childcare support for women.

The Ministry of Education in Mexico implemented a full-time school (FTS) program (Programa Escuelas de Tiempo Completo (PETC)) during 2007-2018, that extended daily school hours from part-time (four hours) to full-time (six or eight hours) in primary and secondary schools. In 2007, FTS program started in 500 schools in 15 states and by 2018, it had reached 25,000 schools all over Mexico, reaching approximately 3.5 million children. The primary objective of the program was to enhance the quality of education in Mexico by improving academic and overall development of students. The additional hours were dedicated to academic, cultural, and sports activities and the program also included subsidized meals to students. The secondary objective of the program was to help single mothers to participate in the labor market and to support single-parent families (Secretaría de Educación Pública 2010). The program indirectly entailed subsidized childcare by lengthening the school day, making it more compatible with the traditional paid working days of parents. Therefore, the program can potentially promote mothers' employment and foster gender equality in the labor market.

Despite the multidimensional targets of this program and its decent success, recently analyzed by several studies (Padilla-Romo 2022; Kozhaya and Martínez Flores 2022; Padilla-Romo and Cabrera-Hernández 2019; 2021) the government in 2019 announced its rollback, such that no new schools could be included in the program, and schools operating on a full-time day will go back to the part-time schedule. The reason provided by the Minister of Education is a reordering of priorities: building basic infrastructure for schools in rural areas and “backward” provinces is being prioritized over school day extension (Mexico News Daily 2022).

Padilla-Romo (2022) shows that the first year of implementation is crucial for schools and teachers to efficiently utilize additional time but as schools become more experienced, students benefit more from the extension of the school day. The author finds increase in both math and language test scores, respectively, by 2.4 and 1.5 percent of a standard deviation in the first year of implementation. These results persist, growing to 13.7 and 10.8 percent of a standard deviation after five years, especially among low socio-economic status (SES) students. In addition, the author also indicates that the benefits of being enrolled in a FTS for five academic years out-weighs its costs, which are partly offset by contemporary gains in mothers' labor force participation and earnings (Padilla-Romo and Cabrera-Hernández, 2019), decline in child labor (Kozhaya and Martínez Flores 2022) and increase in grandmothers' employment (Padilla-Romo and Cabrera-Hernández 2021). However, even in the absence of these contemporaneous gains, the author argues that the per-child cost for the FTS program of roughly 1500 Mexican pesos per academic year is more than offset by lifetime earnings gains.

Further, the increase in test scores between 10 and 13 percent of a standard deviation imply increases in lifetime earnings between 1% and 1.34% (Chetty, Friedman, and Rockoff 2014) or between 10,491 and 14,059 present value Mexican pesos. Kozhaya and Martínez Flores (2022) also find an increase in the likelihood of being active in the labor force by 7.7 pp explained through the mechanism of freeing mothers time and decline in child labor leading to substitution between child and adult labor to maintain the household income. Padilla-Romo and Cabrera-Hernández (2019) using a difference-in-differences research design that uses within-individual variation in access to FTS find that switching from none to all schools being full time results in increase in mothers' LFP by 5.5 pp, number of weekly hours worked by

1.8, and monthly earnings by 410 Mexican pesos, or US\$24 of 2015. The authors control for other programs that might affect mothers' decision to participate in the labor market: share of children enrolled in full-time preschools, the share of children enrolled in full-time middle schools, and the share of children in Estancias Infantiles. The authors further show that less educated mothers, mothers living in high poverty localities, and mothers with daughters showed the strongest labor market effects. This evidence suggests that longer school days can be an effective policy to increase mothers' labor market participation while protecting the overall development of their children. Moreover, greater gains for low-income mothers could in turn reduce income inequality.

Overall, scholarship has widely identified a positive relationship between decline in women's unpaid caregiving time and economic outcomes including women's labor market participation and earnings. We build on this strand of literature in Latin America and explore the wide-ranging direct and indirect economic effects of the FTS and UEC policies on – i) time use of individuals, ii) employment or job creation, and iii) time and income poverty. Our contribution lies in the methodology we use and the range of effects we capture in this study/report.

3. Data and methodology

Data

The base dataset for our estimations is the synthetic dataset we created for Phase I of the project, with which we estimated the baseline Levy Institute Measure of Time and Income Poverty (LIMTIP) for Mexico in 2020 and imputed the impacts of early childhood education expansion. This synthetic dataset was created by statistically matching the *Encuesta Nacional sobre el Uso del Tiempo* (ENUT) for Mexico carried out in 2019, with the 2020 *Encuesta Nacional de Ingresos y Gastos de los Hogares* (ENIGH) for Mexico. For details of the statistical matching and LIMTIP estimates see our final report for Phase I of the project (Masterson et al. 2022). We also use the estimates of required spending reported in Bango (2020) and ONU Mujeres (2020).

Methods

We use a similar methodological approach to this phase of the project as to the first phase. We first estimate the direct impact of each of the policies on the time use of individuals in affected households. The models we use to estimate these impacts for each policy proposal are described below. We then model the direct impact on employment as well as the indirect impacts on time use due to changes in employment status. In this step we incorporate both the direct impact of the expansion in spending and subsequent increase in employment, as well as changes in labor supply response due to the changed responsibility of adult household members to provide elder care and childcare within those households directly affected by the policies. These methods are described in the third section below.

Universal Elder Care

We estimate the direct impact of the UEC policy on time use of individuals in a straightforward manner. In the ENUT we can identify those individuals who report providing care to elderly household members as well as the time they spend on caregiving. The time use survey specifies the time spent caring for those

who are either ill (whether chronically or temporarily) and/or disabled (physically or mentally). We can also identify which household members fall into those categories and check which of them are elders. This allows us to calculate the time spent on elder care by each member of the household that is surveyed for their time use.

The ENUT has eleven activities that comprise care for adults. The last is supervisory elder care.² Although the social provision of elder care will not eliminate the other activities done at the same time, we will nevertheless include this time as part of the direct impacts of the policy, both because supervisory care acts as a restraint on individuals' ability to engage in paid work outside the household, and because we incorporate this time into our measure of household production in the estimation of LIMTIP.³ We will assess the direct impact of the social provision of elder care by estimating a model of time spent on adult care that includes the number of elders and the number of non-elders requiring care in the household and using the estimated marginal impact of elders requiring care in the household to reduce time spent on adult care. For details of the method and results of the estimations, see Appendix A. It may be the case that non-elders require more or less care than elders. We examine the households in which there is only one elder or only one non-elder and look for economically significant differences in time spent (at the household level) in providing care for each group, broken down by the type of disability⁴ and the care activity. The results are presented in Table 3-1, below.⁵ Overall, there are more than twice as many households with only non-elders requiring care than those with elders requiring care. In all, 9.7 percent of households in Mexico have at least one adult that requires care. Apart from chronic illnesses, households spend more time caring for non-elders than for elders. When we subtract time spent on supervisory care, we find that in the case of illness, whether temporary or chronic, households spend more time on non-elder care than on elder care. Households spend equal amounts of time on direct care for non-elders and elders with physical or mental disabilities. The largest differences in time spent on supervisory care are for those with illness. However, while there is no difference in the time spent on non-elders who are chronically and temporarily ill, households spend more than twice as much time on supervisory care of elders that are chronically ill compared to those that are temporarily ill.

² Question 6.11.11: "Durante la semana pasada, sea en la casa, hospital u otro lugar, ¿usted mientras hacía otra cosa, lo(s) cuidó o estuvo al pendiente?"

³ We implicitly assume that this kind of multitasking effectively reduces the amount of time being spent on other activities by adding it to total time spent and scaling the individual total across all activities to the actual number of hours in a week.

⁴ Note that for each individual requiring care, only one reason of the four possibilities can be chosen in the interview process. While there may be significant numbers of individuals that have more than one of these limitations, we can only proceed as though the listed limitation is the only one.

⁵ Households that have both elders and non-elders requiring care are excluded from these averages. These households (97,156) comprise 0.2% of all households and 2.5% of households with adults that require care. Households with more than one adult (299,099 with more than one non-elder, and 88,796 with two elders) requiring care are also excluded.

There are smaller differences in time spent on other activities, and in many cases these are negligible. The activity requiring the most time is helping the individual receiving care to eat. The time required ranges from 2.3 hours per week for elders with temporary illnesses to 5.8 hours for elders with mental limitations. Differences in time required to help elders and non-elders eat are less than an hour per week, and in the case of chronic illness there is no difference. Three of the categories appear to apply almost entirely to non-elders: travel to classes or work; help with school or work tasks; and attending meetings or other activities. The lack of time required for elders for these activities is not surprising. One other notable difference is in time required for travel to appointments, with chronically ill non-elders requiring 3.1 hours per week, compared to 1.7 hours per week for elders. Given the differences, especially in time spent on supervisory care, an important question is the prevalence of households with both elder and non-elder individuals requiring care.

Table 3-1 Average time spent on care by disability type, elder status, and activity, for households with just one adult requiring care

Activity	Chronic Illness		Physical Limitation		Mental Limitation		Temporary Illness	
	Non-elders	Elders	Non-elders	Elders	Non-elders	Elders	Non-elders	Elders
<i>Eating</i>	3.8	3.8	2.8	3.2	4.7	5.8	3.2	2.3
<i>Hygiene</i>	1.6	1.4	2.1	2.4	2.9	3.0	1.9	1.1
<i>Mobility</i>	0.9	1.0	1.4	1.7	1.2	1.3	1.9	0.7
<i>Cooking</i>	1.2	1.0	0.5	0.5	0.7	1.0	0.9	0.6
<i>Medical</i>	1.7	1.4	0.8	0.8	1.1	1.4	1.5	1.1
<i>Travel for appointments</i>	3.1	1.7	0.8	1.1	1.1	1.0	2.2	2.7
<i>Physical therapy</i>	0.7	0.5	1.1	0.6	1.5	0.5	0.2	0.2
<i>Travel to classes/work</i>	0.4	0.1	0.5	0.0	0.9	0.0	0.7	0.0
<i>Help with school or work tasks</i>	0.7	0.0	0.7	0.1	0.6	0.0	1.0	0.0
<i>Attending meetings, activities</i>	0.2	0.0	0.1	0.0	0.2	0.0	0.1	0.0
<i>Supervisory care</i>	16.6	22.6	23.5	21.1	35.0	29.4	16.7	10.2
<i>Total Care</i>	31.0	33.3	34.4	31.6	49.9	43.4	30.5	19.0
<i>Total Direct Care</i>	14.4	10.7	10.9	10.5	14.9	14.0	13.8	8.8

Source: Authors' calculations based on ENUT 2019

Nearly one of ten Mexican households have adult members that require care (see Table 3-2, below). Only 97,156 of the 3.9 million households have more than one individual requiring care. Most of these are households with one non-elder and one elder requiring care. For households with only elders receiving care, adjusting care responsibilities for the provision of universal elder care provision is straightforward. However, in those cases where there is a mix of elders and non-elders receiving care, we will apply observed differences in care time, separately for direct and supervisory care.

Table 3-2 Number of households by number of non-elders and elders receiving care

Number of Non-elders	Number of Elders		
	0	1	2
0	36,053,371	1,082,211	88,796
1	2,308,489	85,137	2,203
2	227,966	9,816	0
3 or more	71,133	0	0

Source: Authors' calculations based on ENUT 2019

Full-Time School

The direct effects of school day extension on time use will be the reduction of time spent on watching children as a secondary activity, on time spent helping children with homework, and on time spent cooking during the week. We identify the households with primary school-age children (ages 6 to 12) and reduce the amount of time spent on each of these three activities by estimating a model for each that includes the number of children of primary school age.

Because the question referring to helping with school work in the ENUT refers to helping children aged 0 to 14, we examine the amount of time spent on this activity among households in three categories (see Table 3-3, below), based on age: those with only children aged 0 to 5 years old; those with only children aged 6 to 12, and those with only children aged 13 or 14.

Table 3-3 Average time spent helping children with schoolwork and weekday supervision by presence of different-aged children in household

	Time spent helping with homework	Weekday supervisory care time
Just children 5 and under	1.6	23.6
Just children aged 6 to 12	4.8	16.9
Just children aged 13 to 14	1.9	9.6

Source: Authors' calculations based on ENUT 2019

As we can see, children in primary school require the most help with homework, but the youngest children require the most time spent on supervisory care. It certainly makes sense that supervisory care time would fall with age of the child. In addition, children 5 years of age and less probably have very little homework, while children that are 13 or 14 years old, though they probably have more demanding homework than younger school children, need less (and are generally expected to employ less) assistance with the homework that they do. The economically significant difference here means that we will need to consider the average time, as well as the number of children in different age groups when adjusting the time spent by individuals on assisting with schoolwork in households affected by the extension of the school day. Thus, we will adjust the time spent by individuals on each of these three activities by the estimated marginal impacts of the number of children of primary school age. The details of our estimation strategy and the results of our analysis can be found in Appendix A.

Employment effects

To estimate the full effects of these policy proposals on household time use, as well as on time and income poverty, we carry out a microsimulation based on the expenditure changes elaborated in the reports for each policy scenario (Bango 2020; ONU Mujeres 2020). Our procedure begins by deploying an input-output model based on the aggregate spending in the two policy scenarios to produce our own estimates of employment generated at the four-digit industry level. For a detailed explanation of the procedure employed, see Appendix B. We then aggregate the resulting employment into two-digit industries for the two policies in order to carry out our microsimulation model.⁶ We divide the industry-level changes in employment across occupations using the existing occupational distribution in the ENIGH. We then identify potential job recipients and predict the likelihood of their being employed, as well as the ranking of industry and occupation that they are likely to find work in. For each scenario, the likelihood of being employed for each individual will be modified according to the policy scenario and whether they are directly affected. For example, individuals in households with disabled elderly persons will have the presence of such individuals set to zero for the prediction of their likelihood of employment in the UEC policy scenario. Next, we use a hot-decking statistical matching procedure to assign jobs to each potential recipient in the order of their likelihood of being employed, and their likeliest industry and occupation, until all of the jobs predicted to be created are used up. Once this is done, we re-assign household production hours to all those individuals in households with job recipients, using another hot-decking statistical match. The result is a new distribution of time spent by individuals on household production and income generation, as well as earnings and household income.

With the resulting distributions of income and time for each policy scenario, we recalculate LIMTIP. First, we recompute time deficits for individuals using the thresholds calculated for the direct impact simulation above. Then we adjust income poverty thresholds with the new levels of household time deficits and categorize individuals and households by time and income poverty status. A detailed description of the microsimulation is provided in Appendix C.

4. Direct Impacts of Social Care Expansion

Universal Elder Care

Scope for impacts on time use

The average amount of time spent by households on elder care is about 33 hours per week. When supervisory care is excluded, the mean is about 8 hours per week. However, supervisory care, though by definition performed while doing other activities, is a constraint on what those other activities might be. Specifically, in the context of this project, it is certainly a constraint on the employment possibilities for anyone engaging in this type of care. Thus, relieving individuals of supervisory care responsibilities will

⁶ The method requires aggregating the employment changes due to limitations in the number of records available in the base data set (ENIGH).

provide a degree of freedom to pursue paid work. We first analyze who is likely to be impacted by the relief on time constraints resulting from the provision of universal elder care.

Unsurprisingly, women are more likely to be engaged in elder care work (see Table 4-1, below). Over 60 percent of individuals providing elder care are women. We see this beginning in adulthood (females from 12 to 24 make up the same share as their male counterparts). Working age men make up relatively small shares of individuals performing eldercare (just over 20 percent are men aged 25 to 64). Not surprisingly, the largest component by age of this care giving labor force are the elderly themselves. Elderly men and women make up 12.1 and 15.4 percent, respectively. Over one quarter of those providing elder care are women aged 55 and up.

Table 4-1 Shares of individuals performing elder care, by age and sex

Age	Male	Female
12 to 24	7.5	7.6
25 to 34	4.5	5.9
35 to 44	5.0	9.4
45 to 54	6.3	9.7
55 to 64	4.3	12.4
65 and older	12.1	15.4

Source: Authors' calculations based on ENUT 2019

In addition, women spend significantly more time on care than their male counterparts, in every age category, averaging 9.5 more hours per week, overall.⁷ The largest difference is among individuals aged 45 to 54. Men aged 55 to 64 that provide elder care spend over 24 hours per week, on average, but this is lower than women in every age category, except for 12 to 24.

Table 4-2 Mean hours per week of elder care for those performing it, by age and sex

Age	Male	Female
12 to 24	10.3	15.1
25 to 34	14.0	26.8
35 to 44	19.9	23.9
45 to 54	13.0	32.9
55 to 64	24.1	31.6
65 and older	22.3	27.6
Total	17.5	27.0

Source: Authors' calculations based on ENUT 2019

Table 4-3, below, breaks down the individuals that provide elder care in households by sex, marital status and employment status. There are important differences. First note that very few of these caregivers are

⁷ Note that the difference between the average time spent by individuals versus the average time spent by households indicates that it is typically more than one individual per household providing care.

unemployed (not working but looking for work). The largest share (35.9 percent) of these caregivers are women that are not in the labor force. This is the group of interest in terms of the impact of this policy on women's labor force participation. Most of these women (61.8 percent) are married. Among both unmarried men and women, a greater share of caregivers are employed than not in the labor force, while the same is true of married men. A much greater share of married women caregivers are not in the labor force than are employed. However, more than a third of female caregivers that are not in the labor force are aged 65 and older. So, although universal eldercare would relieve many women (especially elderly women) of the responsibility for providing care for elders in the household, the overall impact on women's labor force participation is likely to be modest.

Table 4-3 Shares of Individuals Providing Elder Care, by Sex, Marital Status, and Employment Status

	Male		Female	
	Not married	Married	Not married	Married
<i>Not in labor force</i>	6.0	8.5	13.7	22.2
<i>Employed</i>	12.7	12.1	15.6	8.9
<i>Unemployed</i>	0.4		0.0	

Source: Authors' calculations based on ENUT 2019

As we can see in Table 4-4, below, the amount of time that female caregivers devote to elder care is significantly greater than the amount of time spent by male caregivers.⁸ This is true for all combinations of marital and employment status. It is notable that the difference between employed and married men and women is quite large: employed married women devote nearly twice as much time to elder care as their male counterparts. The relief of the burden of responsibility for this care will, for those experiencing time poverty, be very beneficial and should reduce the rates of time poverty for these individuals, as well as the time adjusted poverty of the households that have elders that require care.

Table 4-4 Mean hours per week of elder care for those performing it, by sex, marital status, and employment status

	Male		Female	
	Not married	Married	Not married	Married
<i>Not in labor force</i>	19.1	25.7	27.1	30.8
<i>Employed</i>	15.5	12.9	22.7	25.1
<i>Unemployed</i>	28.4		86.4	

Source: Authors' calculations based on ENUT 2019

Given the potential for reduction in time poverty and increase in labor force engagement we have seen above, we move on now to analyze the direct outcomes of reductions in time spent on elder care.

⁸ Note that the numbers for the unemployed should be taken with some reservations, given the small number of observations in the ETUS.

Direct impact on time use

We first present the reduction of direct and supervisory care time spent by individuals that would be directly affected by the policy implementation. The average change in time spent on these care activities for women is reported in Table 4-5, below. The averages are broken down by women's time and income poverty status, according to our estimates of LIMTIP for 2020. There is little variation in the impact across these categories. Both the time nonpoor and the income nonpoor seem to get a greater benefit from the reduction in care time. If time and income poverty themselves restrict the amount of time that individuals have to devote to eldercare, this may explain why we see this pattern. Those who are time nonpoor or income nonpoor simply have more time available to them.

Table 4-5 Changes in care time of women affected by eldercare expansion, by time and income poverty status

	Reduction
Income Poor, Time Poor	2.9
Income Poor, Time Nonpoor	3.1
Income Nonpoor, Time Poor	4.0
Income Nonpoor, Time Nonpoor	3.9

Source: Authors' calculations based on ENUT 2019

The modest scale of the reduction in time responsibility predicted for the provision of universal eldercare leads us to believe that there will be a small increase in the labor force engagement of the women that are affected, assuming that employment opportunities exist. This question will be addressed in the next section.

