

Stretching the Clock and Sharing the Time: Assessing the Impacts of Parental Leave Reforms

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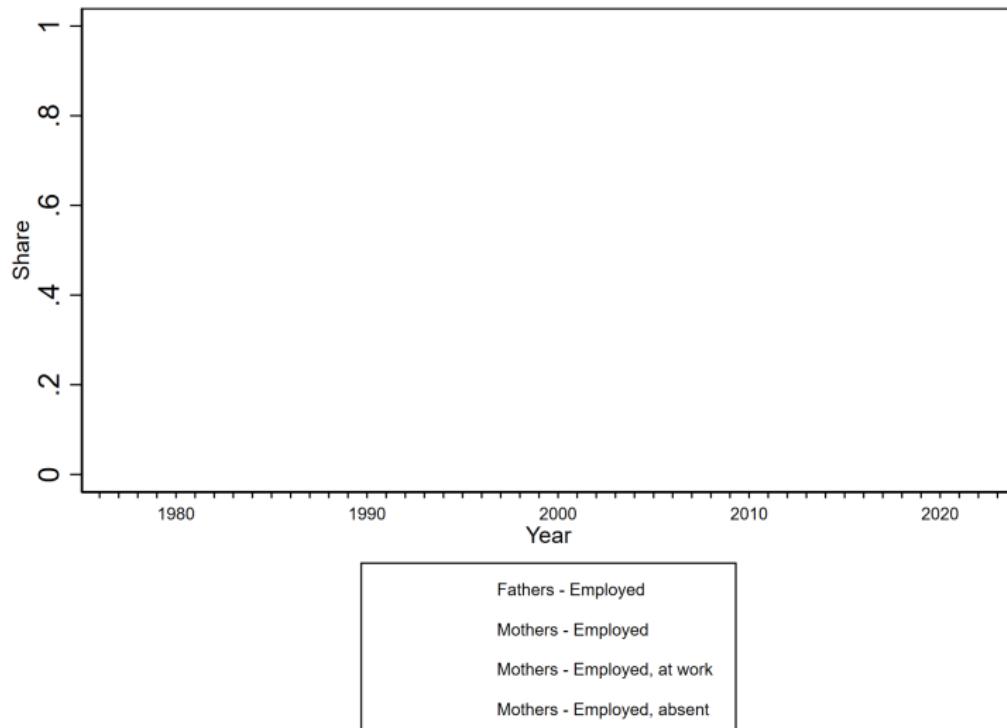
Introduction

- In developed countries family policies have been put in place to help parents work and care for their children
- Paid maternity leave and parental leave programs exist in almost all OECD countries
 - Variation over time and across jurisdictions used by Baker and Milligan (2008, 2010, 2015), Caneiro et al. (2015) Dahl et al. (2016), Danzer and Lavy (2013), Dustmann and Schönberg (2011), Ginja et al. (2023), among many others
- This paper: looks at recent changes to Canada's parental leave system that introduced *menu* of parental leave options and introduction of shared weeks
 - Both are common features of modern parental leave systems
 - Fewer (or no) studies about these features

What I (will) do

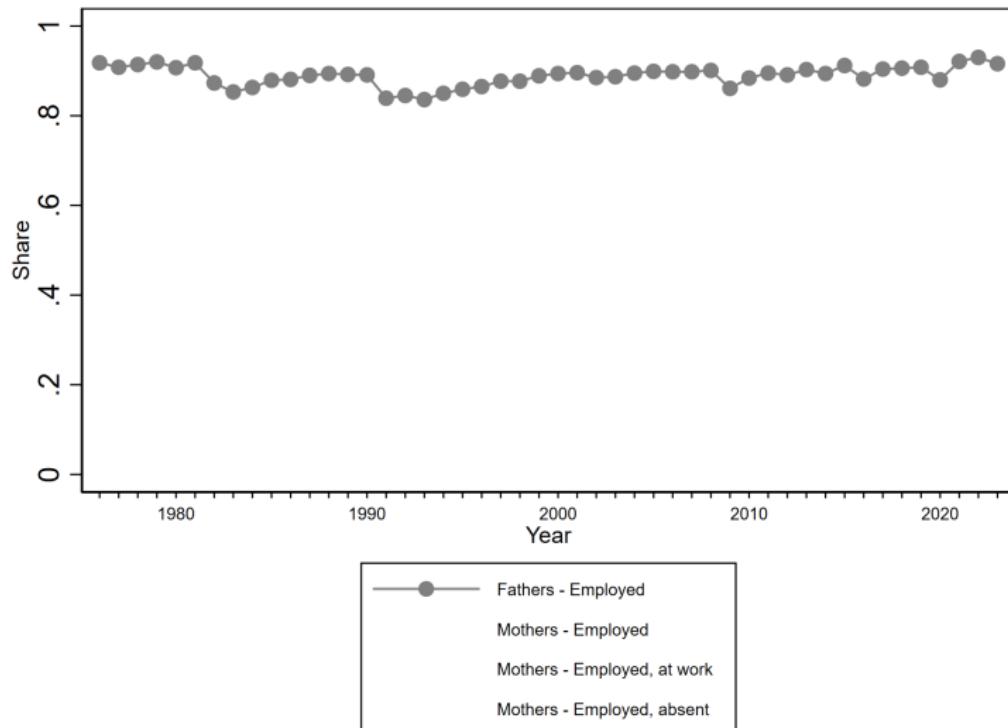
- Document take-up of extended leave and shared benefits
- Show behavioural response to these reforms
- Estimate short- and medium-run effects on earnings and employment
- Incorporate estimates of impacts into a model of parental leave design

