

The Use and Sharing of Parental Benefits in Canada: Differential Responses by Family Income to Two Policy Changes

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Paid Parental Benefits Policies

- Aimed to facilitate new parents staying home with infant by:
 - Offering job protection
 - Offering financial support
 - Increase labor supply of women
 - Engage men and women in childrearing
 - Help parents manage job/infant care
 - Improve child well-being

- Some policy changes increase the use of parental leave/benefits, but not all have a large or any effect (Ekberg et al. 2013; Han & Waldfogel 2003; Ray, Gornick and Schmitt 2010)
- Behavioral responses to paid leave are complex and depend on policy environment & family context
 - Type of policy, level of benefits, conditions of eligibility, norms, stigma, and family circumstances (e.g. family income, relative earnings within household)

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 - Type of policy, level of benefits, conditions of eligibility, norms, stigma, and family circumstances (e.g. family income, relative earnings within household)
- Because the effects of policies can vary so much, and can exacerbate or ameliorate social inequalities, it's important to examine heterogeneous effects across subpopulations

Two Policy Extensions of Paid Parental Benefits

- 2001: Policy change across Canada
 - Increased period of parental benefits to share from 10 to 35 weeks.
 - Decreased eligibility criteria
 - Eliminated 1 of 2 waiting periods for benefits to reduce costs of taking leave for fathers
 - Earnings replacement rate remained the same, at 55%
- 2006 Quebec policy change:
 - Increased benefit rates 55% to 75% and weekly max, increased ceiling
 - New 5-week non-transferable leave for fathers
 - Increased eligibility for self-employed
 - Eliminated the 2-week waiting period for benefits

Research questions

- 1) How did the two recent policy extensions in Canada (2001 and 2006) affect the use and sharing of parental benefits within families with newborns?
- 2) Did the policies have different effects by family income?

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Contributions

- Effects of policy, net of time trends, shifts in population characteristics
- With new data, can examine effects by family income

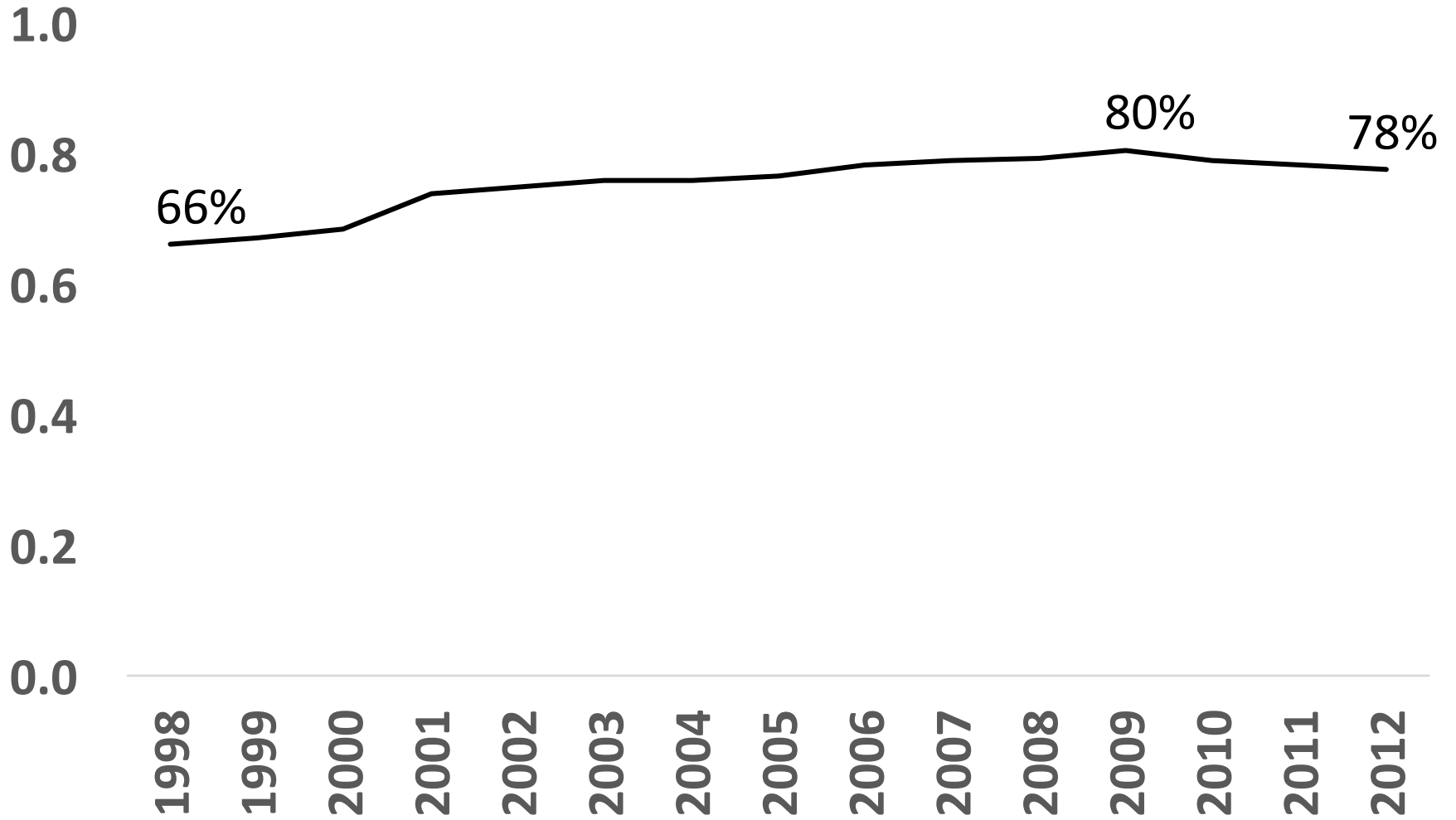
Hypotheses about Policy Factors' Effects by Family Income