Full-Time School

Scope for impacts on time use

It is likely that parents comprise the majority of individuals that are helping with homework as well as watching children after school. This is borne out by looking at the shares of individuals engaged in these activities by age and sex (see Table 4-6, below). The largest shares are among women aged 25 to 44 for both activities. The largest male shares are among those aged 35 to 44, with smaller but similar shares aged 12 to 24 and 35 to 44. In other words, most of the individuals are among the ages most likely to be parents of young children. In addition, more women are engaged in both activities: 40 and 42 percent of those engaged in supervision and homework assistance, respectively, are women aged 25 to 34, compared to 18.6 and 19 percent for men in the same age categories. Representation among those performing these tasks drops off rapidly after age 44 for both men and women.

Table 4-6 Shares of individuals providing primary school-age children with help with homework and weekday supervision, by sex and age

Age	Homework		Supervision	
	Male	Female	Male	Female
12 to 24	9.3	14.5	8.3	12.1
25 to 34	8.5	23.3	8.4	22.0
35 to 44	10.5	19.5	10.2	18.5
45 to 54	4.6	6.2	5.0	7.6
55 to 64	1.3	1.5	1.8	3.1
65 and older	0.5	0.3	1.0	2.0

Source: Authors' calculations based on ENUT 2019

Given the distribution of individuals performing these tasks discussed above, it is not surprising to find that most of those individuals (both men and women) are married (see Table 4-7, below). Most men performing these duties are employed. Employed married women are less common than their male counterparts, while a greater share are not in the labor force. It is reasonable to presume that a very large share of male parents are also married and employed, which explains the patterns we see for men. Among women the shares vary by less. Unmarried women are more likely than their male counterparts to have children in the household. And married women with children are less likely than their male counterparts to be employed.

Table 4-7 Shares of individuals providing primary school-age children with help with homework and weekday supervision, by sex, marital status, and employment status

	Homework		Supervision	
	Not married	Married	Not married	Married
<i>Male</i>				
Not in labor force	5.3	1.5	4.5	1.7
Employed	5.0	22.6	4.9	23.1
Unemployed	0.1	0.2	0.2	0.3
<i>Female</i>				
Not in labor force	11.8	23.0	10.9	24.2
Employed	11.2	19.1	11.3	18.7
Unemployed	0.1	0.1	0.1	0.1

Source: Authors' calculations based on ENUT 2019

Compared to the elimination of elder care responsibilities, the reduction of supervisory care time for women with children aged 6 to 12 is likely to more significantly increase labor force engagement. This is because the age group that is primarily affected are working age women (aged 25 to 44). We move on now to the estimation of reductions in time spent on these activities for individuals.

Direct impact on time use

We present reductions in time spent helping primary school age children with homework and supervising children by time and income poverty status in Table 4-8, below. There is again very little variation in the time reductions for beneficiary women across these categories. The income nonpoor have roughly an extra half hour's worth of reduction, on average. There is no significant difference between income poor and nonpoor women, once time poverty is controlled for.

Table 4-8 Changes in care time of women affected by school day extension, by time and income poverty status

	Reduction
Income Poor, Time Poor	5.4
Income Poor, Time Nonpoor	6.1
Income Nonpoor, Time Poor	5.8
Income Nonpoor, Time Nonpoor	6.5

Source: Authors' calculations based on ENUT 2019

5. Employment Impacts of Social Care Expansion

The expansion of care services will naturally increase employment, especially given the labor-intensive nature of many of the services being provided. Moreover, the extension of the school day will also have an impact on employment. The method we employed to produce estimates of employment growth are described in detail in Appendix B. Our method produced aggregate job increases of 667,030 in the UEC policy scenario and 1,003,544 in the FTS scenario. We expect therefore that employment rates will rise, given the scope of the intervention. We carried out microsimulations for each policy scenario based on our job growth estimates. For a detailed description of our microsimulation methods, see Appendix C. We review the results of the simulation in terms of their impact on employment in the following sections. First, we discuss the estimated impacts of our policy variables on the likelihood of women being employed.

During the course of the employment simulations, we estimate the likelihood of being employed for everyone in the donor and recipient pool. We find that the impact of having elders that need care in the household is to reduce the predicted likelihood the women will enter employment by 2.6 percent per elder in need of care.⁹ Since most households have just one elder requiring care, women in those households are predicted to be 2.6 percent less likely to be employed. The marginal effect of an additional school age child on the likelihood of women being employed is a 3.6 percent reduction. Thus, the implementation of UEC and/or FTS could therefore increase the employment of women in those households.

Universal Elder Care

The distribution of the newly employed by sex, age, and location is in Table 5-1, below. It is noteworthy that the majority of the jobs were taken by those in urban areas (five of every six jobs). Also, men were

⁹ Evaluated using the `margins` command in STATA, which produces the average marginal effect.

more likely to receive new jobs than women (receiving two of every three jobs nationally), particularly in rural areas, where 93 percent of the jobs were taken by men. Young women were much more likely than older women to take up new jobs, while job recipients were fairly evenly distributed by age among men. These patterns are driven by the industrial composition of the employment changes (See Table C-1). Nearly one of every four jobs created is in the construction industry (mostly building new elder care facilities), in which employment is dominated by men. A third of the jobs are in the health care industry, in which much of the higher-paying employment (professional and administrative occupations) is dominated by men.

Table 5-1 Job Recipients by Location, Sex and Age, Universal Elder Care

	Urban	Rural	Mexico
Female			
Younger 25	67,259	3,891	71,150
25 to 34	63,300	2,723	66,023
35 to 44	57,190	1,072	58,262
45 to 54	22,070	464	22,534
55 to 64	9,301	121	9,422
65 and older	3,359		3,359
Total	222,479	8,271	230,750
Male			
Younger 25	43,302	23,157	66,459
25 to 34	51,566	19,938	71,504
35 to 44	43,716	32,474	76,190
45 to 54	49,612	21,108	70,720
55 to 64	55,912	14,365	70,277
65 and older	29,638	6,544	36,182
Total	273,746	117,586	391,332
Total			
Younger 25	110,561	27,048	137,609
25 to 34	114,866	22,661	137,527
35 to 44	100,906	33,546	134,452
45 to 54	71,682	21,572	93,254
55 to 64	65,213	14,486	79,699
65 and older	32,997	6,544	39,541
Total	496,225	125,857	622,082

Source: Authors' calculations based on synthetic file

The modest increase in employment compared to the size of the labor force (59 million) means that the employment rate (the ratio of the number in paid employment to the size of the adult labor force) does not change dramatically (see Table 5-2, below). For women in urban areas, there is a 0.4 percentage point increase, while the rate is virtually unchanged for women in rural areas. There is a more modest increase

for men of 0.2 percentage points overall and in rural areas, though the increase is 0.3 percentage points in urban areas.

Table 5-2 Employment Rate by Sex and Location of Persons 18–74 Years of Age (percent), Baseline and Simulated

	Urban	Rural	Total
Female			
Baseline	53.2	43.2	51.3
Simulation	53.6	43.3	51.7
Male			
Baseline	81.8	88.4	83.2
Simulation	82.1	88.6	83.4
Total			
Baseline	66.7	65.6	66.5
Simulation	67.0	65.7	66.8

Source: Authors' calculations based on synthetic file

Full-Time School

The majority (86.8 percent) of the job recipients for the extension of school days for primary school students were located in urban areas. This is slightly higher than the share of the population living in urban areas of Mexico (79.6 percent). The new jobs were more equally distributed by sex in the FTS scenario than in the UEC scenario, reflecting the concentration of the new jobs created in the educational services and accommodation and food services industries (35.0 and 27.4 percent, respectively). Jobs were similarly distributed by age among urban females: over half of the urban women receiving jobs were under 35 years of age. Men between 25 and 44 were recipients of most of the jobs received by urban males, while rural recipients were slightly more likely to be under 25.

Table 5-3 Job Recipients by Location, Sex and Age, Full-Time School

	Urban	Rural	Mexico
Female			
Younger 25	140,634	10,143	150,777
25 to 34	125,918	5,720	131,638
35 to 44	72,351	3,383	75,734
45 to 54	54,575	12,909	67,484
55 to 64	32,473	7,962	40,435
65 and older	839	1,736	2,575
Total	426,790	41,853	468,643
Male			
Younger 25	60,144	21,212	81,356
25 to 34	82,670	16,155	98,825
35 to 44	88,455	15,916	104,371
45 to 54	90,418	14,367	104,785
55 to 64	57,506	9,305	66,811
65 and older	30,289	7,698	37,987
Total	409,482	84,653	494,135
Total			
Younger 25	200,778	31,355	232,133
25 to 34	208,588	21,875	230,463
35 to 44	160,806	19,299	180,105
45 to 54	144,993	27,276	172,269
55 to 64	89,979	17,267	107,246
65 and older	31,128	9,434	40,562
Total	836,272	126,506	962,778

Source: Authors' calculations based on synthetic file

The FTS simulation demonstrated a larger impact from the policy intervention, though still less than a 2 percent increase in overall employment (see Table 5-4, below). Employment rates for urban women increased by nearly a percentage point, driving the increase of 0.8 percentage points for all women. The impact on male employment rates was again smaller in both absolute and relative terms, due to the high baseline employment rates for men. In urban areas, male employment grew by 0.5 percentage points, while overall male employment grew by 0.4 percentage points.

Table 5-4 Employment Rate by Sex and Location of Persons 18–74 Years of Age (percent), Baseline and Simulated

	Urban	Rural	Total
Female			
Baseline	53.2	43.2	51.3
Simulation	54.1	43.6	52.1
Male			
Baseline	81.8	88.4	83.2
Simulation	82.3	88.6	83.6
Total			
Baseline	66.7	65.6	66.5
Total effect	67.3	65.9	67.1

Source: Authors' calculations based on synthetic file

Employment growth in both scenarios, while small compared to the overall level of employment in Mexico, has a noticeable impact on overall employment rates. In both policy scenarios this is especially true in urban areas. The employment gains in the UEC scenario are more slanted towards men, while the FTS scenario has more gender balanced employment growth. These differences are driven by the relative gender composition of the industries in which the initial expenditures for each scenario occur, with more spending going towards more feminized industries in the FTS scenario than in UEC. In both scenarios, the majority of the jobs go to younger individuals (under 45 years of age). Given these results, we can expect to see substantial changes to the distribution of earnings and time, a subject to which we turn our attention next.

6. Time and Income Poverty Impacts of Social Care Expansion

Our microsimulations are built on the synthetic dataset created for the estimation of the LIMTIP for Mexico for 2020. As a result, in the microsimulations we can consider changes in time spent on income-generating activities and household production work, as well as changes in earnings. These changes, together with the direct effects of the two policy scenarios on time use, change the time and income poverty status of households in indeterminate ways. We cannot say *a priori* whether a policy change will lift an individual household out of time and income poverty or have the opposite impact. The direct effects of the policy changes have an unambiguous impact on the time use of household members, reducing the time spent on unpaid household care work for those impacted. For those transitioning into paid employment, on the other hand, the increased earnings will often come with an increased likelihood to suffer time poverty and it is an empirical question whether the increased earnings offset the increased time deficits sufficiently to lift an income poor household out of poverty or keep an income non-poor family out of it. In this section we analyze these questions for individuals and households in Mexico, with a special focus on those directly impacted by each policy and on those individuals in households with job recipients.

Universal Elder Care

In our simulation of the impact of implementing the UEC policy, roughly 1.4 million adults had a reduction in time spent on household production time. Three quarters of these individuals were in urban areas, slightly less than the general population. In both urban and rural areas, women were more likely to see reductions in time spent: 60.6 percent and 55.4 percent in urban and rural areas, respectively. Reductions were on average 3.6 hours per week for women and 4.4 hours per week for men, with little difference between individuals in rural and urban areas. These impacts are substantial for those directly affected, but they are not widespread enough to change the overall averages.

The direct effect of UEC is negligible in terms of average household production time for employed persons (see Table 6-1, below).¹⁰ Only 37 percent of the job recipients in our simulation were women, and 96 percent of those were in urban areas (see Table 5-1, above). The relatively small addition to employment has little to no effect on overall average of employment hours for the employed. The combined effect of the transition into paid work and re-allocation of household production responsibilities has the effect of negating the small gains due to direct effects for women in urban areas and overall, as well as men in rural areas. This was also true for the overall average household production time for both men and women.

Table 6-1 Average Weekly Hours of Employment and Required Household Production of Employed Persons (18–74 years of age) by Sex, Baseline and Simulated

	Employment Hours		Household Production Hours		
	Baseline	Total Effect	Baseline	Direct Effect	Total Effect
Urban					
Female	39.6	39.7	36.2	36.1	36.2
Male	48.8	48.9	17.2	17.2	17.2
Rural					
Female	33.4	33.5	43.1	43.1	43.1
Male	49.7	49.8	18.6	18.5	18.6
Mexico					
Female	38.7	38.7	37.3	37.2	37.3
Male	49.0	49.1	17.5	17.5	17.5

Source: Authors' calculations based on synthetic file

The direct impact of the UEC policy on time poverty rates of the employed is relatively small (see Table 6-2, below). Just over half of the female recipients in urban areas and only a third in rural areas were employed. Among male recipients, about three quarters were employed, with slightly greater employment rates in the rural areas. However, among the employed that saw reductions in time use, time

¹⁰ We focus here on the employed because it is this group that predominantly suffers from time poverty.

poverty was reduced by roughly 4 percentage points. The impact of employment on time poverty rates is notable, however: the total effect time poverty rates (this includes all those employed in the baseline, as well as those receiving jobs in the simulation) are 1.4 percentage points higher for women in rural and urban areas, as well as overall. Men saw about half a percentage point drop in time poverty rates, on the other hand. This implies that Mexican men entering paid employment are expected to do less household production work than before, while women are expected to do *more*. Thus, the overall impact of the UEC policy on the employed is to increase time poverty among women, while reducing it among men.

Table 6-2 Time Poverty Rates of Employed Persons (18–74 years of age) by Sex and Location, Baseline and Simulated

	Baseline	Direct Effect	Total Effect
Urban			
Female	57.2	57.1	58.5
Male	41.1	41.1	40.5
Rural			
Female	59.6	59.7	61.0
Male	50.1	50.0	49.6
Mexico			
Female	57.6	57.5	58.9
Male	43.1	43.0	42.4

Source: Authors' calculations based on synthetic file

We next examine the question of just how large time deficits are for time poor employed persons in Mexico and analyze the impact of the UEC implementation in time deficits (see Table 6-3, below). There are little to no reductions in overall average time deficits as a direct effect of the implementation of UEC. For those directly impacted (those that saw a reduction in their household production hours due to the direct impact of the policy) that are also employed, baseline time deficits are larger in rural areas for men, but smaller for women, while in rural areas they are smaller for everyone. There are also large reductions in time deficits as a direct effect of the provision of elder care. In urban areas, the reductions are about an hour and a half per week, with women seeing slightly larger reductions than men. In rural areas, the overall change is 2.7 hours per week, but men receive a larger reduction (3.1 hours per week) than women (2.4 hours per week). The further impact of employment growth increases average time deficits for employed women, while reducing them for employed men. The size of the change is also larger for women: for example, employed rural women see an increase of 1 hour per week in average time deficits, while men see a 12-minute reduction. When we consider those directly impacted by elder care, there are more obvious impacts: large increases in time deficits in urban areas (2.4 hours for women and 3.4 hours for men) and smaller increases in rural areas (0.7 and 1.1 hours per week for employed women and men, respectively). In rural areas, unlike in urban areas, the net effect of the policy is to reduce the average time deficits of the employed.

Table 6-3 Average Time Deficits of Time Poor Employed Persons (18-74 years of age) by sex and location (percent), Baseline and Simulated

	All Employed			Directly Impacted Employed		
	Baseline	Direct Effect	Total Effect	Base-line	Direct Effect	Total Effect
Urban						
Female	-25.2	-25.2	-25.8	-24.3	-22.7	-25.1
Male	-19.5	-19.5	-19.3	-26.7	-25.5	-28.9
Total	-22.4	-22.4	-22.6	-24.7	-23.2	-25.8
Rural						
Female	-29.2	-29.1	-30.1	-22.9	-20.5	-21.2
Male	-26.8	-26.9	-26.7	-26.1	-23.0	-24.1
Total	-27.7	-27.7	-28.0	-24.0	-21.3	-22.1
Mexico						
Female	-25.8	-25.8	-26.5	-24.7	-23.2	-25.8
Male	-21.4	-21.3	-21.1	-24.0	-21.3	-22.1
Total	-23.5	-23.5	-23.8	-24.4	-22.3	-24.1

Source: Authors' calculations based on synthetic file

We now turn our attention to the group that is the main target of the policy: women who live in households with disabled elders and who received a job in the simulation. We first examine shifts in time poverty status for these women (Table 6-4, below). First, let us note that there are just under 10,000 women in this category, and all of them reside in urban areas. Of those that were already time poor none were able to reduce their time deficits as a direct result of the implementation of universal elder care. This is because their burden of household production work alone was enough to generate time deficits for them. Given that fact, eliminating elder care responsibilities will not reduce the time poverty of these women, though it will reduce their time deficits. Indeed, for this subgroup of women, time deficits decline by two hours per week. Time deficits actually fall by a further 11 hours per week once transitioned into employment (due to the reallocation of household production time outweighing the increase in their income generating activities). A third of the women fell into time poverty as a result of employment.

Table 6-4 Time Poverty Rates of Newly Employed Women with Disabled Elders in Household

	Time Poverty, Baseline	
	Nonpoor	Poor
Urban		
Direct Effect	0.0%	100.0%
Total Effect	47.0%	91.7%
Rural		
Direct Effect		
Total Effect		
Mexico		
Direct Effect	0.0%	100.0%
Total Effect	47.0%	91.7%

Source: Authors' calculations based on synthetic file

The same group of women saw big improvements in time-adjusted income poverty in the simulation (see Table 6-5, below). Although there was no reduction due to the direct effects on time use, urban women did see a 91 percentage point drop in poverty as a result of the transition to paid employment.

Table 6-5 Time-Adjusted Income Poverty Rates of Newly Employed Women with Disabled Elders in Household

	Time-Adjusted Income Poverty, Baseline	
	Nonpoor	Poor
Urban		
Direct Effect	0.0%	100.0%
Total Effect	0.0%	9.2%
Rural		
Direct Effect		
Total Effect		
Mexico		
Direct Effect	0.0%	100.0%
Total Effect	0.0%	9.2%

Source: Authors' calculations based on synthetic file

We now turn our attention back to the simulated impacts of the UEC implementation for the population of Mexico in general. First addressing the changes in income poverty, we can see that in terms of the official poverty measure, there was a decline of one half of a percentage point in both urban and rural areas (Table 6-6, below). Comparing the baseline official poverty rate and time-adjusted poverty rate reveals significant *hidden poverty*, what we call those that are not officially poor, but poor when thresholds are adjusted for time deficits. The already high rate of poverty for Mexico is 14.3 percentage points higher when adjusted for time. The hidden poverty rate in urban areas is similar to Mexico as a whole, but the hidden poverty in rural Mexico is 16.2 percent (corresponding to 2.5 million adults). The

direct effect of UEC provision is to slightly reduce the rate of time-adjusted poverty in rural Mexico and Mexico as a whole, by reducing the time deficits in those households that have elders that require care. The employment effects of the policy implementation reduce time-adjusted poverty even further, but to a lesser degree than is reflected in the official poverty rate because there are increases in time deficits that offset income gains in households that receive jobs. Thus, while the overall official poverty rate declines by 0.6 percentage points, the time-adjusted rate falls by just 0.3 percentage points. Thus, the rate of hidden poverty in Mexico increases by 0.2 percentage points and by 0.3 percentage points in rural areas, where time-adjusted income poverty is at 68.7 percent.

