# The Willingness to Pay for Workplace Amenities

Massimo Anelli
Bocconi University

Felix Koenig
Carnegie Mellon University

Link to Paper

## Motivation

- Jobs offer more than wages—they also provide safety, flexibility, dignity, etc.
- These "non-wage amenities" matter to workers but are hard to measure.
- This paper introduces a **new method to estimate the value of amenities**, using a bunching-based approach.
- Application: During COVID-19, workers had to weigh health risks against income.

## Intuition Behind the Bunching Approach

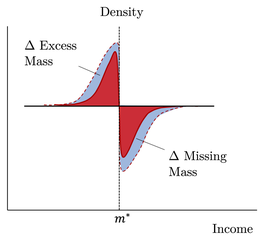
**Bunching**

- Eligibility thresholds (e.g. for benefits) create incentives to stay just below.
- Some workers reduce earnings or hours to qualify — this creates "bunching."

**Amenities**

- **Innovation of this paper:** The extent of bunching reflects the value of workplace amenities.
- When amenities are valuable (e.g. safer jobs), fewer workers reduce hours — less bunching.
- Comparing bunching before and after amenity changes reveals willingness to pay.
  - Example: increase in COVID-19 risk → more bunching → reveals value placed on safety.

## Estimating Amenity Value from Bunching




**Core idea:** Compare bunching before and after an amenity change.

**WTP Formula:**

$$WTP_r = \frac{(\tilde{m}' - \tilde{m})}{(\tilde{m}' - \tilde{m}) + (\tilde{m} - m^*)} \quad (1)$$

- WTP is the share of income workers are willing to pay for an amenity.

## Data and Estimation Approach

**Data:**

- **Earnings:** Timesheet data from Homebase, hourly workers at small U.S. businesses.
- **Time:** Oct 2019–July 2020 (FPUC program window).
- **Risk:** Based on task exposure and local COVID-19 fatalities.

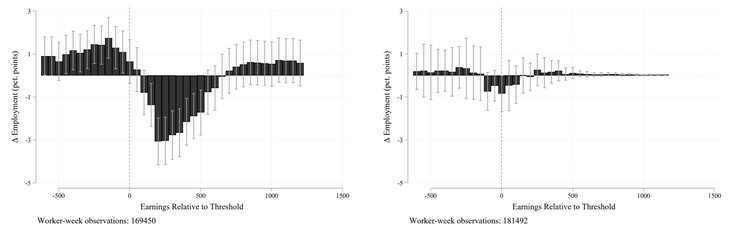
**Estimation Strategy:**

- Use DiD to estimate **bunching** at 21 state-specific unemployment insurance eligibility thresholds.

$$E_{wmtk} = \pi^{mt} + \sum_{k=-650}^{1300} \beta^k \cdot I_k + \sum_{k=-650}^{1300} \eta^k \cdot I_k \cdot C_t + \varepsilon_{wmtk} \quad (2)$$

- $E_{wmtk}$: count of worker-week $(w, t)$ observations in earnings bin $m$ and $k$ Dollars from threshold.
- $C_t$: post-policy indicator.
- $\eta^k$: excess/missing mass due to policy.

## Figure 3: Excess and Missing Mass at Threshold

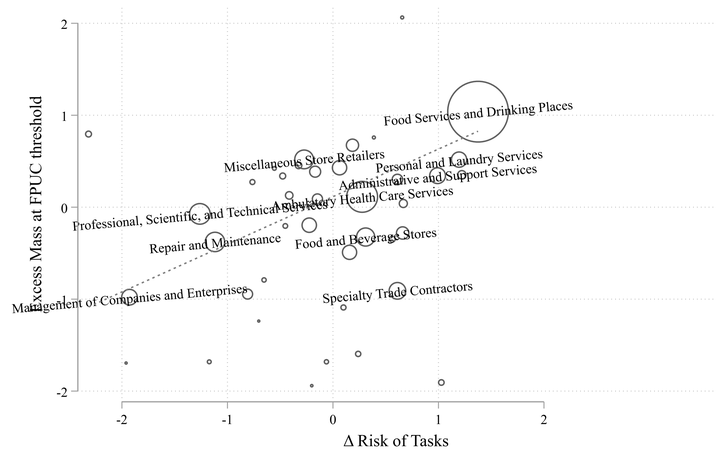



**Panel A:** Eligible workers

**Panel B:** Ineligible workers (placebo)

Notes: Coefficients $\eta_k$ estimate mass shifts at the threshold. Panel A: workers eligible for MWB. Panel B: placebo group with no eligibility cutoff. 95% confidence intervals shown. Source: Homebase.

## Figure 5: Bunching by Industry Risk Level




Notes: Excess mass (bunching) at the earnings threshold across industries sorted by COVID-19 risk levels. Bunching is more pronounced in higher-risk sectors. Source: Homebase data.

## Robustness Checks: What Could Drive Differences in Bunching Besides Risk?

- **Changes in labor demand?** No effect in (inelligible) placebo group, robust to controls for industry-week FE, local business revenues, business closures, local employment
- **Worker selection?** Robust to controls for worker FE and labor supply elasticity
- **School closures or child care constraints?** Robust to controls for in-person instruction and week-by-state fixed effects.

## Key Results

- Workers bunch below the threshold to claim benefits.
- Bunching increases with workplace COVID-19 risk.
- Workers are willing to forgo 9% of income to avoid a 1-in-100,000 fatality risk.
- Implied Value of Statistical Life (VSL):
  - $5.6 million (standard)
  - $8 million (adjusted for risk misperceptions)