- 1- Widening eligibility criteria (2001 and 2006!!!) should increase use of parental benefits, especially among low income families.
- 2- Increasing the length of parental benefits to share (2001) will have some positive increase on sharing, but small and mostly among egalitarian, high income families.
- 3- Non-transferable leave for fathers and increasing the earnings replacement rate (2006) will increase sharing the leave, and more among high income families.

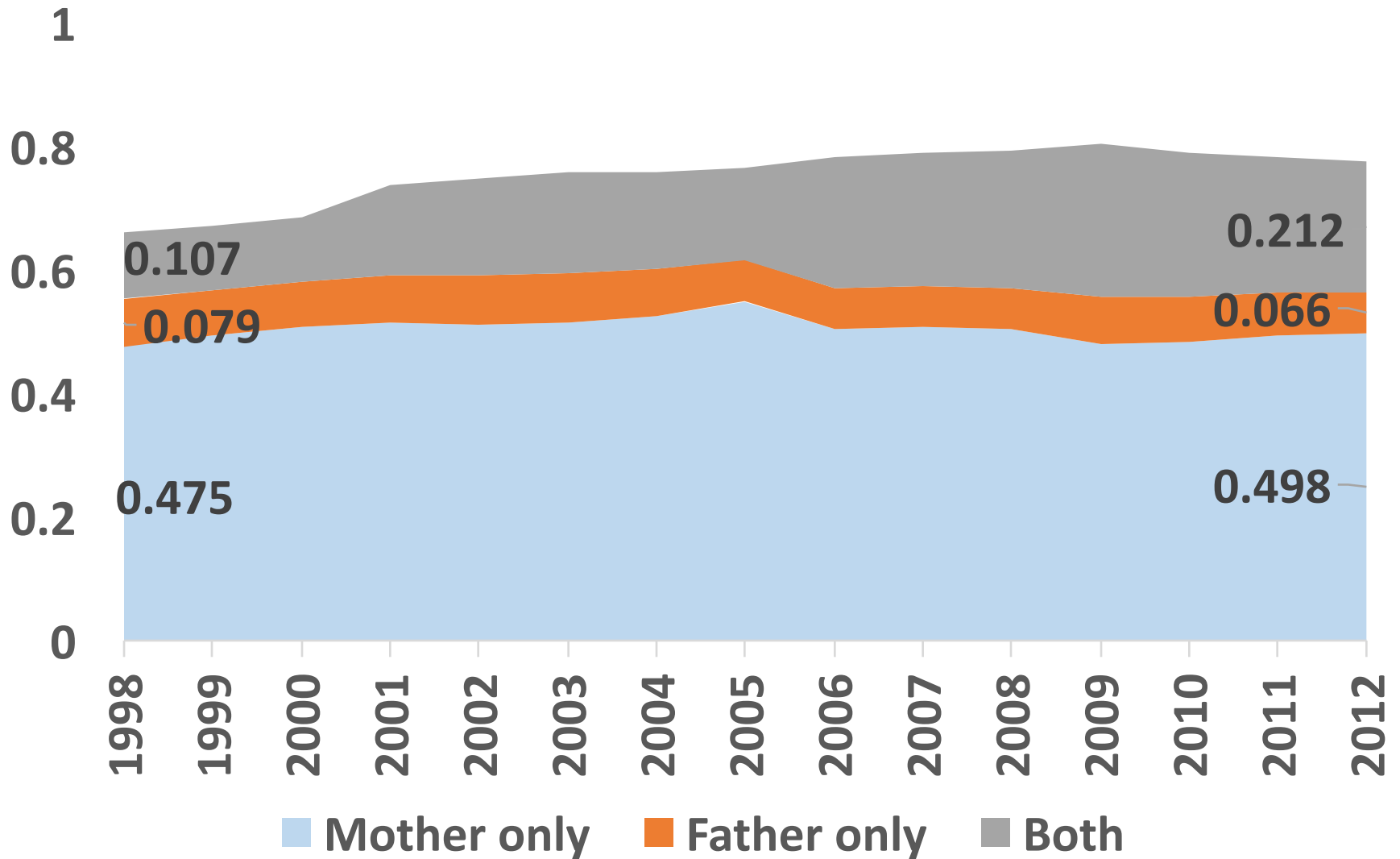
New administrative data

- Canadian administrative data
 - Individual and employer tax forms
 - N=3,084,838 newborn families
- File created: A file of parents of newborns in each year (1998-2012) with characteristics of parents in year before and after
- Estimating use of parental benefits (2 dependent variables)
 - Any parent of newborn used parental benefits
 - Mother only, father only, both, neither used parental benefits