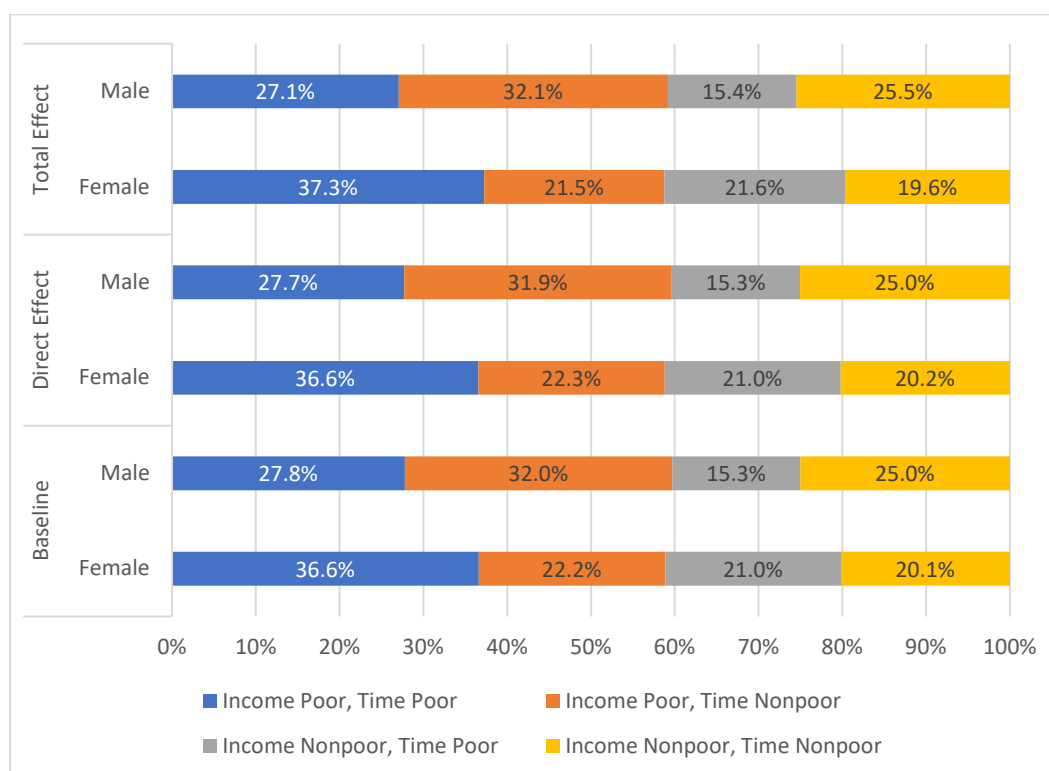
Table 6-6 Official and Time-Adjusted Poverty Rates of Employed Persons (18–74 years of age) by Area of Residence (percent), Baseline and Simulated

	Official		LIMTIP		
	Baseline	Total Effect	Baseline	Direct Effect	Total Effect
Urban	43.2%	42.7%	57.1%	57.1%	56.7%
Rural	52.7%	52.2%	68.9%	68.8%	68.7%
Mexico	45.1%	44.5%	59.4%	59.3%	59.0%

Source: Authors' calculations based on synthetic file

The four-way classification of adults by time and income poverty in the baseline, and in the simulation is presented in Figure 6-1, below. While income poverty rates are nearly identical between men and women time poverty rates are clearly higher. In the baseline, 36.6 percent of women are both time and income poor, while 27.8 percent of men are. The total effects reduce the share of men in both income and time poverty by 1.7 percentage points, but increases the share of women by 0.7 percentage points. Among those that are not income poor, there is no change in the time poverty rate of men, but the proportion of women in time poverty increases to 21.6 percent. Fairly consistently, one quarter of men but only one in five women are neither time nor income poor.

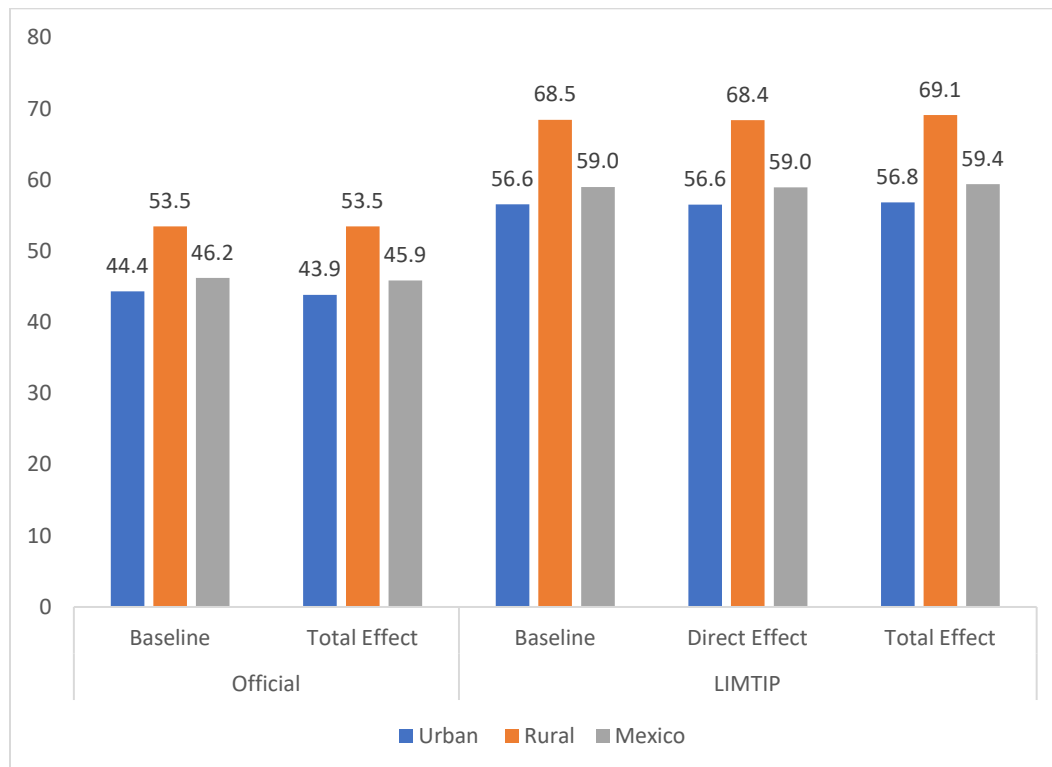
Figure 6-1 LIMTIP Classification of Individuals (Aged 18 to 74) by Sex, Baseline and Simulated



Source: Authors' calculations based on synthetic file

Turning finally to the impact of UEC provision on household income poverty (see Figure 6-2, below), we focus on employed households (those households where either the head or the spouse of the head is employed). We first notice that the hidden poverty rate at the household level is slightly smaller than at the individual level. This is both because official poverty as measured is higher and time-adjusted poverty is lower. These differences are both due to household composition. Poorer households are larger than nonpoor households in Mexico (an average of 3.7 compared to 3.2 individuals per household). Larger households mean more people engaged in income generation, but also more people engaged in household production work. Therefore, the average per capita income is higher, while the average time deficit is lower. The effect of the employment simulation is negligible in rural areas, according to the official measure. However, the direct effect of the policy intervention is to slightly reduce time-adjusted poverty, while the employment effects increase it, for a net increase of 0.5 percentage points of both poverty and hidden poverty in rural areas. Official poverty declines in the simulation by 0.5 percentage points, but time-adjusted poverty increases slightly, due to the employment effect. That is to say, the replacement cost of the increased time deficits associated with transitions to paid employment outweighs the increase in earnings for urban households. Thus, hidden poverty also increases in urban areas (by 0.7 percentage points), but unlike in rural areas, this is driven more by earnings increases than by increased time deficits.

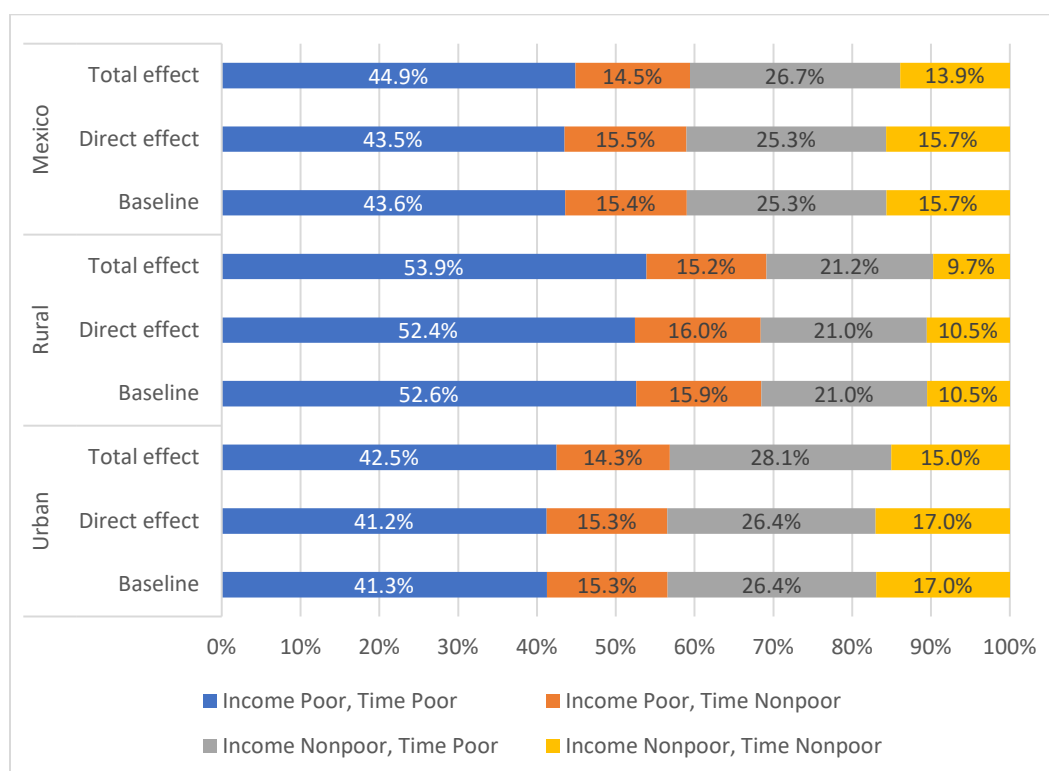
Figure 6-2 Rate of Income Poverty among Employed Households by Location (percent), Baseline and Simulated



Source: Authors' calculations based on synthetic file

The four-way classification of households in terms of time and income poverty in the baseline and policy scenarios are presented in Figure 6-3, below. While the income poverty rates for households are more or less the same as for adults, there are greater rates of time poverty among both the income poor and nonpoor households. This is due to the construction of the household-level time and income poverty measure: we define a time poor household as any household with at least one time poor individual. Among income poor households, time poverty rates are much lower in urban than in rural areas. However, in both areas, as in Mexico as a whole, the increased time deficits associated with the employment effect increases time poverty rates among the income poor, driving the increase in overall time-adjusted income poverty among employed households.

Figure 6-3 LIMTIP Distribution of Employed Households by Location (percent), Baseline and Simulated



Source: Authors' calculations based on synthetic file

We decompose changes to the number of all time-adjusted income poor households (regardless of the employment status of the household head or their spouse) in Mexico by household location in Table 6-7, below. Of the over 19 million poor households in Mexico, only 22 thousand are lifted out of poverty by the reductions in time deficits due to the direct effect of elder care service provision. While more than two thirds of these households are in urban areas, rural households are over-represented in this group compared to their share of all households in Mexico. An even smaller number are added to the ranks of the income poor households, as a result of the recalculation of the thresholds for household production time. The employment effects are much larger in terms of movements in and out of time-adjusted income poverty, with nearly half a million households leaving poverty as a result of the increased employment. The number entering poverty as a result of increased time deficits is nearly as large, though a net of 98 thousand households leave income poverty. All but four thousand are urban households. The overall result is 111 thousand households leaving time-adjusted income poverty as a result of the change in employment. Nearly all of those households are in urban areas. Only 8 thousand rural households escape poverty overall. Thus, while the overall impact of the policy implementation is relatively small, its size masks multiple dynamics at play. Nearly half a million households leave, but 265 thousand enter time-adjusted income poverty. The numbers are smaller in rural areas, but again, they mask larger movements of households into and out of poverty.

Table 6-7 Decomposition of the Change in the Number of Income-Poor Households (in thousands) Due to Policy Intervention

Line	Number (in thousands)			Percentage of baseline		
	Urban	Rural	Mexico	Urban	Rural	Mexico
1 Number in the baseline	14,693	4,452	19,145	100.0	100.0	100.0
2 Direct effects						
3 Reduction	-16	-6	-22	-0.1	-0.1	-0.1
4 Addition	8	2	9	0.1	0.0	0.0
5 Employment effects						
6 Reduction	-385	-68	-454	-2.6	-1.5	-2.4
7 Addition	292	64	356	2.0	1.4	1.9
8 Total effects						
9 Total reduction: Lines 3 + 6	-402	-74	-476	-2.7	-1.7	-2.5
10 Total addition: Line 4 + 7	300	66	365	2.0	1.5	1.9
11 Net reduction: Lines 9 + 10	-102	-8	-111	-0.7	-0.2	-0.6
12 Number after intervention: Lines 1 + 11	14,591	4,443	19,034	99.3	99.8	99.4

Source: Authors' calculations based on synthetic file

Full-Time School

The FTS scenario should produce larger impacts than the UEC scenario for two reasons. First, its direct impact is much larger, since many more Mexican households have primary school-age children than have elders that require care and the predicted reduction in time spent on care for primary school age children is twice that for elders. Second, our estimates indicate that it will produce more employment than the prior scenario. Thus, we expect to see larger impacts on both time and income poverty.

First examining the changes in time spent by employed persons on paid work and household work, it is apparent that the largest change is due to the reduction in time spent caring for primary school-age children on weekday afternoons (see Table 6-8, below). The reductions are larger for women than for men, with employed women seeing at least a five hour per week reduction in time spent on household production hours. Rural employed women see a 5.5 hour per week drop. For employed men the difference is smaller, with reductions ranging from 1.5 hours in rural areas to 1.7 hours per week in urban areas. The expanded female workforce spends slightly more time on employment than in the baseline. There is a slight increase in household production hours from the direct effect average, but the net change for women in both urban and rural areas is still large and negative.

Employed men spend 9.5 hours fewer per week than women in paid and household work combined in the baseline. This gap is a result of the greater time spent working for pay by men (10.3 hours more per week in Mexico as a whole in the baseline) and the greater amount spent by women in household production work (19.8 hours more for Mexico as a whole). The gap is smaller in rural areas (although the gaps in employment and household production hours are larger than in urban areas. Employed rural men spend 16.3 more hours per week on average than women (because employed rural women spend significantly fewer hours working for pay than their urban counterparts) and employed rural women spend 24.5 hours more per week on household production than men. But rural men spend more time on

each activity than employed urban men. The effect of the FTS expansion is to cut the gap in half in rural areas, due to the large reduction in time spent by employed rural women on household production (5.6 hours) relative to the reduction for men (1.5 hours). The gap in urban areas and Mexico overall was reduced, by just by 3.3 hours per week. So the direct effects of the school day extension is to reduce the gender gap in household work and total work, especially in rural areas.

Table 6-8 Average Weekly Hours of Employment and Required Household Production of Employed Persons (18–74 years of age) by Sex, Baseline and Simulated

	Employment Hours		Household Production Hours		
	Base-line	Total Effect	Base-line	Direct Effect	Total Effect
Urban					
Female	39.6	39.7	36.2	31.2	31.3
Male	48.8	48.8	17.2	15.5	15.5
Rural					
Female	33.4	33.6	43.1	37.5	37.5
Male	49.7	49.7	18.6	17.1	17.1
Mexico					
Female	38.7	38.8	37.3	32.2	32.3
Male	49.0	49.0	17.5	15.8	15.9

Source: Authors' calculations based on synthetic file

The changes in average time spent on paid work and household production by employed adults described above suggest that there should also be reductions in time poverty among the employed. We see that this is in fact the case in Table 6-9, below. The time poverty rates of employed Mexican women are 7.7 percentage points lower as a direct effect of the school day expansion, though half of employed women still suffer from time poverty. The reduction for Mexican men is smaller, just 3.7 percentage points, leaving 39.4 percent in time poverty. Time poverty rates for urban women are slightly lower than the overall average, but for men the rate is 2 percentage points lower than for Mexico overall. While rural employed women have higher rates of time poverty than the overall average (by 2 percentage points in the baseline), for rural employed men the difference is 7 percentage points. In both rural and urban areas, the effect of the increased employment is to increase the time poverty rate for women, implying that an even greater share of newly-employed women are time poor than their previously-employed counterparts. For men, the result of expanded employment is a small decline in time poverty. The gap in time poverty rates is reduced significantly by the direct effects of the school-day extension, but these gains in gender equity are partly erased by the impact of increased employment.

Table 6-9 Time Poverty Rates of Employed Persons (18–74 years of age) by Sex and Location, Baseline and Simulated

	Baseline	Direct Effect	Total Effect
Urban			
Female	57.2	49.4	50.8
Male	41.1	37.2	36.9
Rural			
Female	59.6	52.6	54.5
Male	50.1	47.4	46.9
Mexico			
Female	57.6	49.9	51.4
Male	43.1	39.4	39.0

Source: Authors' calculations based on synthetic file

We turn now to examine the impact of school-day extension on the depth of time poverty by considering the changes in time deficits among time poor employed adults (Table 6-10, below). Changes in time deficits due to the direct impact of the policy follow from the changes in time poverty: not only are fewer employed women time poor, as we saw above, those that remain time poor suffer smaller time deficits. Urban and rural employed time poor women see similar declines in time deficits (about 2.5 hours per week), while their male counterparts see smaller declines of about one hour per week. In rural areas, the gender gap in average time deficits of time poor employed adults, already half the size of the gap in urban areas in the baseline, is reduced to just an hour per week due to the direct effects, while in urban areas, the gap is cut from almost 6 hours to just over 4 hours per week. The employment effect reverses this trend to some extent, as it does with time poverty rates. Men see further (though small) reductions in average time deficits, while women see increases of about an hour per week. The total effect then, is to reduce the time deficits of both men and women, without significantly changing the gender disparity in time deficits among the employed time poor in either urban or rural Mexico.

Table 6-10 Average Time Deficits of Time Poor Employed Persons (18-74 years of age) by sex and location (percent), Baseline and Simulated

	Baseline	Direct Effect	Total Effect
Urban			
Female	-25.2	-22.7	-23.5
Male	-19.5	-18.6	-18.1
Total	-22.4	-20.6	-20.8
Rural			
Female	-29.2	-26.5	-27.4
Male	-26.8	-25.5	-25.3
Total	-27.7	-25.8	-26.0
Mexico			
Female	-25.8	-23.4	-24.1
Male	-21.4	-20.4	-20.0
Total	-23.5	-21.8	-21.9

Source: Authors' calculations based on synthetic file

We now examine the impacts of the school-day extension on those that are both directly and indirectly impacted by the policy's implementation. We narrow our focus to women that gained jobs in the employment simulation and that have primary school-age children living in their households.¹¹ We first examine the impact on time poverty rates of this group (see Table 6-11, below). We estimate that the direct impact of the policy implementation is a significant reduction in time poverty. One of four of the time poor women in this group leave time poverty as a result of the school day extension. This includes more than half of the time poor rural women and over one in five of urban time poor women. Paid employment comes at a cost, however, as we have seen above. Time poverty rates increase, so that some of the women that would have escaped time poverty as a result of the direct impact of the policy remain in time poverty due to the employment effect. This is especially true for rural women, for whom employment added 40 percentage points to the rate of time poverty. In addition, women that were not previously time poor become so as a result of taking paid employment: over half of all women and 69 percent of women in rural areas. So, in terms of time poverty, school day extension is a mixed blessing.

¹¹ Because we cannot identify households that already have access to full-time school for their younger children, we use this broader category.

Table 6-11 Time Poverty Rates of Newly-Employed Women with Primary School-Age Children in Household

	Time Poverty, Baseline	
	Nonpoor	Poor
Urban		
Direct Effect	0.0%	78.2%
Total Effect	51.2%	81.5%
Rural		
Direct Effect	0.0%	48.7%
Total Effect	68.9%	89.5%
Mexico		
Direct Effect	0.0%	76.3%
Total Effect	52.4%	82.0%

Source: Authors' calculations based on synthetic file

Looking next at the impact on income poverty (as measured with our time-adjusted thresholds, see Table 6-12, below). The direct effect of school-day extension on income poverty is a result of the reduction in time deficits, due to the decrease in time spent on caring for young children during the week. This effect allows three percent of newly-employed women with young children to escape income poverty. Employment has a more modest effect, allowing an additional 1.4 percent of previously poor urban women to escape poverty while causing 1.8 percent of the previously nonpoor women to fall into income poverty. In rural areas there is virtually no additional reduction in income poverty from employment among the previously poor, but a similar increase among the nonpoor. It is notable that among this group of women, reductions in time spent have a greater impact on income poverty than obtaining paid employment. This is due to the pay for the jobs these women receive being insufficient to make up for their increased time deficits as a result of the time now devoted to paid work.