Context



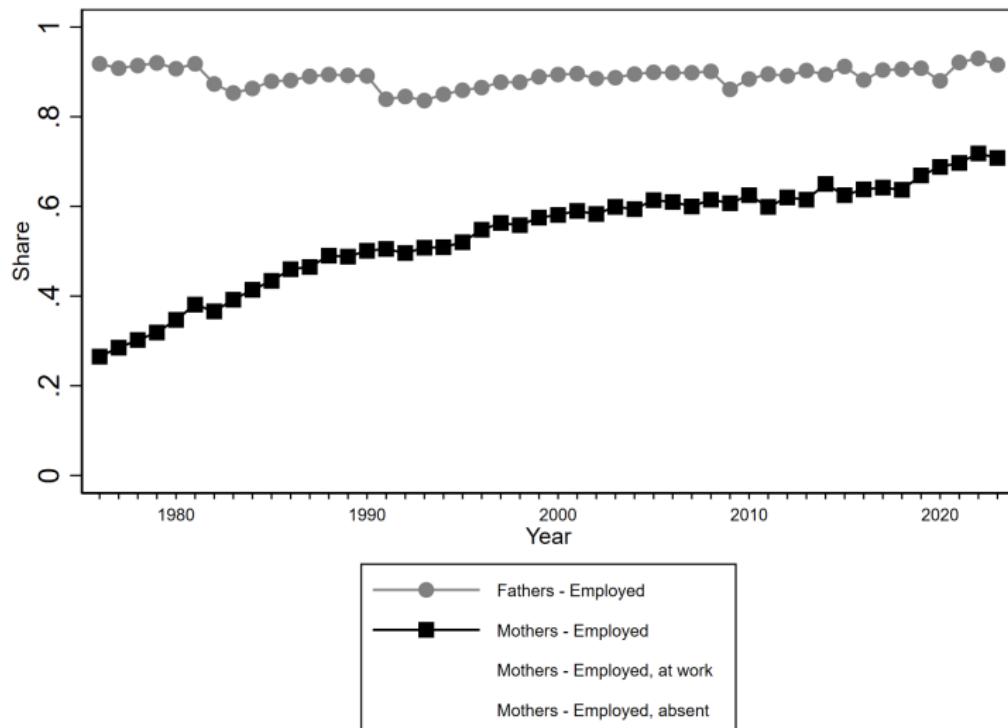
Shares for men and women with children under the age of 2 outside of Quebec