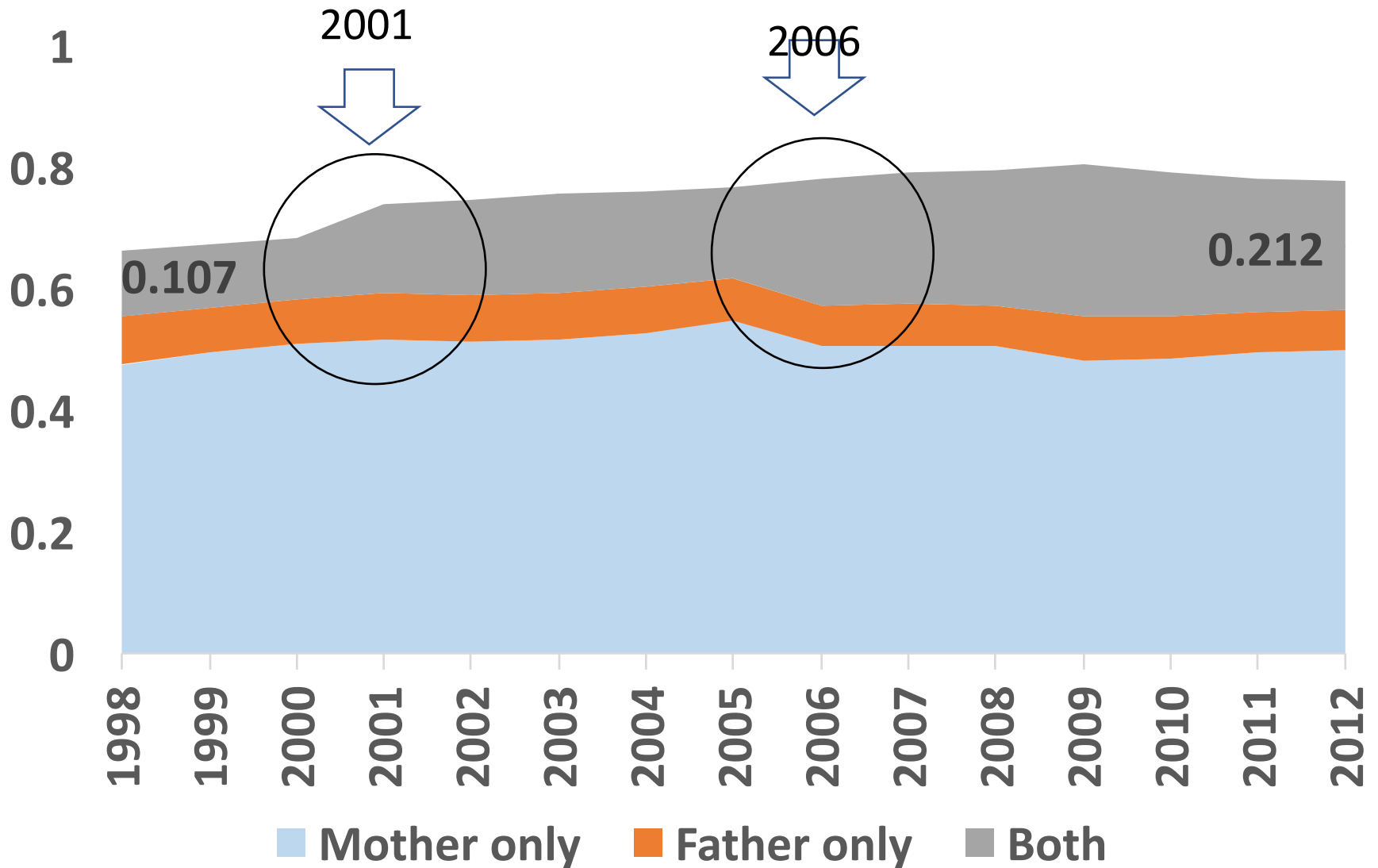
Proportion of newborn families taking leave (1998-2012)



Who takes leave? (1998-2012)



Who takes leave? (1998-2012)



Methods

Estimated on sample of two-parent families with newborn (1998-2012)

- 1) Linear probability models to estimate differences in the use of benefits just after compared to just before the 2001 policy change. (1998-2000 vs 2001-2003)
 - 2) Difference-in-difference linear probability models to estimate whether the 2006 policy in Quebec affected use differently there than the rest of the country (2003-2005 vs 2006-2008)
 - 3) Multinomial logit models to estimate how each policy change led to different patterns of sharing benefits.
- Stratified by 3 household income groups

Marginal effects estimated from linear probability models of at least one parent using parental benefits, with controls

	Whole Sample			
2001 Policy Extension	4.3%			
2006 Policy Extension (Quebec)				

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	Whole Sample	Low income Families	Middle income Families	High Income Families
2001 Policy Extension	4.3%	5.0%	4.8%	2.1%
2006 Policy Extension (Quebec)				