Table 6-12 Income Poverty Rates of Newly Employed Women with Primary School-Age Children in Household

	Time-Adjusted Income Poverty, Baseline	
	Nonpoor	Poor
Urban		
Direct Effect	0.0%	97.0%
Total Effect	1.8%	95.6%
Rural		
Direct Effect	0.0%	96.8%
Total Effect	1.8%	96.6%
Mexico		
Direct Effect	0.0%	96.9%
Total Effect	1.8%	95.8%

Source: Authors' calculations based on synthetic file

We now analyze the impact of the school day extension on income poverty for all employed adults. Official poverty rates in urban and rural Mexico, as well as overall, decline by just under one percentage point as a result of the increased employment. As noted above, our time-adjusted estimates of income poverty in the baseline are significantly higher than the official measure (14.3 percentage points for Mexico as a whole), reflecting the large time deficits suffered by those just above the official poverty line. The direct effect of school day extension on time-adjusted income poverty is substantial, reducing the poverty rate among employed adults by 2.4 percentage points. For all employed persons, as compared to the subset analyzed above, the expansion of employment produced further declines in poverty rates. These additional reductions are concentrated among urban adults, however, for whom the income poverty rate dropped by nearly another percentage point, while the reduction among rural employed adults was only 0.3 percentage points. This imbalance reflects the larger time deficits suffered by employed adults in rural areas (Table 6-10, above), which offset the increased earnings among the newly employed in rural areas to a greater extent than in urban areas. Overall, we estimate that the school day extension will reduce income poverty by three percentage points, compared to the one percentage point reduction in official poverty. This leaves a substantial amount of hidden poverty in Mexico, though the rate of hidden poverty declines from 14 percent to 12 percent (from 16 to 14 percent among rural employed adults).

Table 6-13 Official and Time-adjusted Poverty Rates of Employed Persons (18–74 years of age) by Area of Residence (percent), Baseline and Simulated

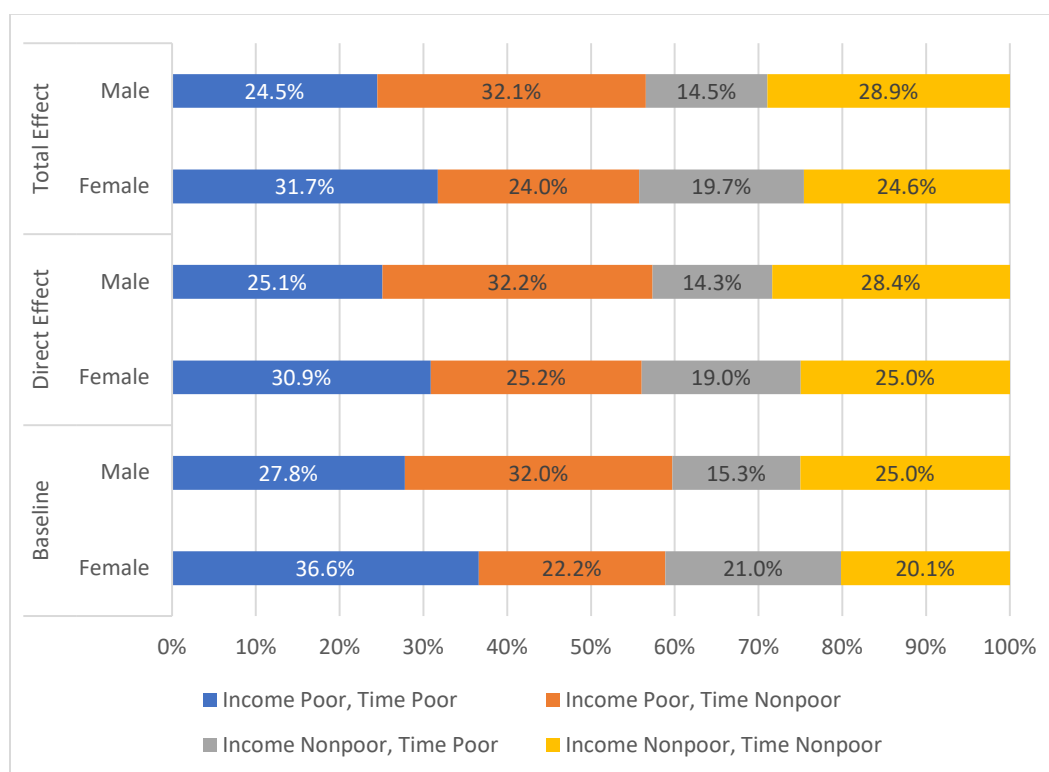
	Official		LIMTIP		
	Baseline	Total Effect	Baseline	Direct Effect	Total Effect
Urban	43.2%	42.3%	57.1%	54.8%	53.9%
Rural	52.7%	51.9%	68.9%	66.3%	66.0%
Mexico	45.1%	44.1%	59.4%	57.0%	56.2%

Source: Authors' calculations based on synthetic file

Combining our measures of income and time poverty yields the four-way LIMTIP classification of employed adults for the FTS scenario in Figure 6-4, below. Some patterns are consistent across the baseline and simulation. While employed men and women have roughly equivalent rates of time-adjusted income poverty in the baseline and policy simulation, more than half of income poor women are also time poor, while the opposite is the case for income poor employed men. Income poor employed men and women have higher rates of time poverty than their nonpoor counterparts. Nevertheless, the simulated direct effect of school day extension is to reduce time poverty for employed men and women, poor and nonpoor alike. The reductions are more pronounced for women than for men. While we noted above that the effect of added employment further reduces time poverty rates for men, we can see now that this is strictly true for the income poor, as income nonpoor men have a slightly higher rate of time poverty. However, the increase in time poverty rates for employed women holds equally for income poor and nonpoor. While the overall decrease in income poverty is similar for employed men and women, almost all of the reduction for the latter group came from the direct effects, reflecting the lower returns from employment that women face in the Mexican labor market. The share of employed men and women facing neither time or income poverty is increased by the total effect of the simulation, though for women

there is a decline in this share compared to the direct effect alone. The overall impact of the school-day extension is to reduce both income and time poverty, though for employed women, the latter is more significant in terms of welfare improvement.

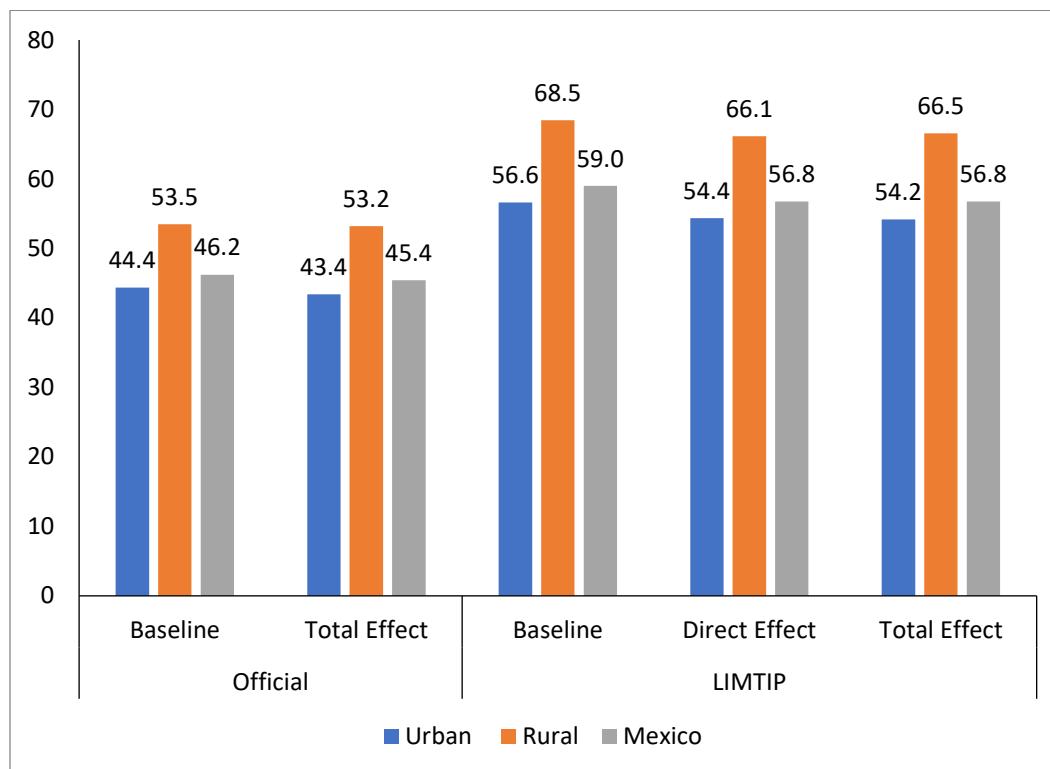
Figure 6-4 LIMTIP Distribution of Employed Persons (18–74 years of age) by Sex (percent), Baseline and Simulated



Source: Authors' calculations based on synthetic file

We now consider the impact of school day extension on employed households (as above, those households in which either the head, the spouse of the head or both are employed). Of these households, 46.2 percent are officially income poor in the baseline scenario, though in rural areas the rate is even higher at 53.5 percent. As we saw with employed individuals, above, the official rate declines moderately, by 0.8 percentage points overall. The decline is much smaller among rural employed households and is a full percentage point among urban households. Changes are more pronounced in our time-adjusted poverty measure, as well as evenly distributed. Reductions in poverty as a result of the direct effect of school day extension are 2.3 percentage points for rural areas and Mexico as a whole and 2.2 percentage points for urban employed households. It is in the total effects that there is divergence between urban and rural employed households. For the latter, income poverty rates decline by another 0.2 percentage points compared to the direct effects, but rural employed households see a 0.4 percentage point increase. This is, again, due to a combination of low earnings potential and high time deficits resulting in additional household earnings being insufficient to compensate for increased household time deficits among rural employed households.

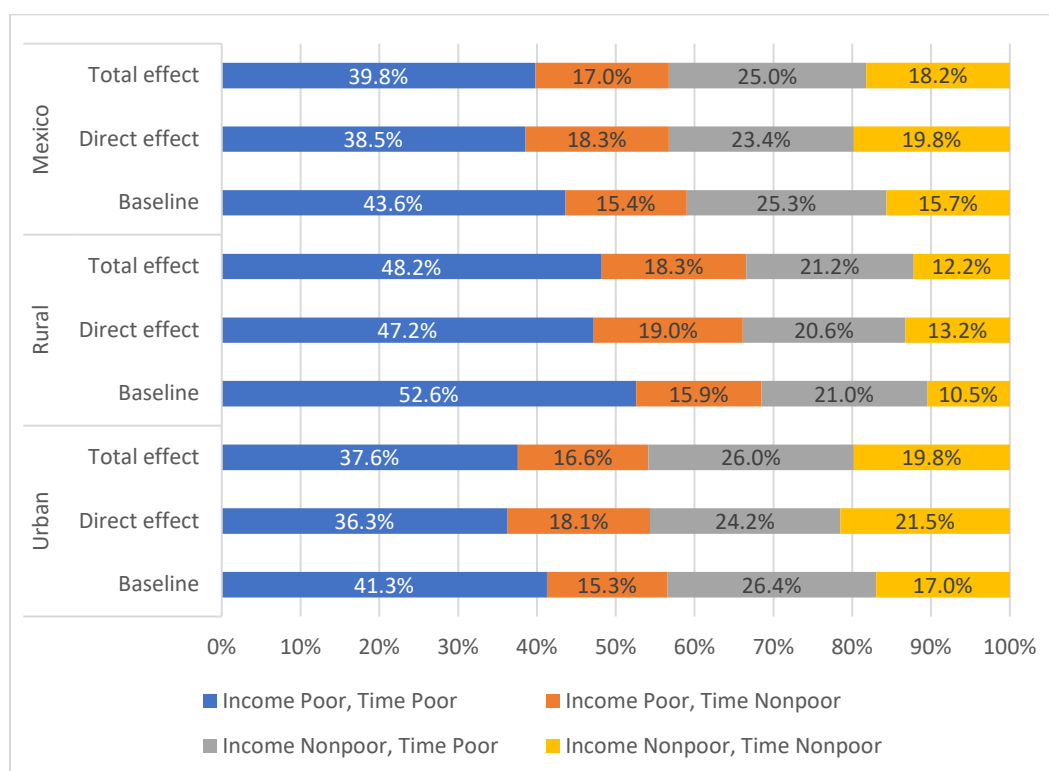
Figure 6-5 Rate of Income Poverty among Employed Households by Location (percent), Baseline and Simulated



Source: Authors' calculations based on synthetic file

Among employed households, the direct impact of school day extension was more pronounced than the employment effects. As we just discussed, the changes in income poverty rates of employed households were relatively small, a reduction of 2.3 percentage points. The time poverty rates among income poor employed households changed dramatically in the various phases of the simulation. The direct effect on time poverty among the income poor was a 6 percentage point decrease, so that among all employed household in Mexico, the share that was both income and time poor fell from 43.6 to 38.5 percent. The decline was even greater in rural areas, in which the share of employed households that were both income and time poor fell from 52.6 to 47.2 percent. The urban decrease was smaller, but from an already smaller level, from 41.3 to 36.3 percent. Income nonpoor households have consistently lower time poverty rates than poor households. Even so, the direct effect on time poverty rates was larger in magnitude for nonpoor than for poor employed households. These households also had a larger subsequent increase in time poverty rates as a result of the employment effect. Thus, the share of employed households that were income nonpoor but time poor was unchanged on net, though this share did decline due to the direct effect.

Figure 6-6 LIMTIP Distribution of Employed Households by Location (percent), Baseline and Simulated



Source: Authors' calculations based on synthetic file

Finally, we decompose the transitions into and out of time-adjusted income poverty among all households in Mexico, as well as rural and urban areas of Mexico (See Table 6-14, below). We estimate that there would be a net reduction of 895 thousand households in income poverty in Mexico as a result of the FTS policy implementation. Twenty percent of Mexican households are in rural areas, but 23.3 percent of poor Mexican households are. The reduction of time spent on caring labor due to the direct effects of FTS expansion leads to a reduction of the income poor by 697 thousand households. Another 18 thousand households fall into income poverty, due to changes in thresholds and reallocation of household production in affected households. Of those households leaving income poverty, 21.6% are in rural areas, while 28.2% of those added to the list of poor households are. The reduction in number of poor households as a result of expanded employment is smaller in scale than the direct impact. However, the additions to the rolls of the poor are much larger in scale than the direct impact, at 336 thousand. The overall impact is still one of poverty reduction, but while the direct impact produced a net reduction of 3.5 percent (679 thousand) of the poor households, the indirect effects produced just an additional 1.1 percent (116 thousand). Only 18.3 percent of the net reduction of 897 thousand households were rural households. This is primarily due to the skewed results in the employment simulation, which contributed just 19 thousand of the overall reduction of 164 thousand in the number of poor rural households. Breaking that 19 thousand down, we find that the reduction in the number of poor rural households due to employment is low relative to urban households (86 thousand, or 15.5 percent of the total reduction from employment). The additions to income poverty from the effect of the increased time deficits are proportionally distributed by location (67 thousand, or 19.9 percent were from rural areas). Thus, the

relative low earnings available to workers in the rural areas lessens the impact of the employment increases due to the expansion of FTS for primary school children.

Table 6-14 Decomposition of the Change in the Number of Income-Poor Households (in thousands) Due to Policy Intervention

Line	Number (in thousands)			Percentage of baseline		
	Urban	Rural	Mexico	Urban	Rural	Mexico
1 Number in the baseline	14,693	4,452	19,145	100.0	100.0	100.0
2 Direct effects						
3 Reduction	-547	-151	-697	-3.7	-3.4	-3.6
4 Addition	13	5	18	0.1	0.1	0.1
5 Employment effects						
6 Reduction	-467	-86	-552	-3.2	-1.9	-2.9
7 Addition	269	67	336	1.8	1.5	1.8
8 Total effects						
9 Total reduction: Lines 3 + 6	-1,013	-236	-1,250	-6.9	-5.3	-6.5
10 Total addition: Line 4 + 7	282	72	355	1.9	1.6	1.9
11 Net reduction: Lines 9 + 10	-731	-164	-895	-5.0	-3.7	-4.7
12 Number after intervention: Lines 1 + 11	13,962	4,288	18,250	95.0	96.3	95.3

Source: Authors' calculations based on synthetic file

The implementation of FTS for primary school students will have much larger direct effects on time use than the provision of UEC, since many more Mexican households have primary school children than have elders requiring care. The resulting time poverty reductions are relatively greater for women than for men. On the other hand, the employment effects, which are also larger than for elder care provision, tend to benefit men more than women. This is because employed women tend to perform a greater share of household production work, regardless of how much time they work. This tendency produces larger time poverty rates for employed women than for men.

7. Conclusion

The provision of social care infrastructure has benefits beyond the direct care that beneficiaries receive. In contexts like Mexico, where the overwhelming majority of the burden of care falls on families, and thus, on women, social care provision can also reduce gender inequality in terms of labor force participation, earnings, and time poverty. Further, the expansion of paid care services means additional employment opportunities, especially for women. The simultaneous reduction of household production responsibilities and employment opportunities can greatly enhance gender equity and overall well-being. We provide a comprehensive approach to estimating the impacts of social care policies in the combination of our microsimulation framework and the measurement of time and income poverty.

The scope for reductions in time poverty is considerable. Women are the majority of individuals providing care within households that would be alleviated by both the introduction of Universal Elder Care (UEC) and the fuller implementation of Full-Time School (FTS) for primary age children. In addition, women spend more time on care activities associated with these programs than men. Women are therefore the primary beneficiaries of the time reductions provided. We showed that the average reduction in time

spent on care activities affected by each program is in the area of ten hours per week, on average. The reduction in time is only one element of the impact since supervisory care is in itself a restriction not just on time but on the flexibility to fit paid work into a normal week. Those responsible for supervisory care have more restrictions on their ability to engage in paid work.

The results of our employment simulations indicate that there is an increase in women's employment rate of 0.4 percentage points in the UEC scenario, and 0.8 percentage points in the FTS scenario. In each case, the increase is concentrated in urban areas, where most of the newly employed women in both scenarios are located. These results may be due in part to data restrictions since the Input-Output model for Mexico is not disaggregated by urban/rural location. In both scenarios, younger women were more likely to be employed than older women, especially in urban areas. This is in part due to the fact that our simulation reflects the existing distribution of employment, in which younger women are in fact more likely to be employed, especially in the industries in which most of the jobs are being created. The changes in employment have little impact on the average time devoted to paid work by employed individuals, but the direct effects of the FTS policy are clear to see in the reductions in the average time spent on household production activities by the employed, especially for women. The UEC implementation does not noticeably affect the aggregate because its impact is more limited in terms of number of households.

The direct effect of social care provisioning on time use can influence the rates of time poverty we observe among employed adults (those most likely to suffer from time poverty). We do see a significant reduction in the extended school day scenario but not in the case of elder care. This follows from the direct impacts we observed on time use. In both cases, though we observed an increase in time poverty rates for employed women and a decrease for employed men, once we added the employment effect. For women, in both scenarios, the added earnings from employment for those that gained jobs in the simulation were insufficient to outweigh the replacement cost of their increases in time deficits. The opposite was true for men. This pattern is the result of a combination of factors: the types of new jobs created that women were likely to get, primarily service jobs; and the disadvantages women face in terms of earnings in the existing labor market conditions in Mexico.

Time and/or income poor women that were both directly impacted by the policy implementation, as well as receiving new jobs as an indirect effect were estimated to be likely to leave poverty status in our simulations. In the UEC scenario, almost all of the women in this category left income poverty. However, it must be admitted that very few women (only 10 thousand) fit this description in our simulation. In the FTS scenario the improvements were much more modest, with only a few percent of income poor women with primary school-aged children receiving jobs and escaping poverty.

There were improvements in measured poverty rates, both official and LIMTIP, in both scenarios, though the impact in the UEC scenario was small and entirely due to the employment effects. The FTS simulation also provided poverty reductions from the employment effects, but unlike the UEC scenario, the direct effects produced a large reduction in LIMTIP poverty, which was augmented by the employment effects. Thus, the overall impact of the UEC on employed persons in Mexico was small in terms of time and income poverty, with little discernible impact on the aggregate situation, because less than two percent of

households were directly impacted by the provision of elder care. Nearly one in three Mexican households have children that are primary school-aged, and so we see a much larger impact on the time and income poverty of employed adults in the FTS scenario. The main impact is the reduction in time poverty for employed adults, though there was also a decline in income poverty, as well.