Context



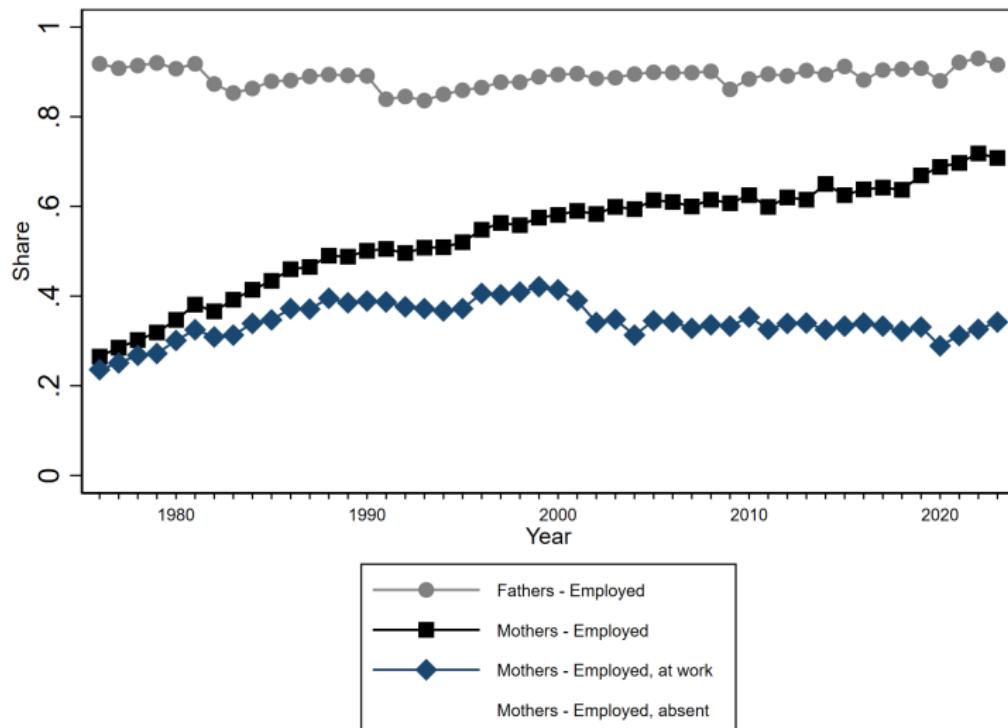
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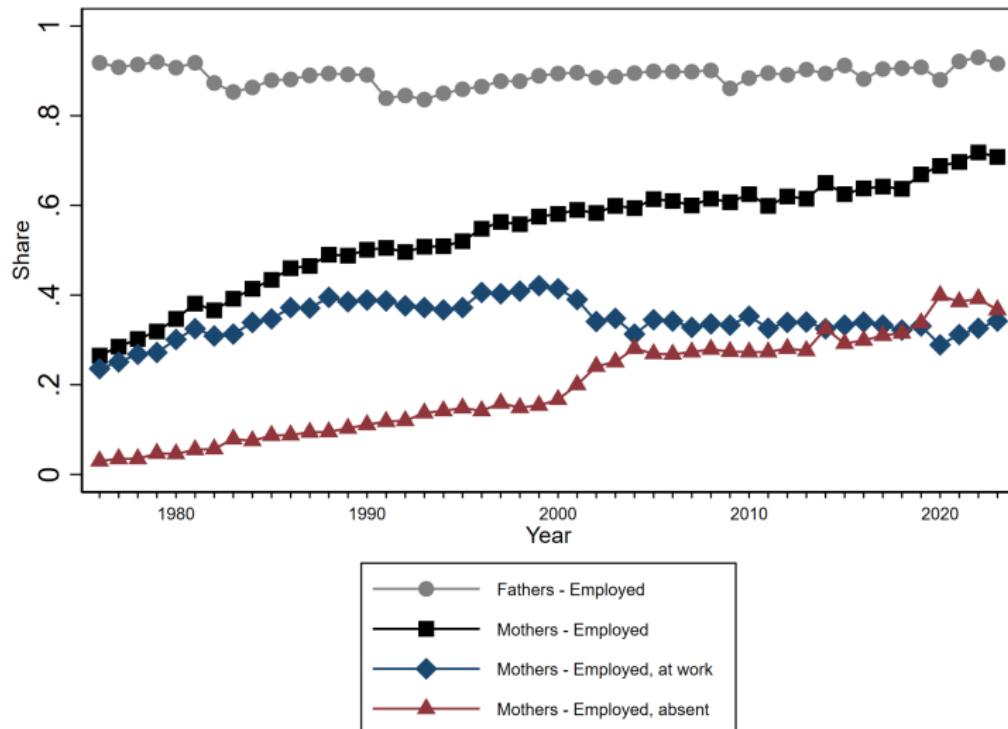
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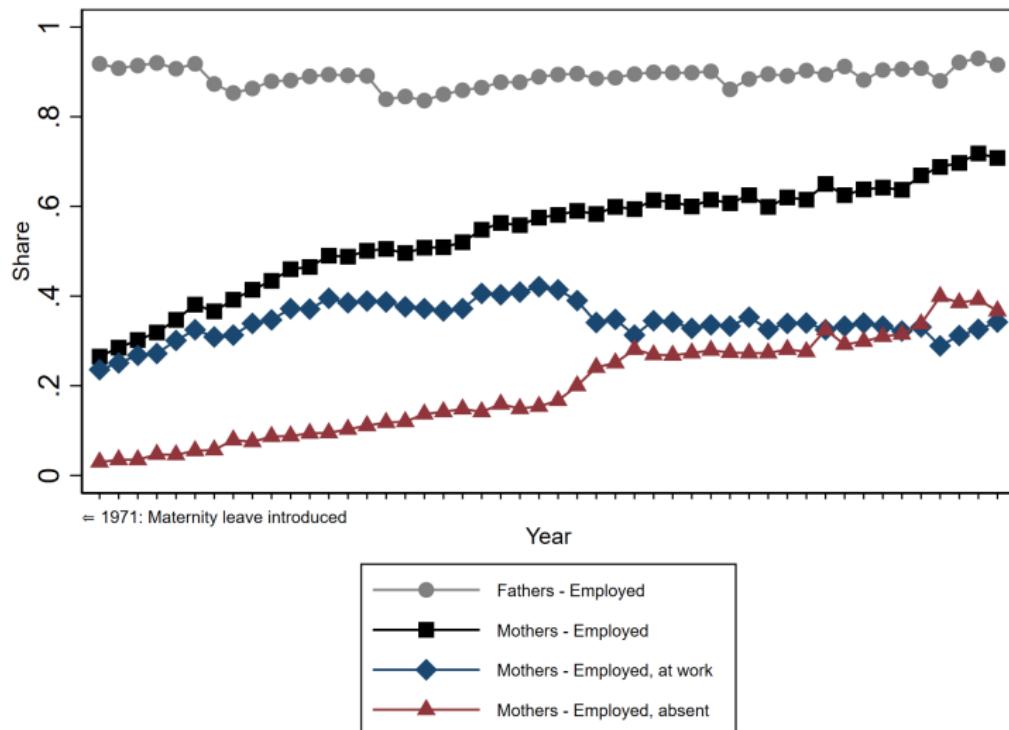
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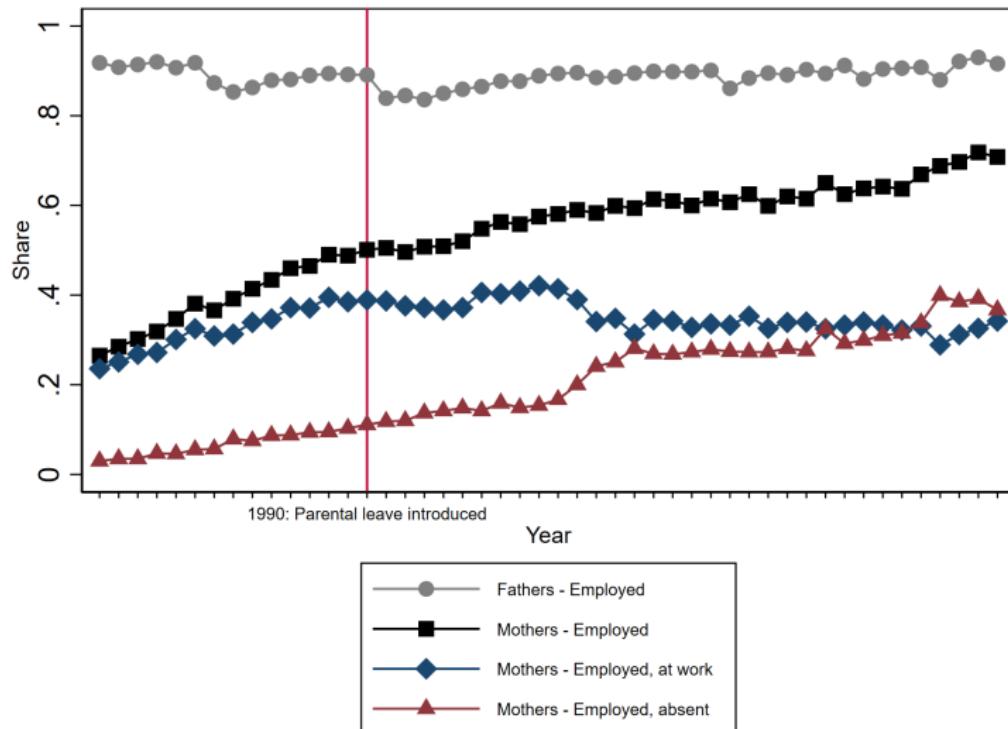