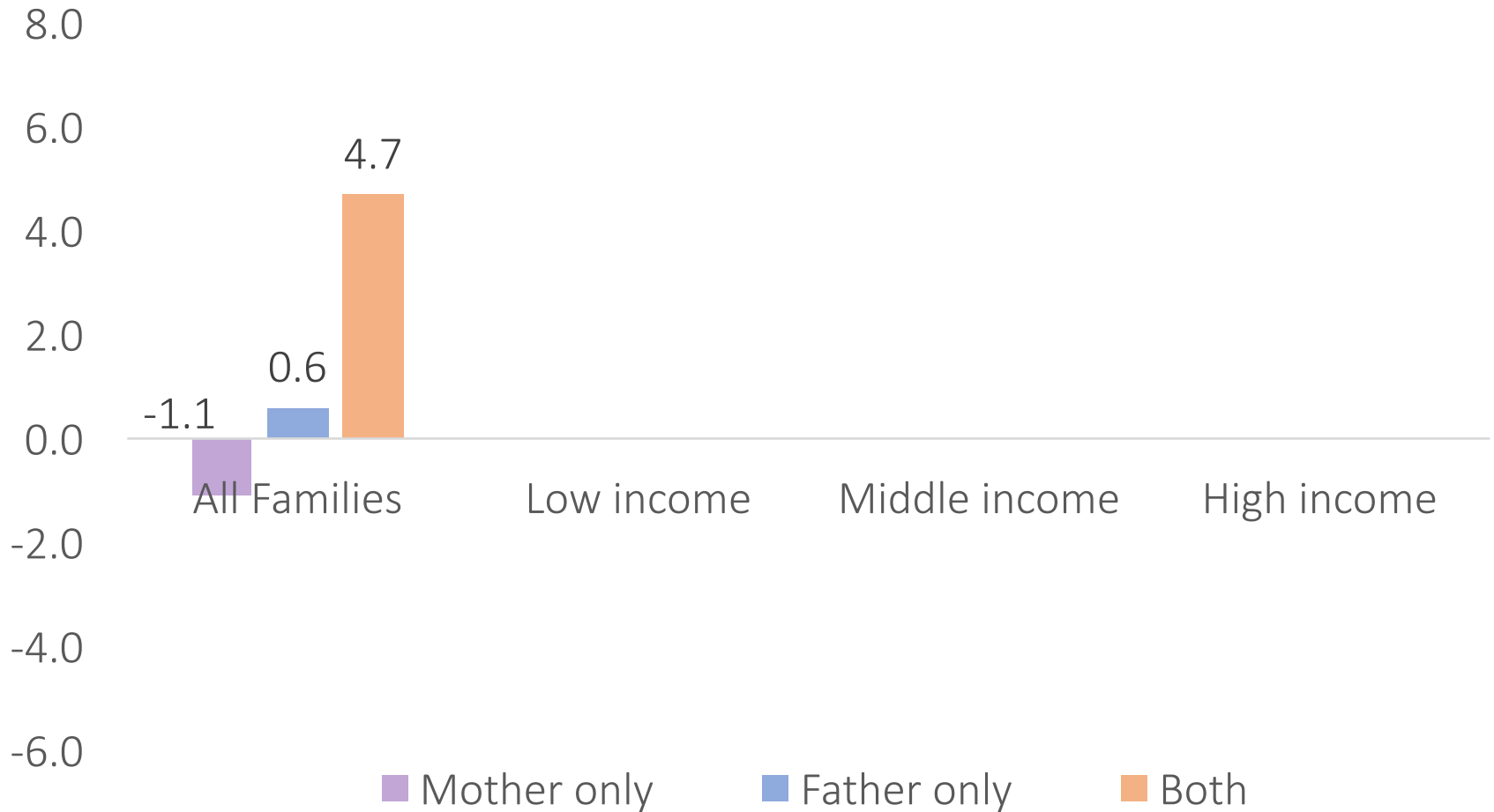
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	Whole Sample	Low income Families	Middle income Families	High Income Families
2001 Policy Extension	4.3%	5.0%	4.8%	2.1%
2006 Policy Extension (Quebec)	6.3%			