In terms of the impacts of these policies on women's labor force engagement and overall wellbeing, we can say that the FTS policy has a much broader impact than the UEC policy. Nevertheless, both policies have important effects in terms of the time spent on household production by those individuals in directly affected households. In addition, the creation of jobs in the FTS policy scenario is more aligned with the goal of providing employment for women, if not improving gender equality. Gender pay gaps attenuate the poverty-reducing effects of the expansion of employment in the FTS simulation. The presence of other care responsibilities will also reduce the ability of women to increase their labor force engagement: a woman with a three-year-old will not better be able to access paid work with a full-time school day for her primary school-aged children, if there is no childcare available for her three-year-old. Thus, the provision of universal early childhood education simulated in our earlier report is a necessary complement for many women to increase their labor force engagement. Because women face multiple constraints on their labor force engagement, a piecemeal approach, though helpful, will not produce the desired results.

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Appendix A Direct Effects Modeling of Social Care Expansion

As part of the project evaluating the impact of the implementation of universal elder care provision and the extension of the Full Time School program in Mexico, one of the required steps is to estimate the potential effect that an expansion of the program would generate on time usage in Mexican households benefiting from the program. The procedure we used to estimate these effects is outlined for each policy in turn, below.

Universal Elder Care

The universal elder care program is still at the policy proposal stage. Currently elder care is provided mostly by households with elders themselves, with some privately-run elder care facilities providing care for those families that can afford it. The ambitious proposal outlined in Bango (2020) would provide an array of publicly provided elder care options, from personal assistants and services provided via the internet to in-patient elder care and hospice services. Given the enormous complexity of the proposed policy, we have imposed some simplifying assumptions into the estimations of the impact.

We first assume that universal eldercare provision should eliminate the components of caring labor that the fellow household members of elders requiring assistance currently do. We further assume that there is complete uptake of the available program options. Thus, our estimates of the impact of the universal provision of elder care services should be considered as upper bound estimates. The actual experiences of households would in fact vary and there would in many cases be a smaller impact in terms of time spent on care of the elderly in practice.

Our procedure is to estimate a model of the time spent on care for the elderly members of households with a measure of the number of elders that require care as an explanatory variable. The model is run on time use data from the 2019 ENUT. With the results of the model, we then reduce the amount of adult care done in households with disabled elders by the product of the estimated coefficient on our policy variable (the number of elders in the household that require care) and the variable itself.

Implementation

The 2019 ENUT asks all adults in each household whether they have any conditions that make assistance from others a necessity (chronic or temporary illness, and mental or physical disabilities). This allows us to identify the households that have such members that are also elders as well as the number in each household. In addition, the time use module asks each individual how much time they spent in the prior week on eleven different tasks related to the care of elders, including supervisory care. Thus, we can identify the amount of time spent by each individual on the care of elders.¹² Thus our model specification for the direct impact of universal elder care provision on time use is:

¹² In the relatively rare cases where there were both elder and non-elder adults requiring care in the same household, we adjust the amount of time by dividing the number of elders requiring care by the total number of adults requiring care.

$$time_i^{ac} = \alpha_0^{ac} + \alpha_1^{ac} NumEldersRC_r + X_i\beta + e_i \quad (1)$$

Where $time_i^{ac}$ is the amount of time spent by individual i on adult care, $NumEldersRC_r$ is the number of elders requiring care in household r , and X_i is a vector of other household and individual characteristics (sex, age, and employment status of the individual, an indicator for household head, the number of elders, number of children under five, between six and twelve, and aged 13 or 14, the number of adults, and the rural or urban location of the household). We run the model separately for the two strata of the ENUT (*tradicional* and *indigena*). In traditional households, we find that an additional elder requiring care increases the amount of time spent by individuals on adult care by nearly ten hours, whereas its under 8 hours for Indigenous households. This implies that the time-use impacts of the universal provision of eldercare will be important for those households and individuals that currently provide this care.

Table A-1 The Estimated Impact of Universal Elder Care on Time Use

	Tradicional	Indigena
Number of Elders Requiring Care	9.890*** (0.613)	7.642*** (1.432)
N	16086	2481

Note: Other controls omitted.

Standard errors in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Full Time School

While the Full-time school program started in 2007 and was intended to be universal, the implementation of the program was slow. In 2009-10, only 2.2% of all enrolled children nationwide benefited from the program. By 2017-18, the latest available information indicates that 17.4% were covered. The policy we aim to analyze is to simulate the impact if the share of covered children reached 80% nationwide.

The main difficulty of this task is that it is not possible to identify who benefits from the program in the Time Use survey, which is our main source of information for analyzing time-use activities in Mexico.

To address this problem, we use data from (source for geographical data) which contains information about program coverage across time and regions. Our goal, then, is to use this variation to identify how families across regions differ in their time-use allocation across time and regions, while controlling for other household-level characteristics. By doing this, we would be capturing something similar to the intention-to-treat effect of the Full-time school program.

Implementation

While we have access to regional-level data spanning until 2017-18, time use data in Mexico is not collected annually. Because of this, we only utilize data for 2009, 2014, and 2019. For the specific case of *Indigenous* schools, we only use data for 2014 and 2019 due to the absence of such differentiation in earlier years.

Although we cannot directly identify households benefiting from the program, we narrowed down the data to households with at least one child aged 6 to 12. Additionally, our analysis focuses on adult members in the household (18 or older). We conduct separate analyses for the indigenous and traditional samples, except for 2009 when no distinctions were made.

Our model specification is outlined as follows:

$$time_{i,t}^k = \alpha_0^k + \alpha_1^k Share_{r,t} + X_{i,t} \beta^k + e_{i,t} \quad (2)$$

Here, $time_{i,t}^k$ represents the time (if positive) that individual i dedicates to activity k at time t . Given the program's nature, we focus on identifying effects on three activities: Weekday cooking, Supervisory care of children, and time devoted to assisting children with their homework and studies. If an adult reported spending no time on a given activity, they are excluded from the sample. Notice that about 50% of all adults report some positive activities on supervisory care and assisting children doing their homework, although only 3.2% report spending anytime cooking for the week.

Due to the limited variation in our variable of interest, we do not control for region-specific effects. However, we control a set of characteristics $X_{i,t}$ that may directly influence time allocation. Specifically, we control for whether the person is the head of the household, the person's gender, age and age squared, and employment status. Given the influence of household characteristics on time allocation, we also control for the presence of an elder in the household, the number of children at different age groups (0-5, 6-12, and 13-14), the number of adults in the household, and whether the household is located in an urban area.

Our primary variable of interest is $Share_{r,t}$, representing the proportion of children in the region and year benefitting from the full-time school program. Coded between 0 and 1, the coefficient α_1^k could be interpreted as the average impact of full coverage on time allocation among adults.

As mentioned before, the full-time education program expanded slowly since its implementation, covering about 17.4% of all children by 2017-18. Across time, we observe the largest time variation in coverage between 2009 and 2014 data (from 2.2% to 15.8%), with marginal improvements based on the 2017 data. This will limit the variation used for identifying the effects in indigenous schools. Nevertheless, the majority of the variation is observed across regions. In the 2017 year, the coverage among traditional schools ranged from 5.8% in Veracruz to 51.5% in Colima.

In the following table, we provide the estimates of the different models, showing only the coefficient for the main explanatory variable: "Share". Based on the estimations, families who are already spending time helping with homework or doing supervisory care, may have reduced the time they spend doing those activities in consequence of the program. Explicitly, if we believe the effects of the program are linear, families that benefit from the program may have reduced time spent working on homework in up to 1.4hrs, while reducing the time spent on supervisory care by up to 5hrs per week for children in traditional schools. For Indigenous Schools, the effect is a bit larger for supervisory care (6.4hr fewer hours), but no effect on homework assistance. In both samples, the effects of time spend on cooking are not precise enough to make further inferences.

Table A-2 The Estimated Impact of Full-time School Program on Time Use

	Time Spent on Homework	Time spent on Care: Supervisory Care	Time spent Cooking During Weekdays
Traditional Sample			
Share of FTPS:0-1	-1.468*** (0.173)	-5.032*** (0.732)	0.316 (2.039)
N	20383	20254	1232
Indigenous			
Share of FTPS:0-1	0.271 (0.277)	-6.445*** (1.229)	-2.141 (2.939)
N	1721	1975	356

Standard errors in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

To determine the impact at the regional level, and because we cannot determine which households are benefited by the program, we assume that all eligible households (those with children 9-12) will change their time allocation in relation to the relative change in the program coverage.

For traditional schools, for example, the goal of the policy is to increase coverage up to 80%. This would imply that in average, families increase in these time activities would increase according to the following formula:

$$\Delta time^k = \alpha_1^k \times (.8 - Observedin2017) \quad (3)$$

Limitations

Because of data availability, two limitations need consideration. First, our estimate is an extrapolation of the average impact we should expect to see in the population. Ideally, we would like to simulate the impact on households who benefited from the program only, with no effect on those that were already beneficiaries before the potential program expansion. However, this is not possible due to the lack of data on current beneficiaries. And second, the latest data available on program enrollment was from 2017, whereas the time use data correspond to 2019. Because of this, the estimation of α_1^k and the effect of [Equation 2](#), may both be biased. If the program coverage continued to increase, the current estimation of α_1^k and $\Delta time^k$ would be upwardly biased.

Appendix B Input Output Model of Employment Impacts of Social Care Expansion

Methodology

We use input-output (IO) analysis to estimate the total employment effects of additional public expenditure associated with two policy interventions—full-time schools (FTS) and universal elderly care (UEC) in Mexico. An IO matrix is a $n \times n$ square matrix that provides a detailed description of the economy, comprising all intersectoral transactions. A given column representing a specific industry shows the various purchases of inputs that it makes from the other industries to produce its output, while the corresponding row shows its sales of output to the other industries. IO analysis enables the estimation of the impact of one unit increase in the output of a particular industry on the output and employment of all industries.

We estimate the total employment effects, which include direct, indirect, and induced effects. Direct effects refer to the increase in employment in the industries that experience the initial increase in final demand as a result of the intervention. Indirect effects capture the increase in employment because the industries faced with the initial increase in final demand invariably require intermediate inputs from other industries, which, in turn, require intermediate inputs from various industries and so on. The increase in gross output triggered by these "backward linkages" creates an additional "indirect" impetus to employment. Finally, induced effects refer to the rise in employment that would accompany the rise in gross output required to meet the higher consumption demand for various commodities due to the higher household incomes generated by the direct and indirect effects.

The standard method of calculating the total effects described above begins by augmenting the standard matrix of technical coefficients with a "household industry" that supplies labor services, now considered an intermediate input, to various industries (Miller and Blair 2022: 35–42). The row in the matrix representing the industry will display the outlays on the labor (or labor income) required to produce a peso's worth of gross output of the various industries listed in the columns. Symmetrically, the new industry is assumed to consume the products of different industries, now considered as intermediate inputs that "produce" the labor services but previously appearing as acts of private consumption (a component of final demand). The household industry's column will, thus, display the shares of various industries, listed in the rows, in the total private consumption of households. We denote the augmented matrix as $\bar{A}$, which is a square matrix of order $(n + 1) \times (n + 1)$, with the household industry represented in its $n + 1$ row and $n + 1$ column, while the ordinary industries are represented in the remaining n columns and rows.

We evaluate the employment effects of additional public expenditure associated with FTS and UEC policy interventions. Let the additional expenditure associated with the policy intervention be denoted as Δy_d where d denotes either the FTS or the UEC policy scenario because we wish to estimate the impacts of each policy initiative separately. Let Δy_d represent the $((n + 1) \times 1)$ vector of changes in final demand with zeros everywhere but for the 4-digit industries in which additional demand is generated.

With the assumption of constant "technology" (which now includes rates of labor remuneration and household budget shares), we can calculate the change in gross output due to the increase in the final demand for schooling or elder care as–

$$\Delta \mathbf{x}_d = (\mathbf{I} - \bar{\mathbf{A}})^{-1} \Delta \mathbf{y}_d \quad (1)$$

where $\Delta \mathbf{x}_d$ is the $((n + 1) \times 1)$ vector of changes in gross output for scenario d . The assumption of constant technology also implies that labor requirements remain unchanged. When we combine this with the assumption of constant rates of labor remuneration, it follows that the changes in labor income (and employment) will be proportional to the changes in gross output. Let ϵ_j indicate the amount of labor income per peso of gross output in industry j and w_j indicate the total amount of labor income in industry j . We define a $(n + 1) \times (n + 1)$ diagonal matrix $\hat{\epsilon}$ so that $\hat{\epsilon}_{ij} = \epsilon_j$ when $i = j$ and $\hat{\epsilon}_{ij} = 0$ when $i \neq j$. Letting $\Delta \mathbf{w}_d$ denote the vector of changes in labor income, we can then write:

$$\Delta \mathbf{w}_d = \hat{\epsilon} \Delta \mathbf{x}_d = \hat{\epsilon} \{(\mathbf{I} - \bar{\mathbf{A}})^{-1} \Delta \mathbf{y}_d\} \quad (2)$$

The proportionality between changes in labor income and changes in employment (due to the assumption of the constant rate of labor remuneration) can be expressed as:

$$\dot{e}_j = \dot{w}_j \quad (3)$$

where e_j represents the level of employment in industry j , $\dot{e}_j = \Delta e_j / e_j$ and $\dot{w}_j = \Delta w_j / w_j$.

Empirical implementation

We use the most recent input-output (IO) data available for Mexico from 2013 provided by the Instituto Nacional de Estadística y Geografía (INEGI). The Mexican IO table consists of 262 industries at 4-digit level (or 23 industries at 2-digit level) and includes data on gross output, final demand and its major components, value added, and compensation of employees. Supplementary data on total employment (including separate estimates for wage/salaried and self-employed jobs) are also included in the table for all the 262 industries. We assume that the proposed policy interventions will initially lead to an expansion in the final demand of certain 4-digit industries included in the IO table (Table B1, below).

Table B-1 Increase in final demand by scenario and industry

Policy scenarios						
Universal elder care			Full-time school			
Industry code	2-digit industry name	Additional demand from public expenditure (million pesos)	Industry code	2-digit industry name	Additional demand from public expenditure (million pesos)	
2211	Generación, transmisión y distribución de energía eléctrica (Electric power generation, transmission and distribution)	4,621	6111	Escuelas de educación básica, media y para necesidades especiales (Elementary and Secondary Schools)	118,632	
2362	Edificación no residencial (Nonresidential Building Construction)	65,450	7225	Servicios de preparación de alimentos y bebidas alcohólicas y no alcohólicas (Restaurants and Other Eating Places)	28,891	
3342	Fabricación de equipo de comunicación (Communications Equipment Manufacturing)	69				
4854	Transporte escolar y de personal/ School and (Employee Bus Transportation)	1,296				
5191	Otros servicios de información (Other Information Services)	163				
6233	Asilos y otras residencias para el cuidado de ancianos (Continuing Care Retirement Communities and Assisted Living Facilities for the Elderly)	32,634				
7225	Servicios de preparación de alimentos y bebidas / alcohólicas y no alcohólicas (Restaurants and Other Eating Places)	7,204				
Total		111,437			147,523	

Source: Authors calculations based on Bango (2020) and ONU Mujeres (2020).

In estimating the employment impacts, we used technical coefficients that exclude imported intermediate inputs¹³, i.e., the technical coefficient a_{ij} is calculated by dividing the total *domestically supplied* intermediate inputs of industry i used in the production of industry j with the gross output of j . Similarly, we also defined the consumption coefficients of the household industry as shares in the private consumption of domestically produced output. This is because we want to estimate the multiplier effects of the increase in effective demand for domestic industries, not the rest of the world.

We also used an expanded definition of labor income rather than employee compensation in calculating the household industry's labor income coefficients described above. We added imputed earnings of the self-employed to the compensation of employees to obtain our expanded definition (see, e.g., Ibarra and Ros 2019). The labor income of the self-employed was imputed using the estimates of average employee compensation and the number of self-employed¹⁴. As noted above, both pieces of information were available as supplementary information to the main input-output transactions table¹⁵. We impute the labor income of the self-employed by multiplying the average employee compensation with the number of self-employed¹⁶. Our estimates showed that 9.3 percent of total employment consisted of the self-employed.

Next, to calculate the total changes in employment via direct, indirect and induced effects, we construct the augmented technical coefficient matrix ($\bar{A}$) by “closing” the original technical coefficient matrix (A) using the household industry. We first drop the row and column that corresponds to industry 8141– ‘Hogares con empleados domésticos’ (households with domestic employees), from the technical coefficients matrix A . As per the standard IO accounting convention, this industry does not supply any intermediate inputs, nor does it purchase any intermediate inputs from other industries. The only positive entry for this industry is where its own column and row intersect and represents the employee compensation of domestic employees. We then insert household industry into the table as the last row and last column. Intermediate inputs used by the household industry from other industries are captured in the column of the newly added household industry. These are the shares of private consumption of industry i in total household consumption, including that of the industry “household with domestic

¹³ We used the technical coefficients matrix (MIP 57) titled– “Sistema de Cuentas Nacionales de México. Matriz de insumo producto 2013. Matriz simétrica de insumo producto. Industria por industria/ Economía total / Origen doméstico coeficientes técnicos/ Rama SCIAN”

¹⁴ Employment numbers were converted into millions to calculate the average employee compensation and income of self-employed because the compensation numbers were in million pesos.

¹⁵ We used the IO table (MIP 53) titled– “Sistema de Cuentas Nacionales de México. Matriz de insumo producto 2013. Matriz simétrica de insumo producto. Industria por industria/ Economía total / Origen doméstico/ Rama SCIAN/ Millones de pesos a precios básicos.”

¹⁶ The self-employed category includes Personal suministrado por otra razón social (PSORS) (Contractors) and Personal por honorarios o comisiones s/sueldo (PHOCSS) (Staff for fees or commissions w/o salary).

employees” placed at the intersection of the row and column corresponding to the new industry. For each i , the coefficient is c_i/C , where c_i is the private consumption of industry i and C is total private consumption. We obtain the c_i values and total private consumption from the main IO transactions table.

Next, we add the row corresponding to the new industry. As explained earlier, each column in this row is obtained by dividing the labor compensation (including the imputed labor income of the self-employed) by the gross output of the industry listed in the column heading. That is, the row represents a set of labor income coefficients, ϵ_i/x_i , where x_i is the gross output of industry i and ϵ_i indicates the amount of total labor income, including the imputed earnings of self-employed, in industry i . We exclude the industry “household with domestic employees” from the calculation of labor income coefficients because what we earlier considered as the purchase of household industry from itself equals the employee compensation of domestic employees.

While our technical and labor income coefficients are for the year 2013, the changes in final demand in the FTS and UEC policy scenarios are in 2019 prices. To address this problem, we converted the changes in final demand to 2013 pesos, i.e., we deflated the extra spending in the industries associated with FTS and UEC scenarios by $(1+\pi)$, where π is the inflation rate between 2013 and 2019 and is equal to 27% (World Bank 2023).¹⁷

Once we have the Leontief inverse for the augmented matrix and the changes in final demand in the two policy scenarios, we calculate the changes in output corresponding to each scenario using equation (1). Next, we diagonalize the labor income coefficients vector and calculate the changes in total labor income by industry using equation (2).

Note that the vector of changes in labor income has in its last row the overall change in labor income of the household industry, denoted by $\Delta w_{n+1,13}$. We can derive the change in labor income in the industry 8141 as–

$$\Delta w_{8141,13} = \Delta w_{n+1,13} - \sum_{j=1}^n \Delta w_{j,13} \quad (4)$$

Thereafter, we calculate the proportionate changes in labor income¹⁸ $\dot{w}_j$, for all industries including industry 8141. These in turn are equal to the proportionate changes in employment, $\dot{e}_j$.

¹⁷ We calculated the inflation rate using consumer price index (CPI) sourced from the World Bank database. The values of the index were 111.8 and 141.5 in 2013 and 2019, respectively.