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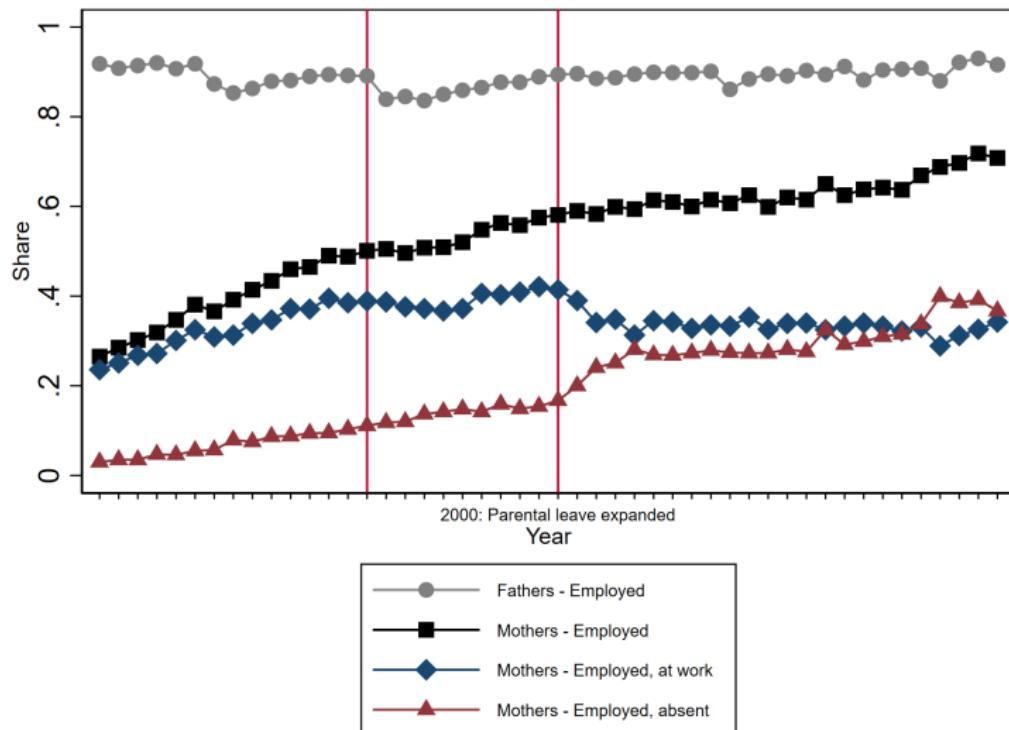
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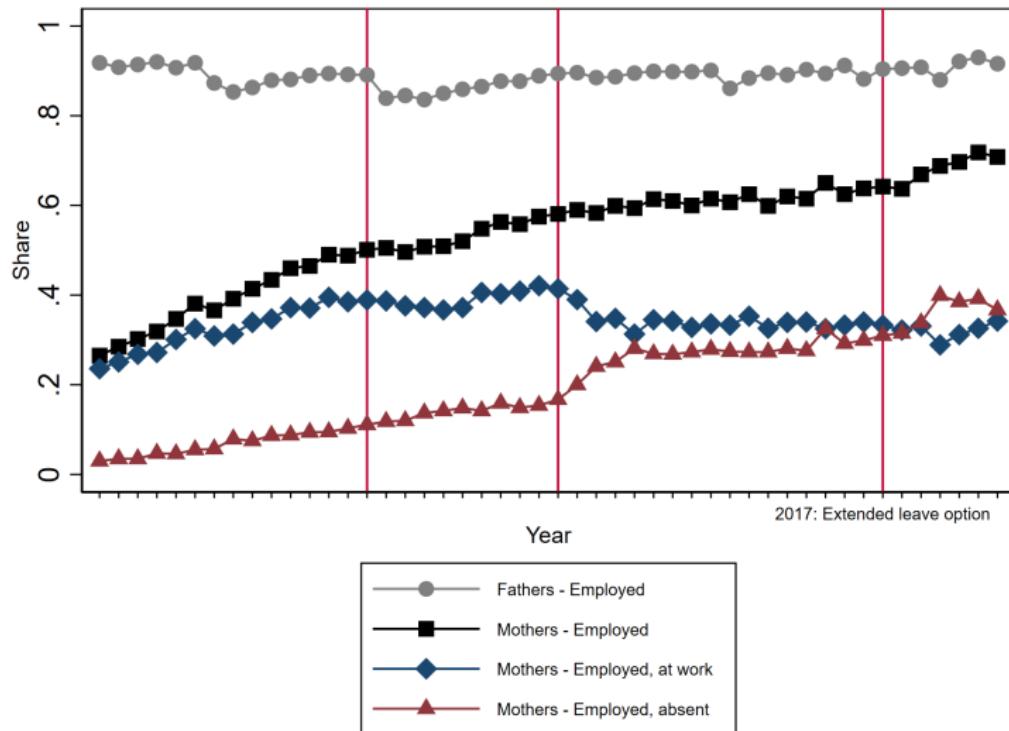
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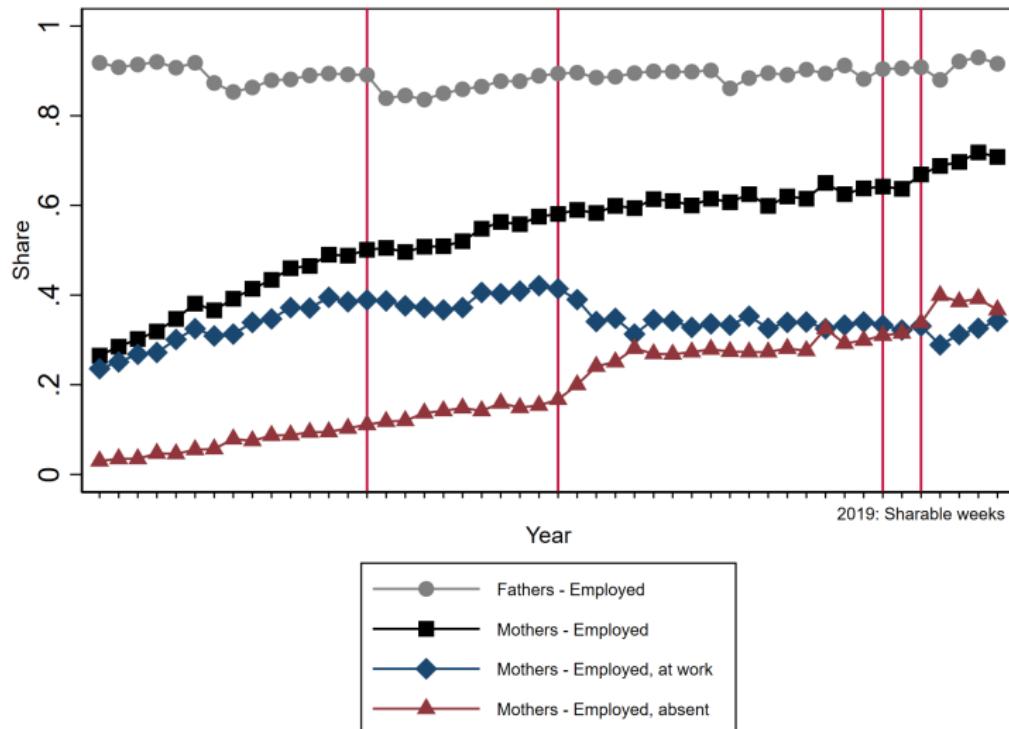