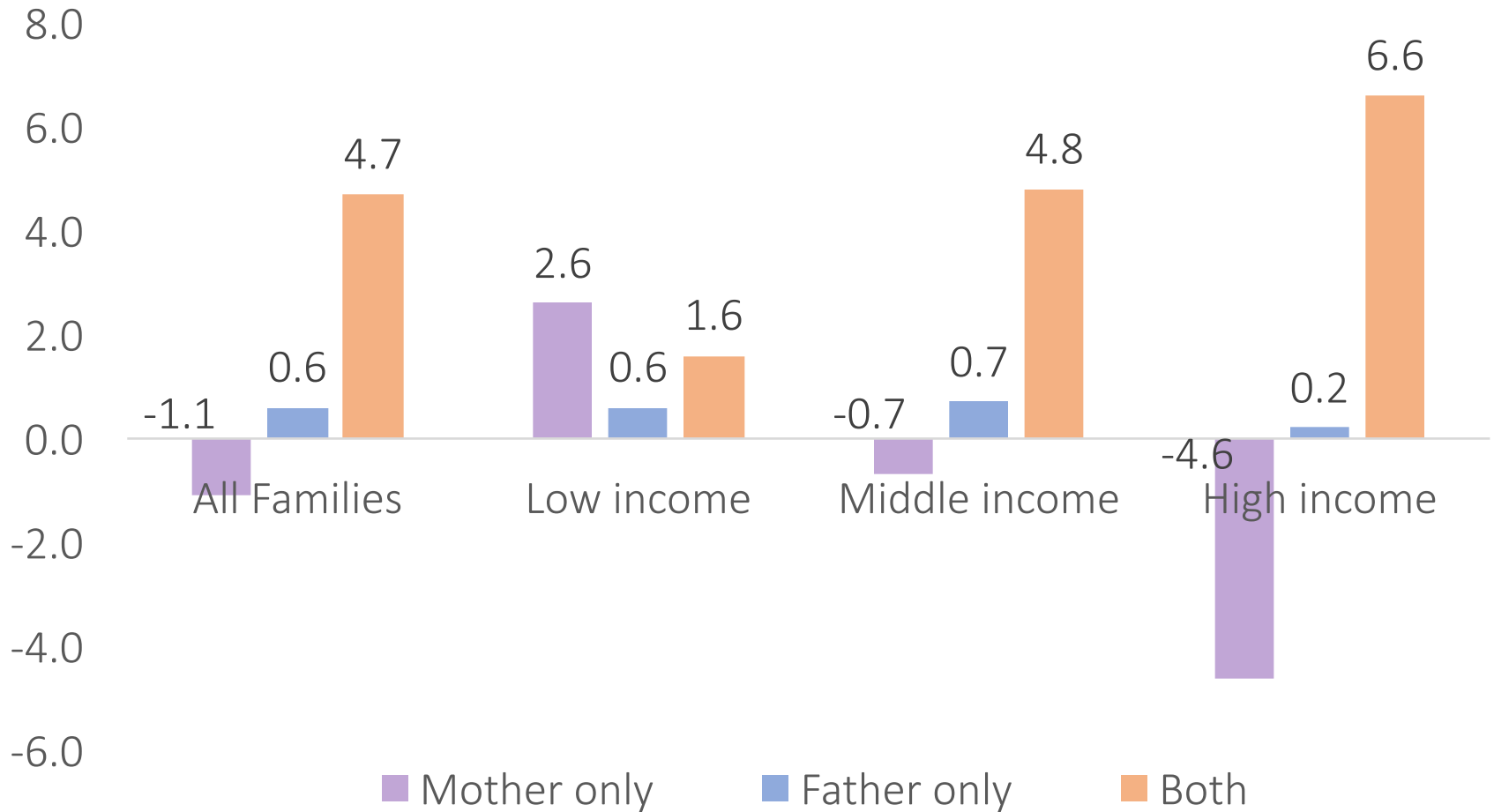
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2006 Policy Extension (Quebec)	6.3%	11.0%	6.8%	5.3%