¹⁸ We use proportionate changes in labor income instead of proportionate changes in output for two reasons– i) to calculate the changes in labor income (and thereby employment) in industry 8141 as in equation (4), which we cannot derive from changes in output vector and ii) for the industry 2222 - Suministro de gas por ductos al consumidor final (pipeline gas supply to the final consumer) there is no wage employment and therefore zero labor income resulting in labor coefficient equal to zero. Using the proportionate change in *output* (>0) for this industry

Finally, for the purposes of microsimulation (See Appendix C), we had to use a higher level of industrial aggregation than in the I-O table. The proportionate changes in employment estimated by the I-O model are at the level of 4-digit industry. We aggregated these changes to the proportionate change at the two-digit level as a weighted average with the employment shares of the 4-digit industries in the two-digit industry's total employment acting as weights. Further, for 2019, we assume that the proportionate changes in employment at the two-digit industry level are the same as those estimated for 2013.

$$\dot{e}_{j,19} = \dot{e}_{j,13} = \sum_{k=1}^{K_j} \dot{e}_{jk,13} s_{jk,13} , \quad (5)$$

where the subscripts “19” and “13” refer to the years 2019 and 2013; j indicates the 2-digit industry; jk indicates the 4-digit industry and the total number of 4-digit industries in j is K_j ; and $s_{jk,13} = e_{jk,13}/e_{j,13}$.

While calculating the proportionate changes in employment at the 2-digit level we include the industry 8141 and exclude the change captured by the overall household industry because the effect of the latter is already distributed among other industries and including it will result in double counting. Appendix Table B2 presents the absolute and proportionate employment changes at the 2-digit level in 2013. The proportionate changes in employment calculated using equation (5) represents the total changes due to direct, indirect and induced effects. Next, we use these proportionate changes in employment in 2019 and the employment levels from ENIGH (2020) to calculate the *changes in the level of employment* at the 2-digit level.

would overestimate the employment change. For all other industries the proportionate changes in output are identical to the proportionate changes in labor income.

Table B-2 Proportionate and absolute changes in employment by scenario and industry, 2013

Industry code	2-digit industry	Policy scenario			
		Universal elder care		Full-time school	
		Proportionate change (%)	Absolute change	Proportionate change (%)	Absolute change
11	Agriculture, Forestry, Fishing and Hunting	0.34	9,513	0.89	24,879
21	Mining	1.12	3,984	0.19	659
22	Utilities	1.26	2,770	1.26	2,764
23	Construction	3.49	158,582	0.05	2,201
31	Manufacturing - Food and Apparel	0.39	8,258	1.03	21,765
32	Manufacturing - Wood, Chemical, and Plastics	1.00	12,361	0.70	8,666
33	Manufacturing - Metal, Machinery, and Equipment	0.32	9,828	0.34	10,416
43	Wholesale trade	0.48	5,168	0.42	4,586
46	Retail trade	0.53	24,076	1.07	48,867
48	Transportation	0.56	12,046	0.91	19,468
49	Postal services and warehousing	0.56	1,145	0.92	1,902
51	Information	0.60	1,665	1.03	2,855
52	Finance and Insurance	0.52	2,461	1.01	4,758
53	Real Estate and Rental and Leasing	0.49	2,636	1.10	5,882
54	Professional, Scientific, and Technical Services	0.54	3,635	0.83	5,533
55	Management of Companies and Enterprises	0.52	178	0.74	254
56	Administrative and Support Services	0.69	31,419	1.02	46,481
61	Educational Services	0.10	2,417	13.63	333,703
62	Health Care and Social Assistance	13.59	158,579	0.34	3,954
71	Arts, Entertainment, and Recreation	0.41	923	1.04	2,342
72	Accommodation and Food Services	1.84	30,003	6.65	108,364
81	Other Services (except Public Administration)	0.49	16,654	1.09	37,383
93	Public Administration	0.00	76	0.01	180
	Total	1.23	498,376	1.73	697,862

Source: Authors' calculations

Further, we calculate the *direct* and *indirect* employment effects (combined) in a similar manner, but by using the standard technical coefficient matrix instead of the augmented matrix. Using the associated Leontief inverse and the change in demand we calculate the changes in output by industry using equation (1). The constant technology assumption implies that the change in employment by industry will be proportional to the change in gross output by industry. Let l_j indicate the amount of labor input per million pesos of gross output in industry j . We define a $(n + 1) \times (n + 1)$ diagonal matrix $\hat{L}$ so that $\hat{L}_{ij} = l_j$ when $i = j$ and $\hat{L}_{ij} = 0$ when $i \neq j$. The changes in employment, N_d , can be estimated as–

$$\Delta N_d = \hat{L} \Delta x_d = \hat{L} \{ (I - \bar{A})^{-1} \Delta y_d \} \quad (6)$$

Next, we calculate the proportionate changes in employment, $\dot{e}_j$ as¹⁹–

$$\dot{e}_{j,13} = \Delta N_{d,13} / N_{2013} \quad (7)$$

Further, using equation (5) we obtain the proportionate changes in employment at 2-digit level in 2019. Finally, we use these proportionate changes and the employment levels from ENIGH (2020) to calculate the *changes in the level of employment* due to *direct and indirect* effects at the 2-digit level.

We find the induced employment effect as a residual i.e., by deducting the sum of direct and indirect employment created in one industry from the total employment created in that industry. Table B3 presents the total, direct and indirect, and induced employment effects for the two policy scenarios. In the UEC policy scenario, induced employment generation constitutes 22 percent of the total employment generation whereas in FTS policy scenario it constitutes 38 percent. In both policy scenarios jobs are mainly created via direct and indirect effects.

¹⁹ The unit of “changes in employment” is million, we convert it into actual levels.

Table B-3 Change in employment by scenario, type of job creation and industry, 2019

Policy scenario							
Universal elder care				Full-time school			
Industry code	2-digit industry	Total	Direct and Indirect	Induced	Total	Direct and Indirect	Induced
11	Agriculture, Forestry, Fishing and Hunting	25,837	3,410	22,427	67,571	9,234	58,337
21	Mining	2,150	2,073	77	356	70	286
22	Utilities	3,160	2,630	530	3,152	1,326	1,826
23	Construction	160,899	159,845	1,055	2,233	1,020	1,213
31	Manufacturing- Food and Apparel	14,394	1,534	12,859	37,939	4,487	33,452
32	Manufacturing - Wood, Chemical, and Plastics	17,408	13,709	3,698	12,204	2,461	9,743
33	Manufacturing - Metal, Machinery, and Equipment	11,569	7,109	4,460	12,262	570	11,691
43	Wholesale trade	7,360	5,695	1,665	6,530	1,836	4,695
46	Retail trade	47,717	11,697	36,020	96,851	3,587	93,264
48	Transportation	12,487	4,916	7,571	20,181	607	19,573
49	Postal services and warehousing	1,412	703	709	2,346	509	1,837
51	Information	2,930	1,350	1,580	5,024	875	4,149
52	Finance and Insurance	2,935	825	2,109	5,674	161	5,513
53	Real Estate and Rental and Leasing	1,784	339	1,444	3,981	225	3,756
54	Professional, Scientific, and Technical Services	7,460	4,314	3,146	11,355	3,271	8,084

55	Management of Companies and Enterprises	55	25	30	79	9	70
56	Administrative and Support Services	13,400	8,290	5,110	19,824	6,437	13,387
61	Educational Services	2,546	11	2,535	351,497	346,059	5,438
62	Health Care and Social Assistance	227,194	225,350	1,844	5,665	5	5,660
71	Arts, Entertainment, and Recreation	1,602	8	1,594	4,064	9	4,055
72	Accommodation and Food Services	76,180	59,913	16,268	275,150	233,590	41,560
81	Other Services (except Public Administration)	26,484	4,586	21,898	59,450	2,064	57,386
93	Public Administration	66	6	60	157	1	156
	Total	667,030	518,340	148,690	1,003,544	618,414	385,131
	Share in total employment generation (%)	100	78	22	100	62	38

Source: Authors' calculations

Appendix C Employment Simulation of Social Care Expansion

In order to estimate the overall effect of the proposed policy interventions, we must consider the employment effects of the additional spending on universal elder care and full-time school, as well as the changes in time use patterns among households that receive new paid employment as a result. An increase in employment can have counteracting impacts on household wellbeing. Additional income can lift poor households out of income poverty, but the additional hours spent on income-generating activities can increase time deficits within the household and thus lower well-being. The overall direction of these impacts will depend on labor market conditions, as well as household and individual characteristics. In order to estimate these impacts, we implement a multi-part microsimulation model.

The steps required to produce the estimates are as follows. First, we must identify the pool of potential job recipients for the new employment indicated in our Input-Output analysis based on the aggregate spending reported by ONU Mujeres for the two policies. The latter comprises employment changes by industry. We estimate the occupational structure for each industry by using the existing distribution in the ENIGH. Then for each individual in the recipient pool, we must impute a number of characteristics to be used to match them with a new job: their likelihood of being employed; their most to least likely industry and occupation of employment; the wages they are likely to receive; and the number of hours they are likely to work. Once we have the necessary information, we perform a hot-deck statistical matching procedure to match each of the potential job recipients with the jobs indicated by the macro analysis. This process continues until all jobs are assigned. We move on to reassign household production time for each adult in the households that contain job recipients with another hot-decking statistical matching procedure. Finally, we check that the results are plausible. We provide methodological details for each step below followed by the results for each step.

Data and Methodology

The base data set for the microsimulations presented in this appendix is the synthetic dataset created for the estimation of the LIMTIP for Mexico (the match is documented in Masterson et al. 2022). We modify this dataset as described in Appendix A, above, in order to capture the direct effects of the expansion of elder care services and full-time school on the hours spent each week on household production by individuals.

We begin with the output of the IO analysis described in Appendix B, above, which gives us a vector of employment changes by 23 two-digit industries for each policy scenario, representing the direct, indirect and induced employment effects of the spending in each case. We then apply the existing occupational structure of employment for 9 one-digit occupational categories in each industry (as found in the ENIGH 2020). This yields a matrix of new jobs by industry and occupation for each scenario.

To assign the jobs we use a hot-decking statistical matching procedure. We will describe the latter below, but first we will outline the preparation for this matching procedure. We first identify potential job recipients. These potential recipients are those adults aged 18 to 74 that are not currently working for pay, not retired or in school, and not physically disabled. Next, we identify donor records within the same data set, because we will be assigning actually existing sets of job characteristics (industry, occupation,

earnings and hours) to new job recipients. For all recipients and donors, we rank industries by the likeliness of being employed within them by running a multinomial *probit* model on all of the employed individuals and then using the results to predict the likeliest industries. We repeat this procedure for occupations. Finally, we estimate the likelihood of being employed using policy variables for each scenario: the number of children aged 6 to 12 for the Full-Time School scenario; and the number of elders with disabilities for the elder care scenario. We then predict employment likelihood for each scenario after first setting the corresponding policy variable to zero. To these predicted probabilities we add a random draw from a normal distribution with mean 0 and the standard deviation of the predicted employment likelihoods. We do this separately for men and women.

We next use a three-stage Heckit procedure to impute wages and hours for each individual. The imputations for the earnings and usual weekly hours of paid work are performed using a three-stage Heckit procedure (Berndt 1996, p. 627), separately for each combination of four age categories,²⁰ sex, and location (rural versus urban). The first stage is a probit estimation of labor force participation:

$$lf_i^* = \alpha_1 + \beta X + \varepsilon_i$$

$$lf_i = 1 \text{ if } lf_i^* > 0 \text{ \& } \varepsilon_i \sim N(0,1)$$

The vector of explanatory variables, X , comprises the number of children aged less than five, the number of children aged six to twelve, and the number of elders in the household, the individual's education, and the individual's spouse's age, education and labor force status. The regression is run on the universe of all eligible adults. The Mills ratio is calculated for all individuals using the results of the first stage regression:

$$\lambda = \frac{f\left(\frac{-\widehat{lf}}{\sigma_{\widehat{lf}}}\right)}{\left(1 - F\left(\frac{-\widehat{lf}}{\sigma_{\widehat{lf}}}\right)\right)}$$

Where f is the normal density function, F is the normal distribution function, $\widehat{lf}$ is the estimated probability of labor force participation, and $\sigma_{\widehat{lf}}$ is the standard deviation of $\widehat{lf}$.

The second stage is an OLS estimate of the log of hourly wage:

$$\ln w_i = \alpha_2 + \gamma_2 Y + \theta_2 \lambda + \mu_i$$

This regression is run only on those that are actually employed for pay. The vector of explanatory variables, Y , in this stage includes the individual's education, age, industry, occupation, and state, and

²⁰ Less than 25 years old, 25 to 34 years old, 35 to 54 years old, and 55 and older.

finally, λ , the Mills Ratio calculated in the first stage. Inclusion of the Mills Ratio corrects for the selection bias induced by limiting the regression to those in paid employment. The imputed log of wage is predicted for donors and recipients from the results of the regression, with industry and occupation replaced for the latter by the likeliest industries and occupations predicted in the previous step.

The third stage is a regression of usual hours of paid work per week:

$$h_i = \alpha_3 + \gamma_3 Z + \omega \ln \widehat{w}_i + \theta_3 \lambda + \eta_i$$

The regression is once again run only on those in paid employment. The vector of explanatory variables, Z , in this stage is the same as the previous stage, with the addition of the number of children aged less than five, the number of children aged six to seventeen, and the number of elders in the household and the individual's spouse's labor force status. Finally, the imputed wage predicted in the second stage and the Mills Ratio calculated in the first stage are included. Imputed hours per week are predicted for donors and recipients using the results of the regression, replacing the industry and occupation of the latter with their predicted values as for the wage equation.

With the variables generated in the previous steps, as well as other characteristics, we then proceed through the job assignment procedure, which is run separately for each policy scenario. For each industry and occupation pair in turn, for those recipients for whom the industry and occupation were the likeliest we identify a pool of individuals actually employed in that industry and occupation that most resemble each recipient using a weighted affinity score. We randomly draw from this group of donors and assign the job to the recipient. We next check that the sum of the weights of the recipients does not exceed the number of new jobs available. If there are more recipients than jobs, we make the assignment only to those that are the likeliest to be employed (using the results of the *probit* estimation from the first step), using up all of the available jobs. If there are more jobs than recipients, they are all assigned jobs. The assignment involves copying the industry, occupation, earnings and usual hours of employment from the donor to the recipient. The total jobs assigned is then subtracted from the total remaining to be assigned in that cell of the industry/occupation. Those assigned jobs are removed from the remaining recipient pool and the process continues. If after going through all the possible assignments for recipients' first most likely industry and occupation there are still jobs remaining, we move on to the second most likely industry and occupation and repeat the above procedure. This process iterates until all jobs have been assigned.

Once the jobs assignment is complete, we address the likelihood of a reshuffling of household production responsibilities in recipient households. We thus go through a second round of statistical matching. In this round, the recipient pool consists of all those for whom time use information is available in household that contain at least one job recipient. The donor pool consists of everyone in the survey. The change in the allocation of time use hinges on the change in the number of workers in the household, so for this round of hot-deck matching we weight the number of male and female workers as heavily as the number of adults and the number of children in the household. In this case, we match within groups of individuals with the same sex, age category and educational attainment.

This procedure gives us a new distribution of employment, earnings, and time spent on paid employment and household production. Finally, we check the results to the best of our ability. This is largely a judgement call since there is no counterfactual distribution with which to compare our estimates. We now move on to document the microsimulation and to report the checks we do to ensure the quality of the microsimulation.

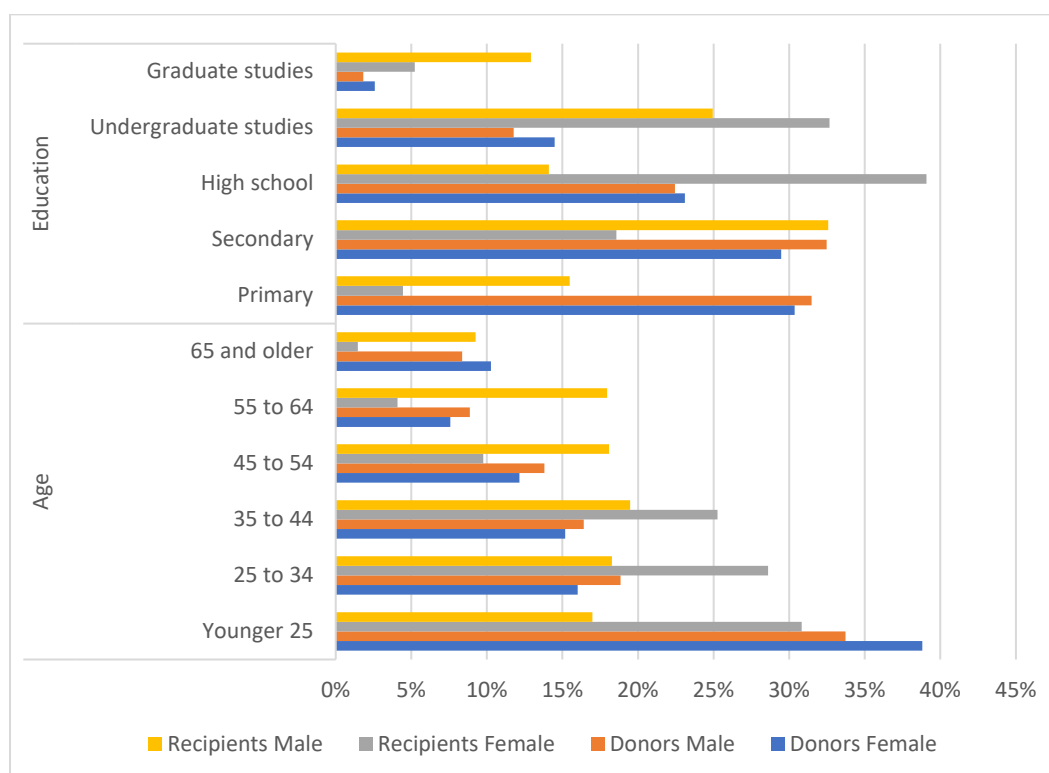
Employment Simulation Results

Universal Elder Care

Selecting Pools

The donor and recipient pools are identical for both policy simulations. In Figure C-1 below, however, we compare the demographic composition of the donor pool to the job recipients in the UEC policy simulation. To begin with, we first note that the number of recipients (622 thousand) is just one percent of the size of the donor pool (i.e., the total number of employed, 61.2 million). The overall gender balance of the two groups is also different: 42.4 percent of donors are female, while only 37.1 percent of recipients are. The educational composition is quite different between the donors and recipients, with a larger share of the recipients having college degrees or more, while among women, there are a larger share of high school graduates among the recipients than the donors. This reflects the impact that education has on the likelihood of being employed, an important factor in our simulation. While male recipients are relatively evenly distributed by age, female recipients tend to be younger, though a greater share of donors are among the youngest age category. In fact, the donor pool has larger shares of those younger than 25 years old than either male or female recipients. The age distribution of recipients reflects the impact of age on the labor force engagement of women: younger women are more likely to be employed because older women are more likely to be married and not working.

Figure C-1 Composition of Potential Donors and Actual Recipients in Employment Simulation, by Sex, Age and Education



Source: Authors' calculations based on synthetic data set

Predicting employment, industry and occupation

We use the existing distribution of employment in the ENIGH to predict the likelihood of finding employment in the scenario for those individuals in the recipient pool. This is done with three separate maximum likelihood estimates. We estimate multinomial *probit* models that yield predictions of the likelihood of individuals being employed in each of 23 industries and 9 occupations. We then predict the likelihood of being employed using a logit model. We provide details of the latter estimates first, the move on to the likely industry and occupation estimates.

For the universal elder care case, we incorporate the policy impact by including the number of elderly persons with disabilities in the household in the model. For the prediction we set this value to zero. This provides a maximum predicted impact of the policy by implicitly assuming that the policy alleviates all care responsibilities for the individuals in the affected households. From the perspective of assessing the impact of the policy on labor force participation, this is a best-case scenario.

Table C-1, below, has the results of the maximum likelihood estimation for employment for men and women separately. We ran one model for both policy scenarios. It includes one policy variable for each scenario: the number of children aged 6 to 12, for the Full-Time School scenario; and the number of disabled elders in the household, for the Universal Elder Care scenario. Note first the larger impact of age on female likelihood of employment than men. For the policy variables, the number of primary school age children has opposite impacts on men and women: we estimate that the former are less likely and the

latter more likely to be employed. The number of disabled elders is estimated to reduce the likelihood of both men and women being employed. Though this is a much stronger signal for men than for women.