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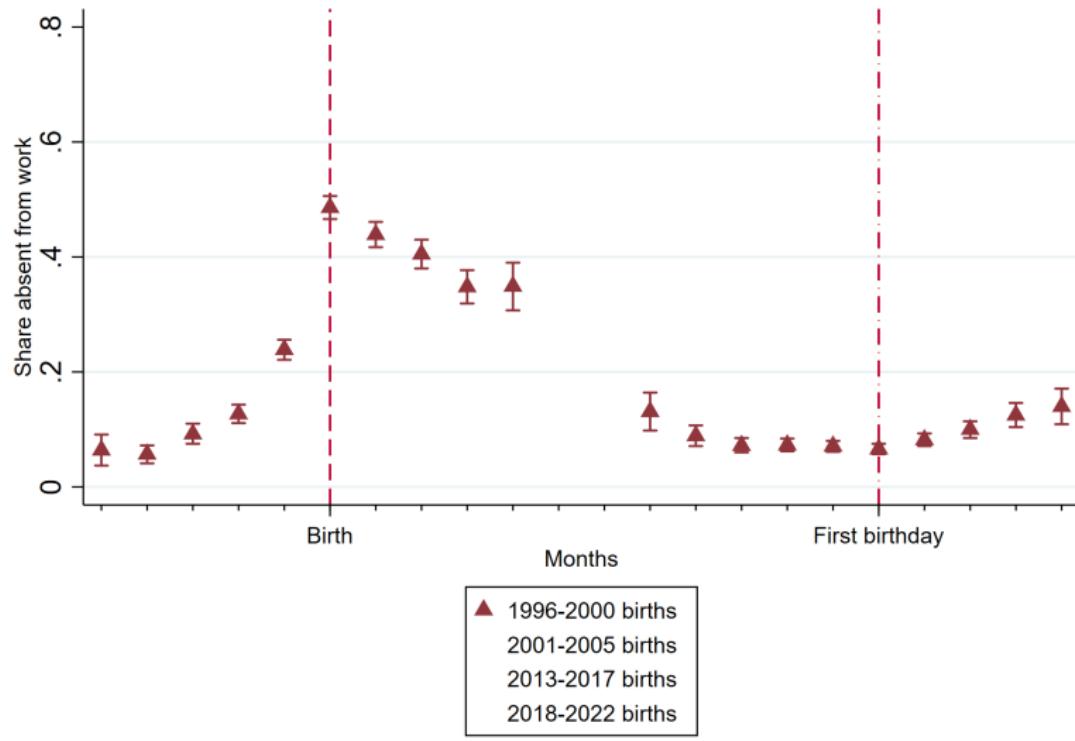
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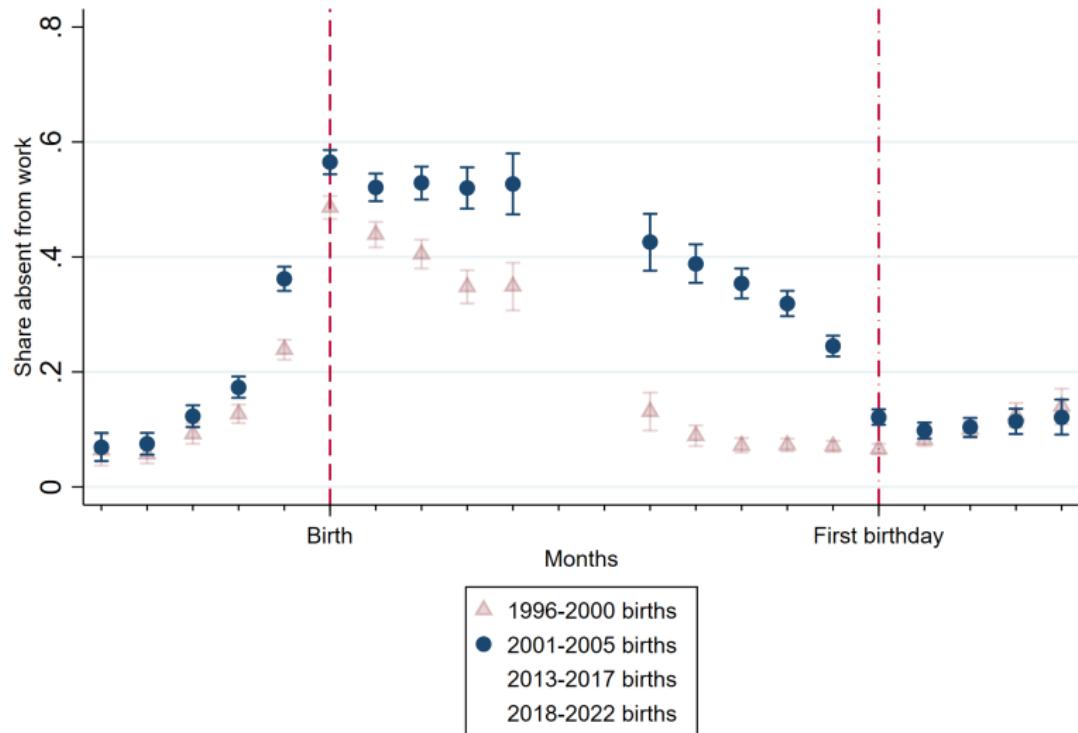
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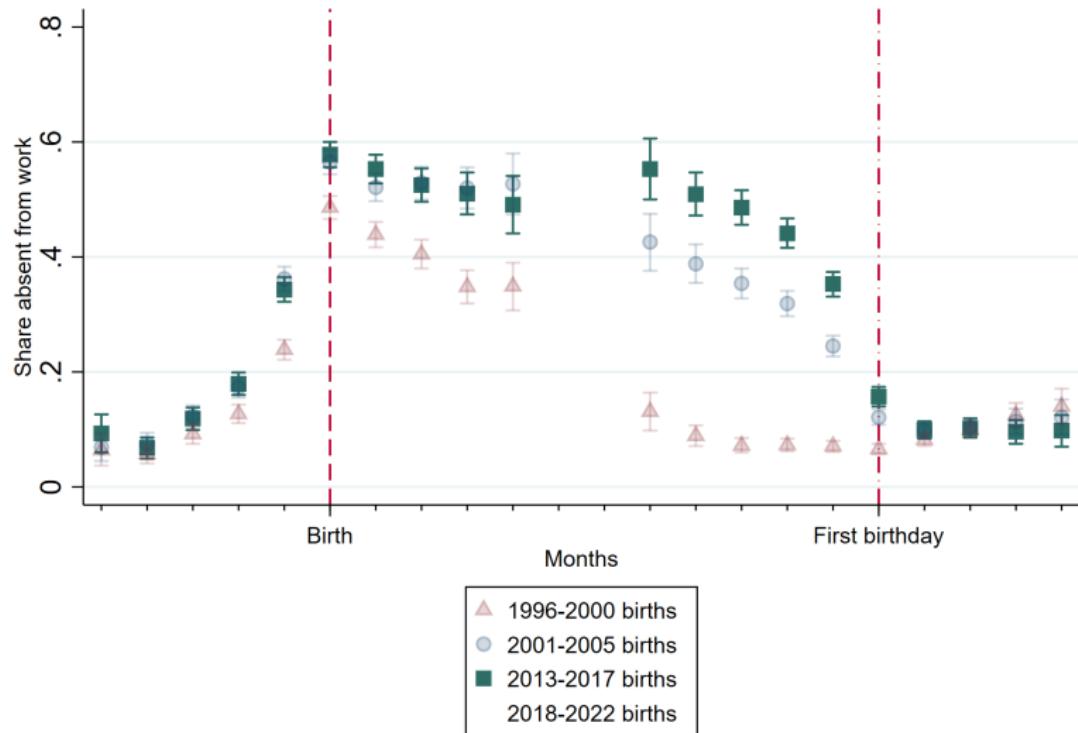
Share of mothers employed and absent in Canada outside of Quebec