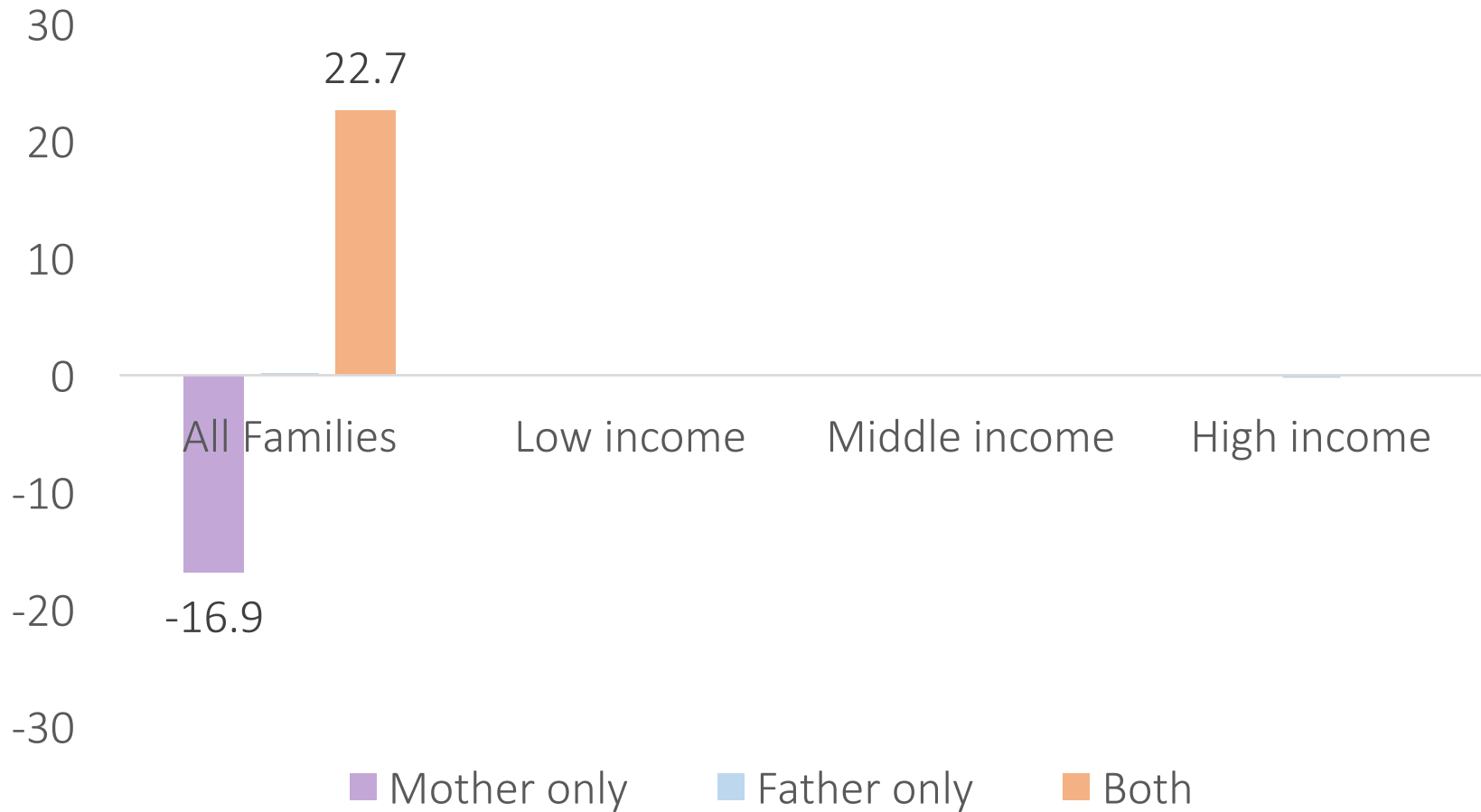
How did the 2001 policy change affect who uses benefits?