Table C-1 Results of Logistic Regression of Employment for Men and Women

	Female	Male
Age	-0.010*** -0.000	0.002*** -0.001
Number of Children under 6	-0.289*** -0.013	0.052** -0.022
Number of Children 6 to 12	-0.098*** -0.013	0.083*** -0.022
Number of Disabled Elders	-0.068* -0.036	-0.341*** -0.051
Number of Children	0.082*** -0.010	0.054*** -0.015
Education		
Secondary	0.070*** -0.016	0.160*** -0.024
High School	0.201*** -0.018	0.157*** -0.026
Undergraduate	0.583*** -0.023	0.187*** -0.032
Graduate	1.117*** -0.067	0.570*** -0.094
Aguascalientes		
Baja California	-0.189*** -0.038	-0.067 -0.056
Baja California Sur	-0.076** -0.038	-0.009 -0.057
Campeche	0.084** -0.038	0.093 -0.059
Coahuila de Zaragoza	-0.199*** -0.033	-0.100** -0.051
Colima	-0.011 -0.038	0.079 -0.058
Chiapas	0.152*** -0.039	0.188*** -0.064
Chihuahua	-0.149*** -0.034	-0.026 -0.053
Ciudad de Mexico	-0.184*** -0.038	-0.277*** -0.055
Durango	-0.125*** -0.036	-0.096* -0.056
Guanajuato	-0.190*** -0.036	-0.076 -0.054
Guerrero	0.061 -0.038	0.050 -0.059
Hidalgo	-0.024 -0.038	-0.045 -0.059

Jalisco	-0.163***	0.003
	-0.036	-0.056
Mexico	-0.221***	-0.213***
	-0.036	-0.053
Michoacan de Ocampo	0.008	0.136**
	-0.038	-0.064
Morelos	-0.021	-0.077
	-0.037	-0.057
Nayarit	0.091**	0.099
	-0.039	-0.062
Nuevo Leon	-0.220***	-0.032
	-0.037	-0.057
Oaxaca	0.154***	0.088
	-0.037	-0.060
Puebla	0.079**	0.141**
	-0.038	-0.061
Queretaro	-0.055	-0.083
	-0.035	-0.053
Quintana Roo	-0.155***	-0.287***
	-0.039	-0.056
San Luis Potosi	-0.088**	0.002
	-0.036	-0.058
Sinaloa	-0.239***	-0.101*
	-0.034	-0.053
Sonora	-0.135***	-0.041
	-0.038	-0.057
Tabasco	-0.109***	-0.115**
	-0.039	-0.058
Tamaulipas	-0.227***	0.028
	-0.038	-0.060
Tlaxcala	-0.120***	0.047
	-0.036	-0.058
Veracruz de Ignacio de la Llave	-0.040	-0.015
	-0.037	-0.059
Yucatan	0.117***	0.211***
	-0.038	-0.062
Zacatecas	-0.186***	0.159***
	-0.036	-0.060
Rural Location	-0.290***	0.151***
	-0.012	-0.019
Constant	0.604***	1.081***
	-0.040	-0.057
Observations	92462	84485

Estimated coefficients and standard errors

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

The likeliest predicted industries and occupations for all recipients are presented in Table C-2 below.²¹ The same predictions are used for both policy scenarios. Unsurprisingly, the likeliest industries are those with the highest levels of employment. Other services, retail trade, and agriculture together are the likeliest industries for over two thirds of the potential job recipients. Meanwhile many of the other industries are the likeliest industry for none of the recipient pool. Nearly three-quarters of potential recipients' likeliest occupation is elementary and support activities.

Table C-2 A. Predicted Likeliest Industries for Potential Recipients

Industry	Number	Share
Agriculture, Forestry, Fishing and Hunting	4,267,536	12.4%
Mining		
Utilities		
Construction	2,867,204	8.3%
Manufacturing - Food and Apparel	502,358	1.5%
Manufacturing - Wood, Chemical, and Plastics		
Manufacturing - Metal, Machinery, and Equipment	2,537,119	7.4%
Wholesale trade		
Retail trade	7,216,159	21.0%
Transportation	339,509	1.0%
Postal services and warehousing		
Information		
Finance and Insurance		
Real Estate and Rental and Leasing		
Professional, Scientific, and Technical Services	173,254	0.5%
Administrative and Support and Waste Management and Remediation Services		
Educational Services	2,796,052	8.1%
Health Care and Social Assistance	12,271	0.0%
Arts, Entertainment, and Recreation		
Accommodation and Food Services	414,525	1.2%
Other Services (except Public Administration)	12,276,209	35.7%
Public administration	999,565	2.9%
Total	34,401,761	

²¹ We also assign the second to twenty-third likeliest industries and the second to the ninth likeliest occupations for use in the jobs assignment.

Table C-2 B. Predicted Likeliest Occupations for Potential Recipients

Occupation	Number	Share
1. Officers, directors and head officers		
2. Professionals and technicians	5,267,574	15.3%
3. Auxiliary workers in administrative activities	1,633,517	4.7%
4. Merchants, Sales Clerks, and Sales Agents	980,301	2.8%
5. Workers in personal and surveillance services	1,646	
6. Workers in agricultural, livestock, forestry, hunting and fishing activities		
7. Craft, construction and other trades workers		
8. Industrial machinery operators, assemblers, drivers and transport drivers	1,272,516	3.7%
9. Workers in elementary and support activities	25,246,207	73.4%
Total	34,401,761	

Assigning jobs

The distribution of jobs created in the UEC scenario according to our estimates are those depicted in Table C-3, below, by industry and occupation.²² The combinations with the largest numbers of jobs created are: first, the Health Care and Social Assistance industry and Professional and Technician occupations, with 163 thousand jobs; and second, the Construction industry and Workers in Elementary and Support Activities occupations with 84 thousand jobs. The distribution by industry comes from the results of our IO model, described in Appendix B, above. The distribution of jobs by occupation within each industry is taken from the existing distribution by industry in the ENIGH 2020.

The assignment of jobs occurs by selecting for each industry and occupation pair, the individuals in the recipient pool to be employed that are predicted to have the corresponding likeliest industry and occupation. Once all of the possible assignments based on the first likeliest predicted occupation and industry have been made, we move on to the next likeliest, and so on until all of the jobs have been assigned. The degree to which the assignments will match the most likely industry and occupation for each job recipient depends on the distribution of jobs by industry and occupation as well as the distribution of recipients by their likeliest jobs and occupations and their likeliness to be employed at all. Table C-4, panels A and B, show the degree to which the job assignments made to individuals in the recipient pool correspond with their likeliest occupation and industry. Given the mismatch between likeliest industries and occupations as seen above and the distribution of jobs created, the share of recipients receiving jobs in their likeliest industries (31 percent) and occupations (42 percent) are sufficiently high.

We next compare the distribution of hours and earnings in the simulation to the donor pool. This serves as a coarse test for plausibility of the results, since we can make no direct comparisons of the counterfactual distribution we produce in our simulation and the existing distributions of hours and earnings. Figure C-2, below provides the ratio of the earnings and hours of job recipients to the actual

²² For occupation titles, refer to Table C-2 panel B, above.

mean and medians by sex and demographic characteristics. The figure is truncated at 200 percent for purposes of readability. Most ratios are quite close to unity, while others are quite large. The largest is for the mean weekly hours of females 65 and older. In the donor pool the mean hours for this group was just 4 hours per week. In the simulation the mean is 40 hours. Median hours were 0 for this group, while it was 40 for the recipients in this group. While these are large differences, there were only 3,400 female job recipients 65 or older in the simulation. Overall, the earnings and hours assignments are very plausible. We now move on to consider the reassignment of household production hours within those households that have job recipients in the simulation.

Table C-3 Estimated Jobs Created by Industry and Occupation

Industries	Occupations									Total
	1	2	3	4	5	6	7	8	9	
Agriculture, Forestry, Fishing and Hunting	108	240	68	79	141	13,146	42	145	11,868	25,837
Mining	111	455	113	5	67	0	329	535	535	2,150
Utilities	282	914	486	7	57	0	332	578	503	3,160
Construction	3,765	11,155	1,914	349	691	7	54,907	3,715	84,395	160,899
Manufacturing - Food and Apparel	334	585	443	1,036	112	65	6,183	2,391	3,244	14,394
Manufacturing - Wood, Chemical, and Plastics	794	1,942	1,128	729	219	65	4,147	4,402	3,981	17,408
Manufacturing - Metal, Machinery, and Equipment	449	1,253	499	223	50	0	1,630	5,447	2,018	11,569
Wholesale trade	424	688	870	2,484	79	88	256	1,228	1,244	7,360
Retail trade	1,562	1,264	3,412	32,020	345	45	1,341	1,289	6,440	47,717
Transportation	513	682	1,002	28	124	0	46	9,201	892	12,487
Postal services and warehousing	73	63	369	6	7	0	0	642	252	1,412
Information	358	1,387	451	424	32	0	20	71	189	2,930
Finance and Insurance	387	632	782	1,071	7	0	0	19	36	2,935
Real Estate and Rental and Leasing	177	298	177	618	131	1	68	91	224	1,784
Professional, Scientific, and Technical Services	672	5,524	639	183	34	0	101	68	239	7,460
Management of Companies and Enterprises	9	31	6	0	0	0	0	0	8	55
Administrative and Support and Waste Management and Remediation Services	573	1,507	1,570	429	4,592	11	75	336	4,306	13,400
Educational Services	193	1,950	177	8	78	0	6	3	129	2,546
Health Care and Social Assistance	8,841	163,289	28,270	781	10,342	0	469	1,069	14,134	227,194
Arts, Entertainment, and Recreation	138	848	131	68	158	9	7	6	238	1,602
Accommodation and Food Services	1,938	1,371	2,922	1,208	31,527	20	6,555	2,184	28,456	76,180
Other Services (except Public Administration)	433	4,422	607	191	4,669	47	1,854	369	13,893	26,484
Public administration	10	22	16	0	11	0	1	2	4	66
Total	22,144	200,522	46,054	41,946	53,474	13,504	78,368	33,791	177,228	667,030

Source: Authors' Calculations based on ENIGH 2020

Table C-4 A. Predicted Likeliest Industries and Assigned Industries for Job Recipients

Assigned Industries	Likeliest Industry												Total
	11	23	31	33	46	48	54	61	62	72	81	93	
11 Agriculture, Forestry, Fishing and Hunting	14650	8792				187					805	410	24844
21 Mining	370												370
22 Utilities								1121				722	1843
23 Construction	77086	77550		484	3653	729						115	159617
31 Manufacturing - Food and Apparel		854	775		6626						3590		11845
32 Manufacturing - Wood, Chemical, and Plastics	3059	1054		5890				5180				301	15484
33 Manufacturing - Metal, Machinery, and Equipment	1647	831	2523	2971	1737								9709
43 Wholesale trade	602			1175	2699							610	5086
46 Retail trade	453	2424			38089					219	1721	1538	44444
48 Transportation	1741	5137		425	1426	1848							10577
49 Postal services and warehousing					176					113			289
51 Information								297					297
52 Finance and Insurance							984						984
53 Real Estate and Rental and Leasing										438		256	694
54 Professional, Scientific, and Technical Services				733	3346			982					5061
Administrative and Support and Waste Management and Remediation Services				2132		4195						2448	8775
61 Educational Services								1285					1285
62 Health Care and Social Assistance				2814	27430		2115	181923	5844			2134	222260
71 Arts, Entertainment, and Recreation					515								515
72 Accommodation and Food Services	496	7395		2168	26296					38457			74812
81 Other Services (except Public Administration)				586	13296						9409		23291
93 Public Administration													
Total	100104	104037	3298	19378	125289	6959	3099	190788	5844	39227	15525	8534	622082

Table C-4 B. Predicted Likeliest Occupations and Assigned Occupations for Job Recipients

Assigned Occupation	Likeliest Occupations						Total
	2	3	4	5	8	9	
1 Officers, directors and head officers	15714	139	0	0	0	475	16328
2 Professionals and technicians	154439	0	0	0	914	37524	192877
3 Auxiliary workers in administrative activities	31651	0	1513	0	627	4658	38449
4 Merchants, Sales Clerks, and Sales Agents	4095	4725	0	0	685	27129	36634
5 Workers in personal and surveillance services	9235	1395	201	0	0	39476	50307
6 Workers in agricultural, livestock, forestry, hunting and fishing activities	0	0	0	0	100	12603	12703
7 Craft, construction and other trades workers	3066	0	341	0	1730	70240	75377
8 Industrial machinery operators, assemblers, drivers and transport drivers	8642	113	176	138	4746	13549	27364
9 Workers in elementary and support activities	16584	14758	33657	0	6436	100608	172043
Total	243426	21130	35888	138	15238	306262	622082

Source: Authors' calculations from synthetic dataset

Figure C-2 Ratio of Mean and Median Earnings and Hours, Simulated to Actual

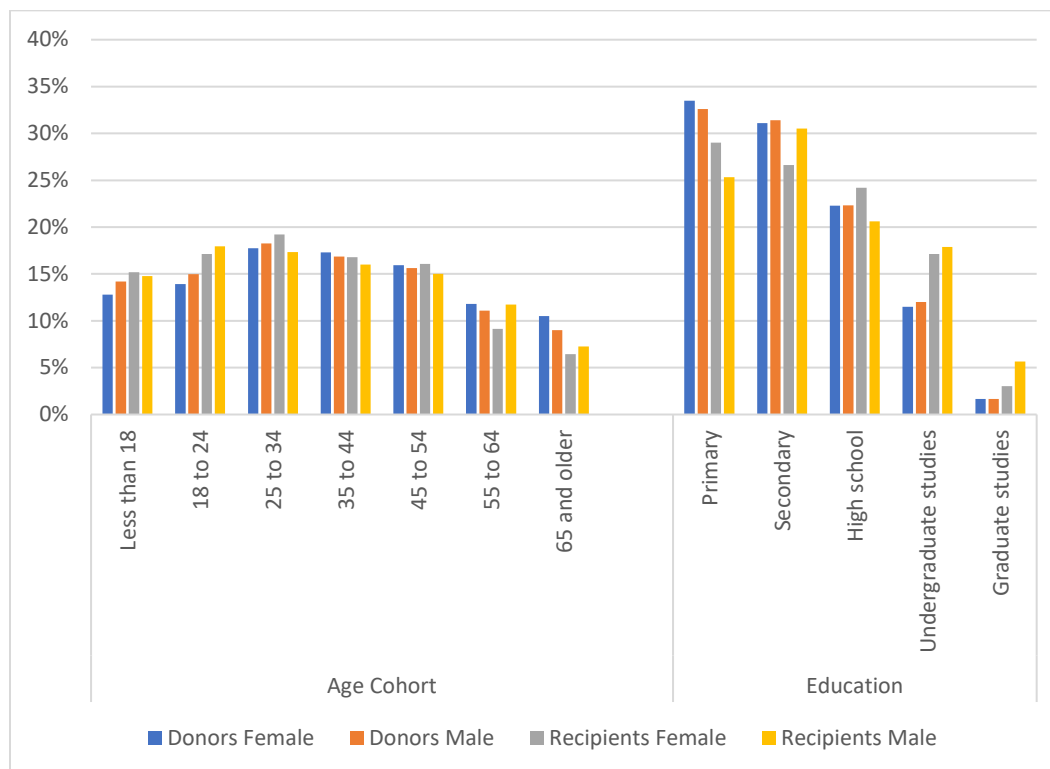


Source: Authors' calculations from synthetic dataset

Reassigning household production time

We reassign household production hours using the new earnings composition of the households with job recipients to simulate the effect of new employment on household time use. The donor pool in this case is all individuals with time use information. The recipient pool is all those 12 years of age and older in households with job recipients. In all, 2 million individuals were reassigned household production time out of the total of 96 million whose time use is available in the synthetic file. The demographic profiles of the donors and recipients are very similar (see Figure C-3, below). There are small differences that follow patterns seen in the earnings composition comparisons. The donor group is lightly older and has lower educational attainment, overall, than the recipients. At any rate, the donor pool is large enough that no recipient should be matched with a very dissimilar donor.

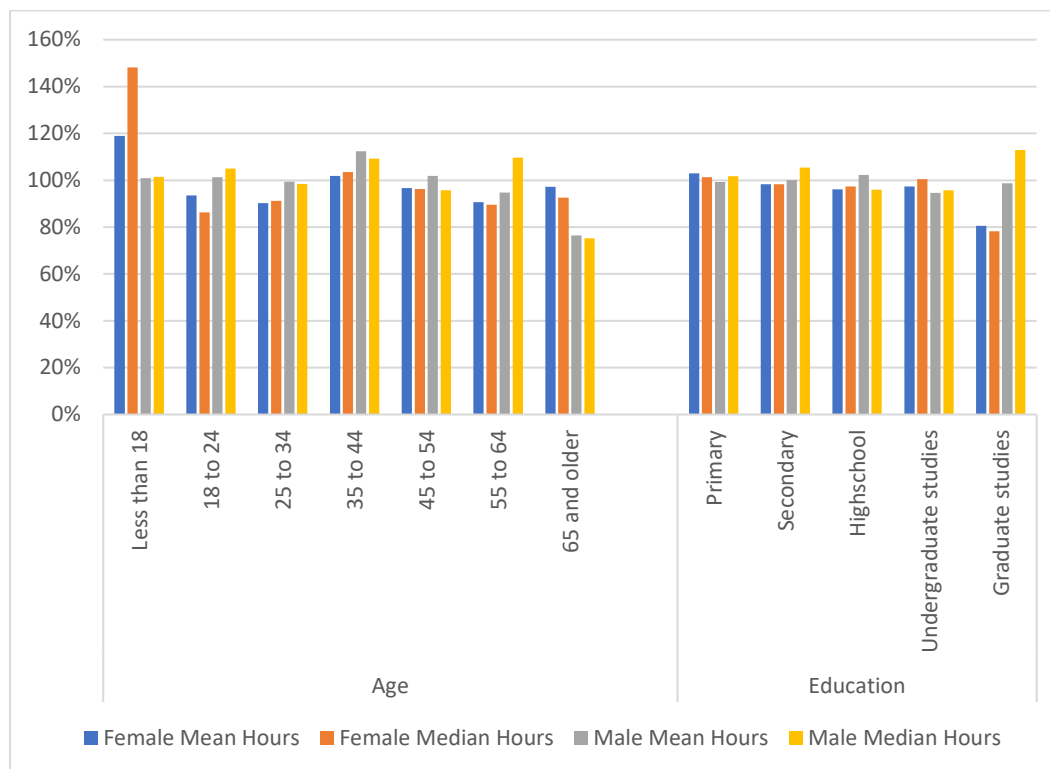
Figure C-3 Proportion of Donors and Recipients by Sex and Demographic Characteristic



Source: Authors' calculations from synthetic dataset

We expect the simulated distribution of household production time to be more like the actual distribution than earnings, simply because household time use does not vary as much as earnings and hours of employment. Figure C-4, below, displays the ratios of mean and median household production hours of individuals that had hours reassigned and the population as a whole, by sex and age and by sex and education. The reassignment has not produced any major inconsistencies. The ratios are in most cases close to unity. One exception is that of young female recipients, whose median hours are 41.8 hours per week, compared to 28.2 for the donor pool. This perhaps reflects a greater share of the burden of household production time falling on younger women in households with more economically active adults. Males older than 65 have a somewhat lower mean and median household production time in the reassigned group (18.1 and 14.5 hours per week, respectively) than in the population as a whole (23.6 and 19.2 hours per week, respectively), as do females with postgraduate education (a mean of 37.4 and a median of 33.4 hours per week in the overall population, compared to 30.1 and 26.1 hours per week among recipients). These two groups are relatively small parts of the recipients, though (71 thousand for elderly males and 31 thousand for postgraduate females), compared to 155 thousand females under 18 years old.

Figure C-4 Ratio of Household Production Hours, Simulated to Actual



Source: Authors' calculations from synthetic dataset

Overall, the assignment of jobs to individuals in the recipient pool produced results that were reasonable, as did the reassignment of household production hours. There were some differences in mean earnings and hours among certain groups, but this is likely due to the concentrated nature of the employment changes by industry and occupation.