Context



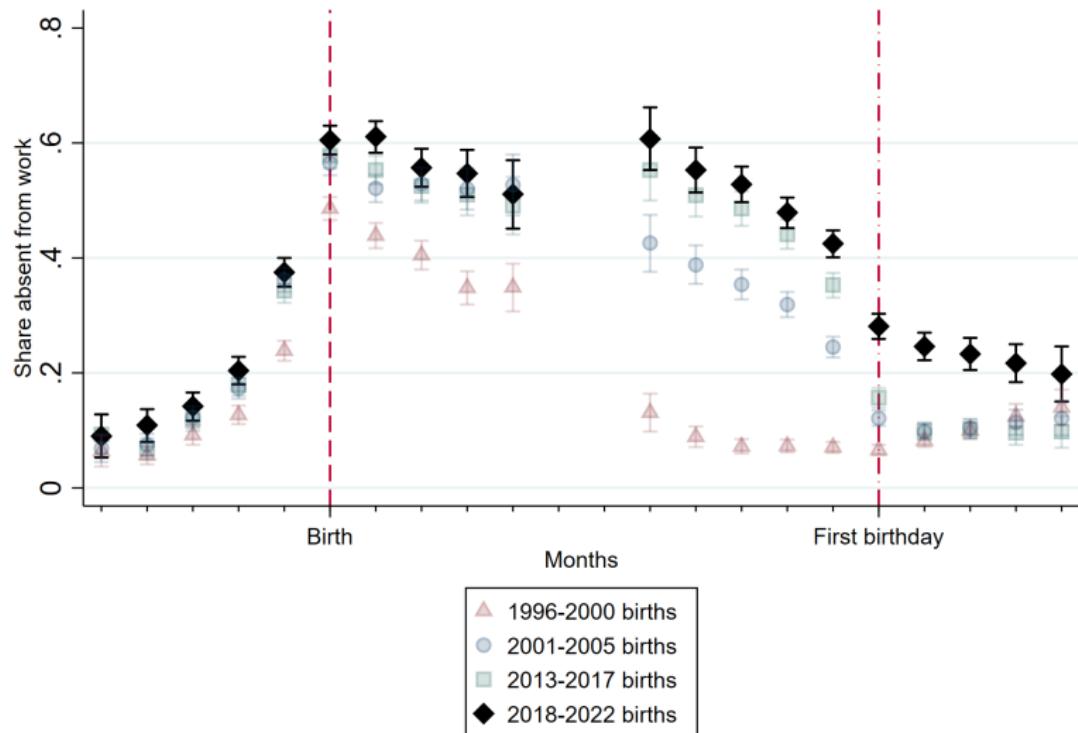
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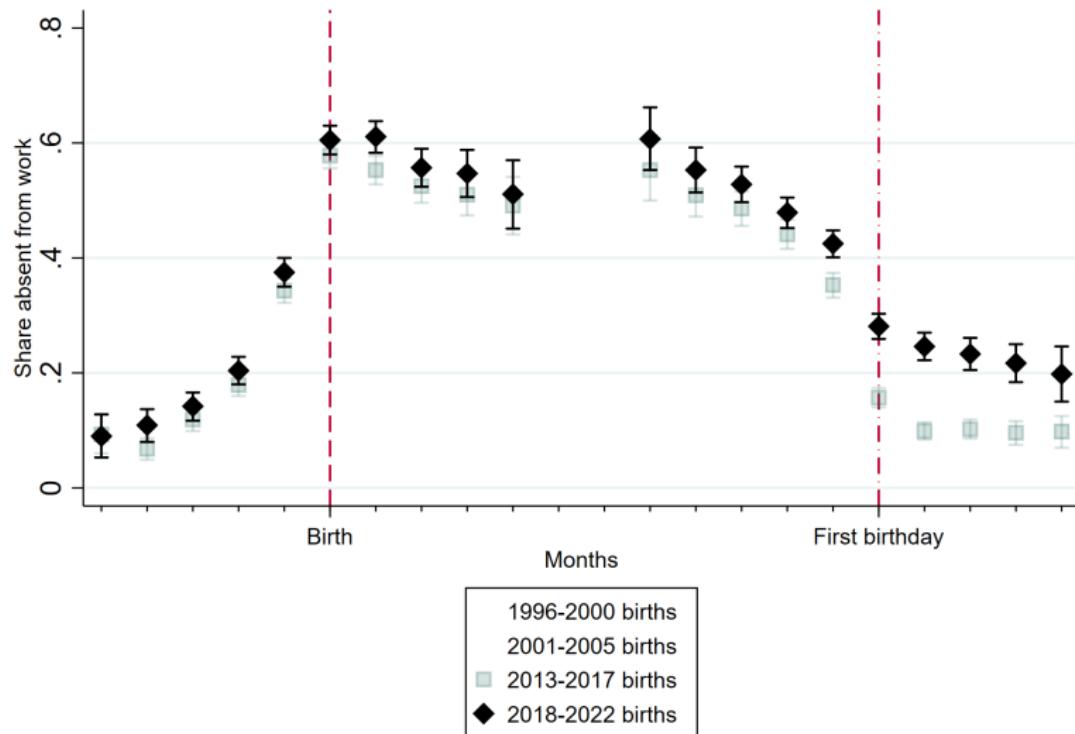
Share of mothers employed and absent in Canada outside of Quebec

Context



Share of mothers employed and absent in Canada outside of Quebec

Context



Summary of reforms

- 1971: 15 weeks of maternity leave
- 1990: 10 weeks of parental leave introduced, taken by either parent
- 2000: weeks of parental leave increased to 35
- 2017: introduction of extended option of 61 weeks at 33% replacement rate vs. 35 weeks at 55%
- 2019: additional weeks of shared benefits up to maximum of 40 or 69 weeks

Data sources

- Employment Insurance (EI) administrative data
- Labour force survey (LFS)
- Longitudinal Administrative Database (LAD) – 20% sample of taxfilers
- Linked EI and tax data
- EI Coverage Survey