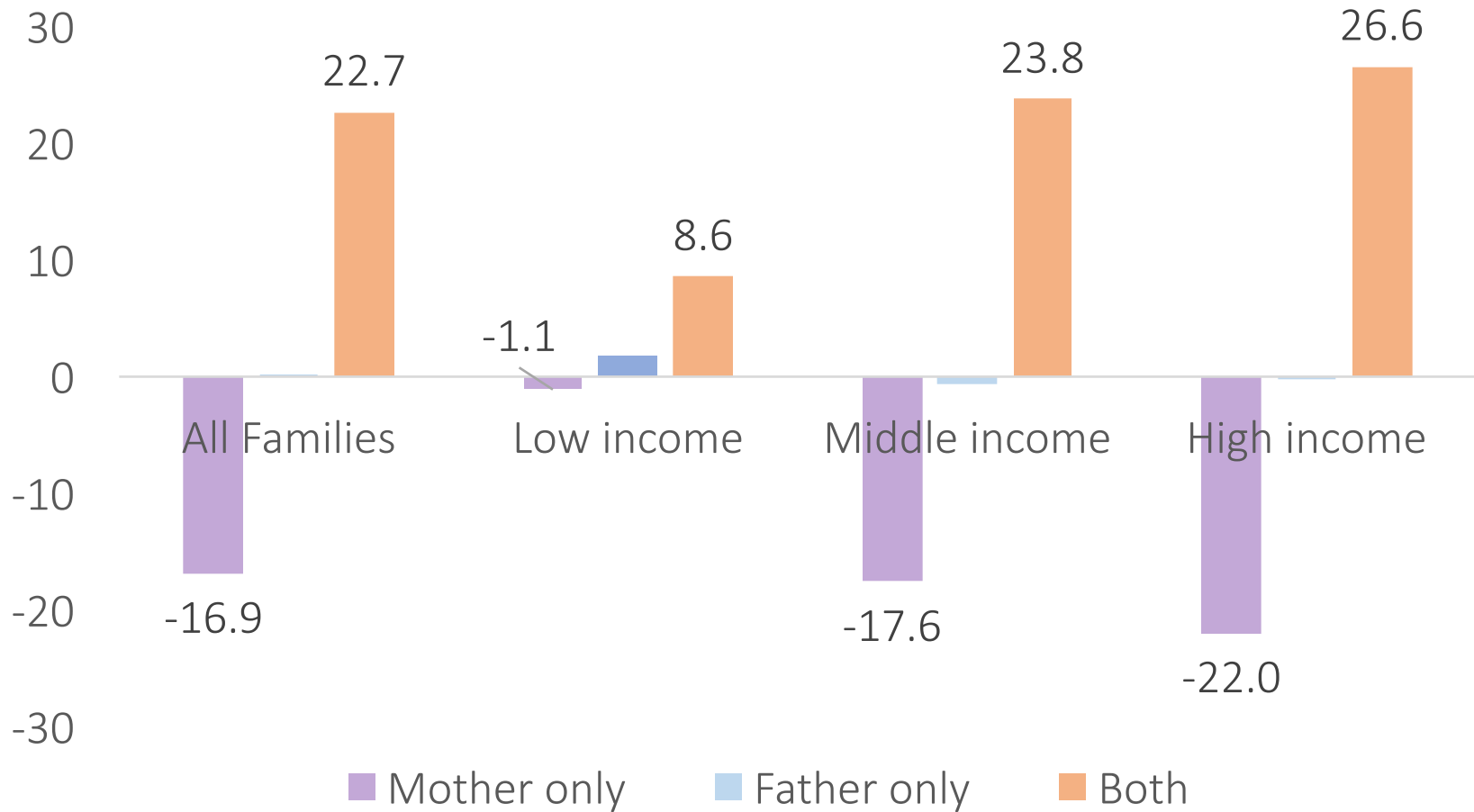
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How did the 2006 policy change affect who uses Benefits in Quebec?



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Summary of Results

- 1) Two policies significantly increased uptake, especially among low-income families.
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 - Extensions were mainly in eligibility
 - Greater for 2006 than 2001
- 2) The 2001 extension induced more sharing of benefits within households, and effect was larger among high income households and smallest among low-income.
 - Increased weeks to share from 10 to 35
- 3) Specified parental benefits at higher wage replacement for fathers (2006 QPIP) had a huge increase in sharing benefits, but much larger among middle and high income households.

Admin data are great, but ...

- Cannot tell who is eligible
- Cannot examine employer top-ups
- Cannot examine length of leave
- Cannot examine division of childcare or household labour, marital satisfaction, broader kin support

Looking forward

- We will likely see further increases in use and sharing of paid parental benefits in Canada!
- New policies to examine! (Dec 2017, 2019)
- With these new admin data, can examine use among smaller subgroups
 - Immigrants, Indigenous, geographic variation, birth order, same sex couples, workplace factors
- What are the longer term implications of having parental benefits policies for family dynamics?
 - Return to work and wage trajectories
 - Gender pay gap (Michael Baker- job switching/part time/flex)
 - Future fertility
 - Marital stability/dissolution

Thank you

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