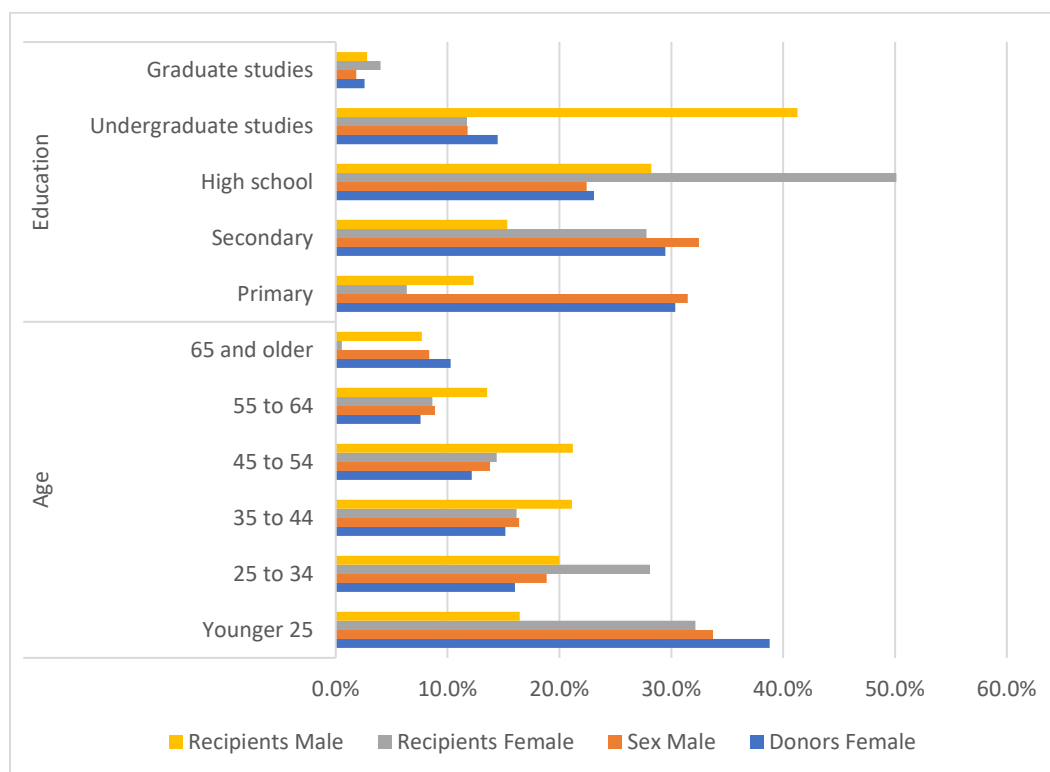
Full-Time School

For the case of the FTS policy scenario, we proceed as we did with the UEC scenario. The donor and potential job recipient pools are identical to those used in the UEC scenario, as are the predicted ranking of likeliest industries and occupations for each potential recipient. For the FTS scenario we include the potential policy impact on the likelihood of employment by including the number of children of primary school age in the household in the employment model (see Table C-1, above for the results of the maximum likelihood estimation). For the prediction we set the number of children in primary school in the household to zero for all the potential job recipients. This provides a maximum predicted impact of the policy by implicitly assuming that the policy alleviates all care responsibilities for the individuals in the affected households. From the perspective of assessing the impact of the policy on labor force participation, this is a best-case scenario.

The donor pool and job recipients in the FTS scenario are more similar in terms of sex, age, and education than for the UEC scenario. The donor pool is the same, of course. The male recipients are more uniformly distributed in age than the male donors, who tend to be younger. The recipients are also more educated,

generally than the donor pool, although in this scenario, there were fewer post-graduate recipients than in the UEC scenario.

Figure C-5 Composition of Potential Donors and Actual Recipients in Employment Simulation, by Sex, Age and Education



Source: Authors' calculations based on synthetic data set

Assigning jobs

We assign jobs in the manner described above. For the FTS scenario, the matrix of newly-created jobs is presented in Table C-5, below. The most important industries in terms of job creation in this scenario are the educational services and accommodation and food services industries, which received the entirety of the initial injection of government spending in our IO model, and so all of the direct employment created was in these two industries. We used the same occupational distribution by industry calculated from the ENIGH 2020 for the FTS scenario as was used for the UEC scenario. For the educational services industry, this meant that the greatest share of the jobs created were in the Professional and Technician occupations (category 2), while for the accommodation and food services industry, most were in the Workers in Personal and Surveillance Services and Workers in Elementary and Support occupations (categories 5 and 9, respectively). The jobs assigned in this scenario will most likely go to different individuals from the baseline than for the UEC scenario.

Table C-6, panels A and B, show the degree to which the job assignments made to individuals in the recipient pool correspond with their likeliest occupation and industry. Given the mismatch between likeliest industries and occupations as seen above and the distribution of jobs created, the share of

recipients receiving jobs in their likeliest industries (38 percent) and occupations (32 percent) are sufficiently high.

Table C-5 Estimated Jobs Created by Industry and Occupation

Industries	Occupations									Total
	1	2	3	4	5	6	7	8	9	
Agriculture, Forestry, Fishing and Hunting	282	628	178	207	369	34,381	109	379	31,038	67,571
Mining	18	75	19	1	11	0	54	88	88	356
Utilities	282	912	485	7	57	0	331	577	502	3,152
Construction	52	155	27	5	10	0	762	52	1,171	2,233
Manufacturing - Food and Apparel	881	1,543	1,169	2,732	296	170	16,297	6,301	8,551	37,939
Manufacturing - Wood, Chemical, and Plastics	557	1,362	791	511	154	45	2,908	3,086	2,791	12,204
Manufacturing - Metal, Machinery, and Equipment	476	1,328	529	236	53	0	1,728	5,773	2,139	12,262
Wholesale trade	376	610	772	2,204	70	78	227	1,090	1,104	6,530
Retail trade	3,171	2,565	6,926	64,990	701	91	2,721	2,617	13,070	96,851
Transportation	830	1,101	1,619	45	200	0	74	14,870	1,442	20,181
Postal services and warehousing	121	105	613	9	12	0	0	1,067	418	2,346
Information	614	2,378	774	727	54	0	33	121	323	5,024
Finance and Insurance	748	1,221	1,513	2,070	14	0	0	37	70	5,674
Real Estate and Rental and Leasing	395	665	395	1,379	291	1	151	203	500	3,981
Professional, Scientific, and Technical Services	1,023	8,408	973	279	52	0	154	103	364	11,355
Management of Companies and Enterprises	13	45	9	0	0	0	0	0	12	79
Administrative and Support and Waste Management and Remediation Services	847	2,230	2,323	635	6,793	17	111	498	6,370	19,824
Educational Services	26,644	269,269	24,420	1,105	10,835	55	853	471	17,845	351,497
Health Care and Social Assistance	220	4,072	705	19	258	0	12	27	352	5,665
Arts, Entertainment, and Recreation	350	2,151	333	173	400	22	17	15	603	4,064
Accommodation and Food Services	6,998	4,953	10,555	4,362	113,869	73	23,674	7,888	102,778	275,150
Other Services (except Public Administration)	971	9,925	1,362	429	10,481	105	4,162	829	31,186	59,450
Public administration	23	52	38	0	27	0	2	4	11	157
Total	45,892	315,751	56,524	82,125	145,008	35,040	54,382	46,095	222,728	1,003,544

Source: Authors' Calculations based on ENIGH 2020

Table C-6 A. Predicted Likeliest Industries and Assigned Industries for Job Recipients

Assigned Industries	Likeliest Industry												Total
	11	23	31	33	46	48	54	61	62	72	81	93	
11 Agriculture, Forestry, Fishing and Hunting	36,401	23,695		493		338					3,706	1,124	65,757
22 Utilities								1,786				362	2,148
23 Construction		1,499											1,499
31 Manufacturing - Food and Apparel		4,529	2,846		13,545						13,630		34,550
32 Manufacturing - Wood, Chemical, and Plastics	1,496	979		3,552				4,105					10,132
33 Manufacturing - Metal, Machinery, and Equipment	2,043	1,338	2,360	2,758	2,133								10,632
43 Wholesale trade	904			1,620	1,733							527	4,784
46 Retail trade	5,662	4,704		402	80,192						656	1,466	93,082
48 Transportation	1,162	11,384		1,141	1,435	3,011						708	18,841
49 Postal services and warehousing					903					77			980
51 Information		143						2,756					2,899
52 Finance and Insurance							984	2,480					3,464
53 Real Estate and Rental and Leasing		127						313		1,841	282		2,563
54 Professional, Scientific, and Technical Services				1,211	3,380			3,677					8,268
Administrative and Support and Waste Management and Remediation Services				1,831	4,493	6,723					212	2,196	15,455
61 Educational Services	1,286	2,979		52,236	32,557		2,862	99,190	733		594	157,199	349,636
62 Health Care and Social Assistance								4,626					4,626
71 Arts, Entertainment, and Recreation					1,967							1,277	3,244
72 Accommodation and Food Services	2,096	36,403		20,003	85,895					119,991	3,841	5,498	273,727
81 Other Services (except Public Administration)		273		2,450	28,165			571			25,032		56,491
93 Public Administration													0
Total	51,050	88,053	5,206	87,697	256,398	10,072	3,846	119,504	733	121,909	47,953	170,357	962,778

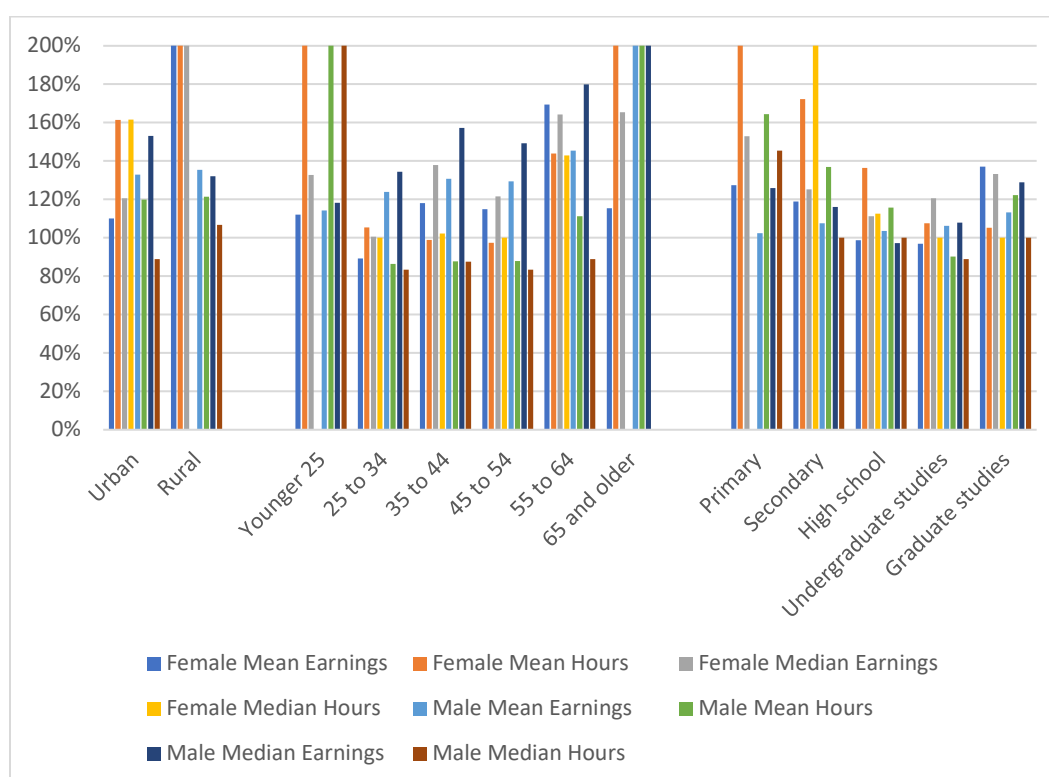
B. Predicted Likeliest Occupations and Assigned Occupations for Job Recipients

Assigned Occupation	Likeliest Occupations						Total
	2	3	4	5	8	9	
1 Officers, directors and head officers	32,741	4,852	0	0	0	1,600	39,193
2 Professionals and technicians	242,123	8,941	0	0	720	58,989	310,773
3 Auxiliary workers in administrative activities	30,836	0	1,311	0	1,328	14,910	48,385
4 Merchants, Sales Clerks, and Sales Agents	4,089	10,220	2,146	0	483	60,264	77,202
5 Workers in personal and surveillance services	6,966	11,306	0	532	0	123,126	141,930
6 Workers in agricultural, livestock, forestry, hunting and fishing activities	22	0	0	0	920	33,571	34,513
7 Craft, construction and other trades workers	1,758	0	1,364	0	1,216	46,985	51,323
8 Industrial machinery operators, assemblers, drivers and transport drivers	4,718	1,116	903	247	5,767	28,546	41,297
9 Workers in elementary and support activities	22,642	29,093	79,258	417	26,549	60,203	218,162
Total	345,895	65,528	84,982	1,196	36,983	428,194	962,778

Source: Authors' calculations from synthetic dataset

We next compare the distribution of hours and earnings in the simulation to the donor pool. This serves as a coarse test for plausibility of the results, since we can make no direct comparisons of the counterfactual distribution we produce in our simulation and the existing distributions of hours and earnings. Figure C-6, below provides the ratio of the earnings and hours of job recipients to the actual mean and medians by sex and demographic characteristics. The figure is truncated at 200 percent for purposes of readability. Most ratios are quite close to unity, while others are quite large. The largest is for the mean weekly hours of females 65 and older. In the donor pool the mean hours for this group was just 4 hours per week. In the simulation the mean is 50 hours. Median hours were 0 for this group, while it was 60 for the recipients in this group. While these are large differences, there were only 2,600 female job recipients 65 or older in the simulation. Overall, the earnings and hours assignments are very plausible. We now move on to consider the reassignment of household production hours within those households that had job recipients in the simulation.

Figure C-6 Ratio of Mean and Median Earnings and Hours, Simulated to Actual



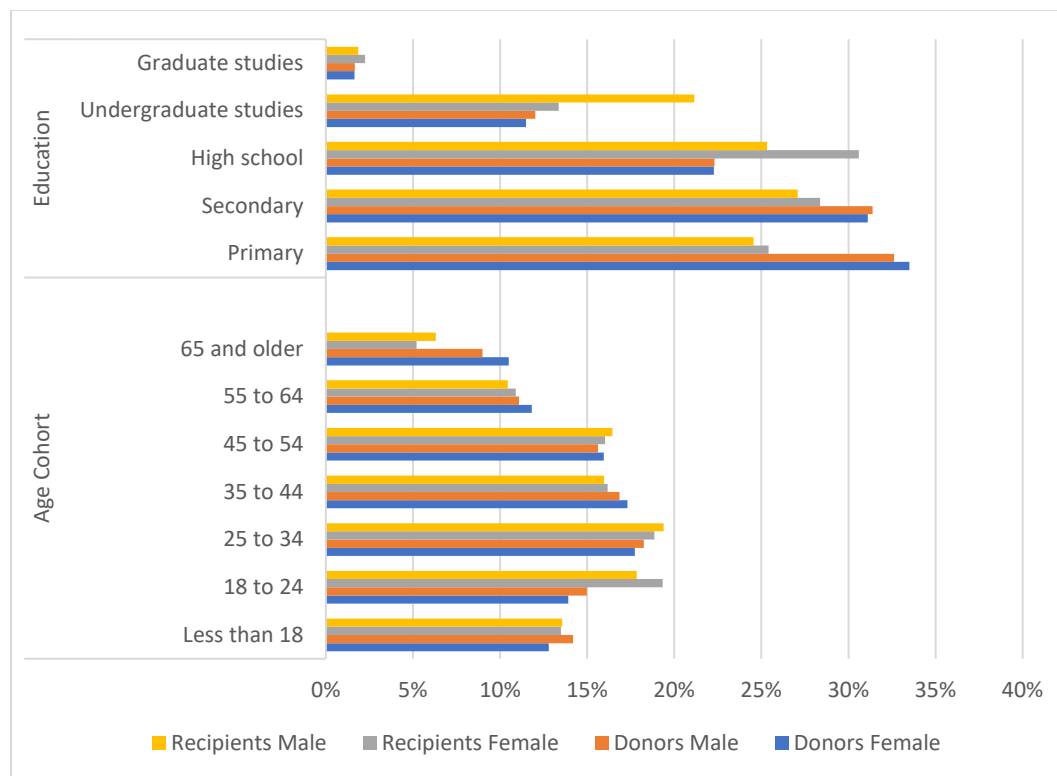
Source: Authors' calculations from synthetic dataset

Reassigning household production time

We reassign household production hours using the new earnings composition of the households with job recipients to simulate the effect of new employment on household time use. The donor pool in this case is all individuals with time use information. The recipient pool is all those 12 years of age and older in households with job recipients. In all, 3 million individuals were reassigned household production time out of the total of 96 million whose time use is available in the synthetic file. The demographic profiles of the donors and recipients are very similar (see Figure C-7, below). There are small differences that follow

patterns seen in the earnings composition comparisons. The donor group has lower educational attainment, overall, than the recipients. At any rate, the donor pool is large enough that no recipient should be matched with a very dissimilar donor.

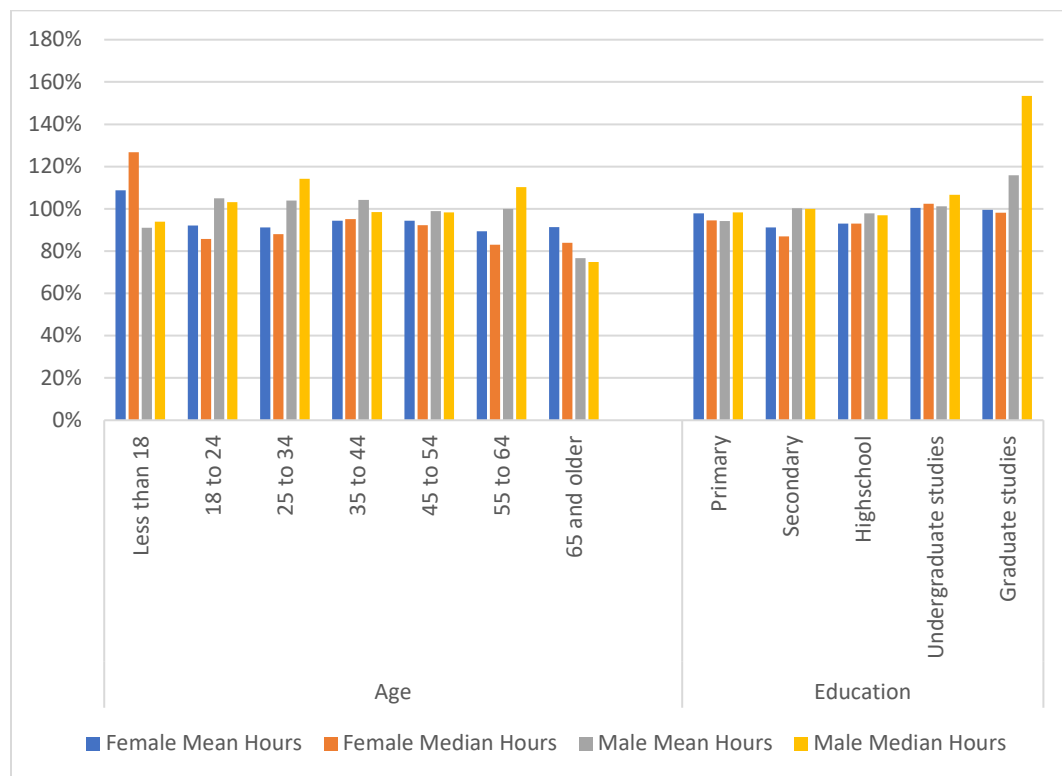
Figure C-7 Proportion of Donors and Recipients by Sex and Demographic Characteristic



Source: Authors' calculations from synthetic dataset

The reassignment itself is assessed by comparing the mean and median weekly hours of household production time spent. The ratio of the recipients' values of these measures to the overall population is presented in Figure C-8, below. The ratios by sex and age are almost all within 20 percentage points of unity. One exception is females below 18, as we saw with the UEC scenario as well. Recipients' median hours are 29.6 per week, while the overall median for females under 18 is 23.4 hours per week. We also see larger deviations for males 65 and older, who have lower mean and median weekly hours in the simulation. Male recipients with graduate degrees had 53 percent higher median weekly hours than those in the overall population, and this is an absolute difference seven hours per week. None of these differences is large enough to shift the overall averages, however, given the relatively small size of the reassigned group.

Figure C-8 Ratio of Household Production Hours, Simulated to Actual



Source: Authors' calculations from synthetic dataset

Conclusion

The simulations of the UEC and FTS policy scenarios are in line with other simulations we have performed in terms of the differences in the donor and recipient pools, the differences in the distribution of the transferred values (earnings and hours in paid work, hours of household production time). The simulation produces very plausible results, given the structure of the changes in employment for each scenario and the underlying labor market conditions reflected in the ENIGH 2020.