Data sources

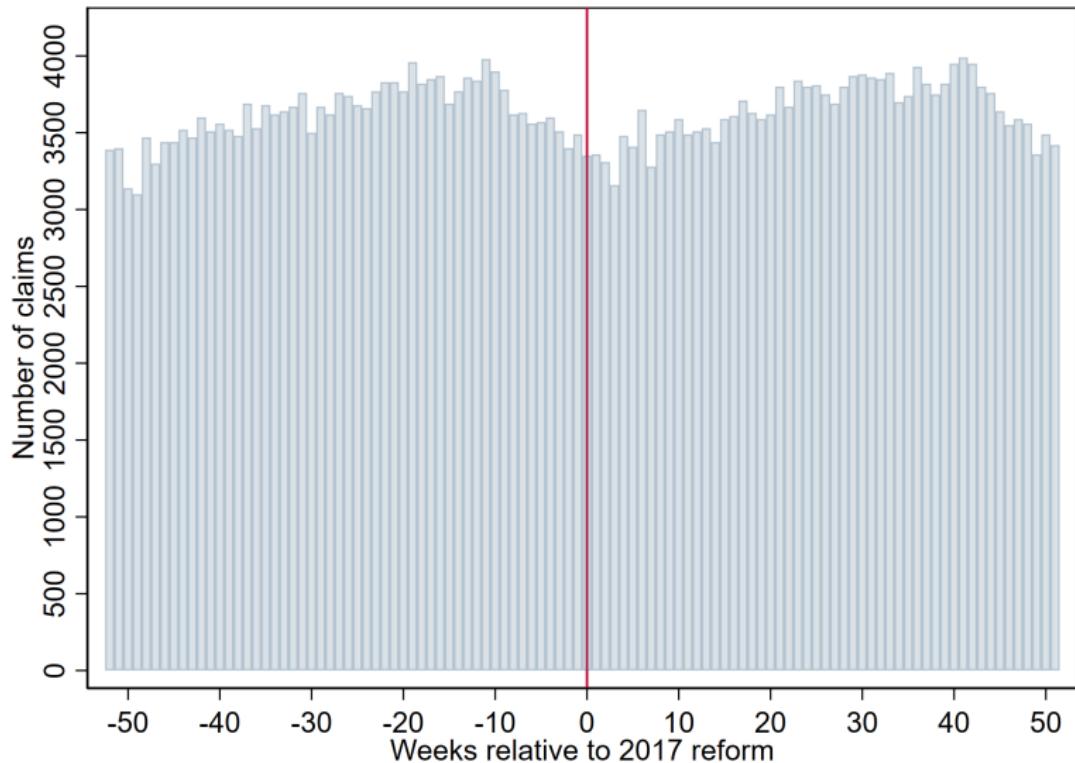
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- **Longitudinal Administrative Database (LAD)** – 20% sample of taxfilers
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Empirical strategy

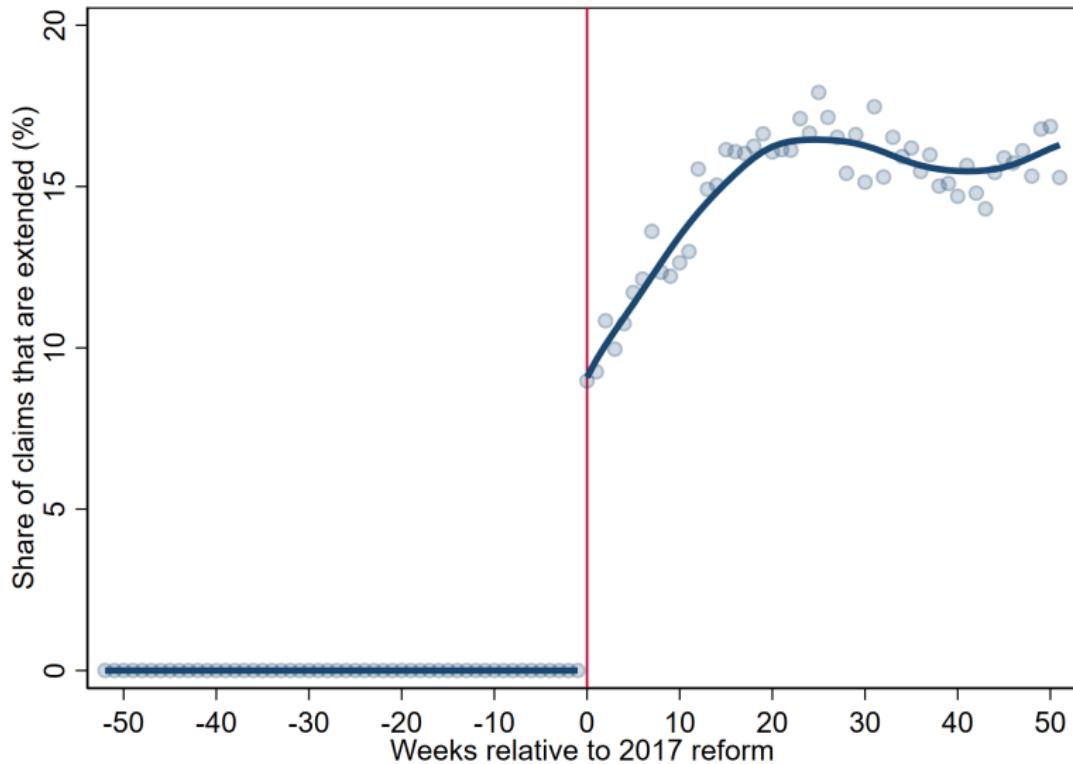
- Regression discontinuity comparing parents around birthdate cut-offs
- Difference-in-differences using parents in Quebec as control

2017: Extended benefits option

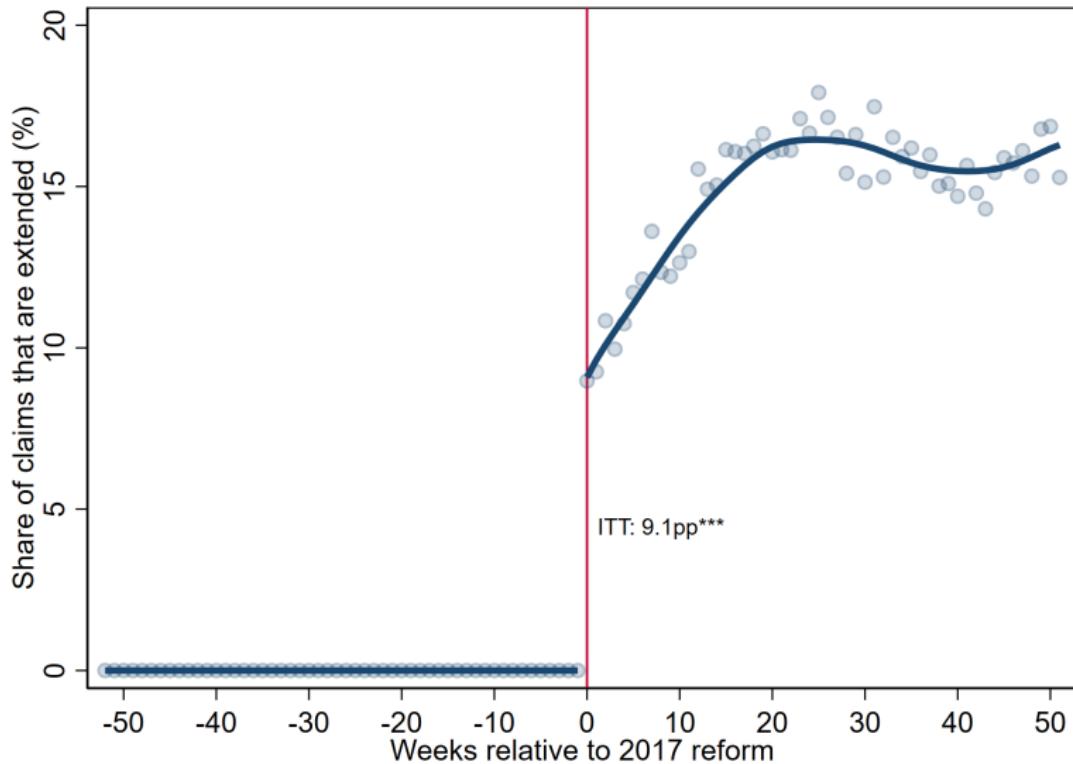
Number of claims



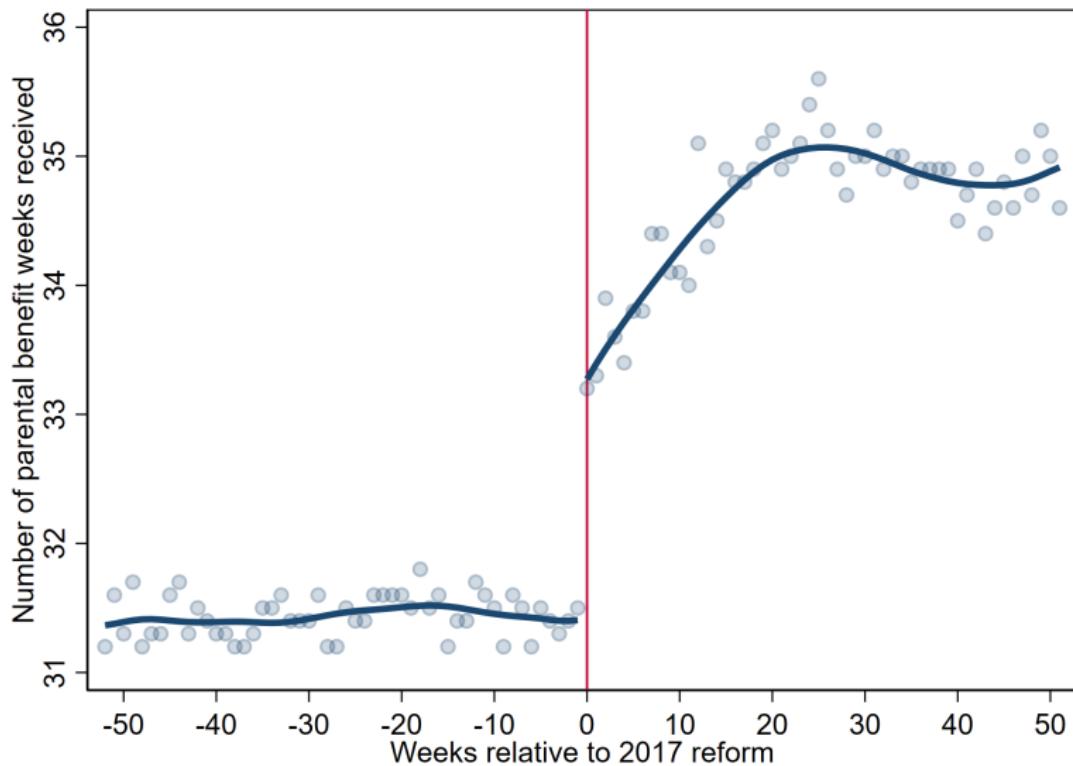
Take-up of extended benefits



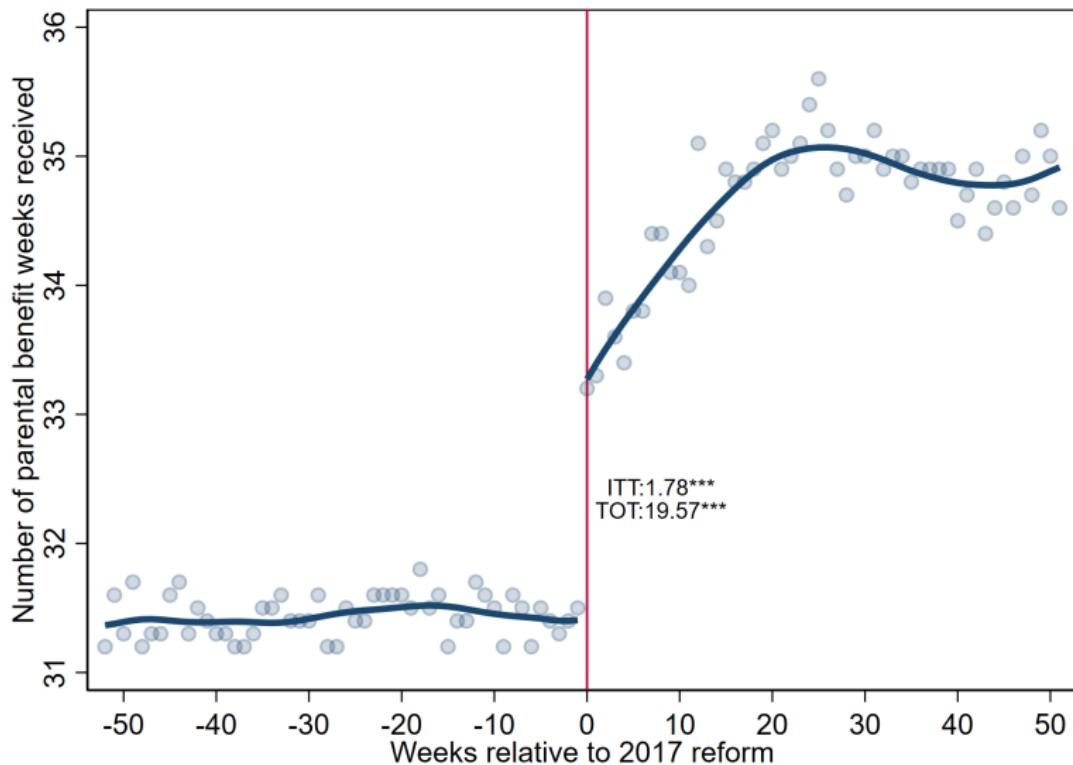
Take-up of extended benefits



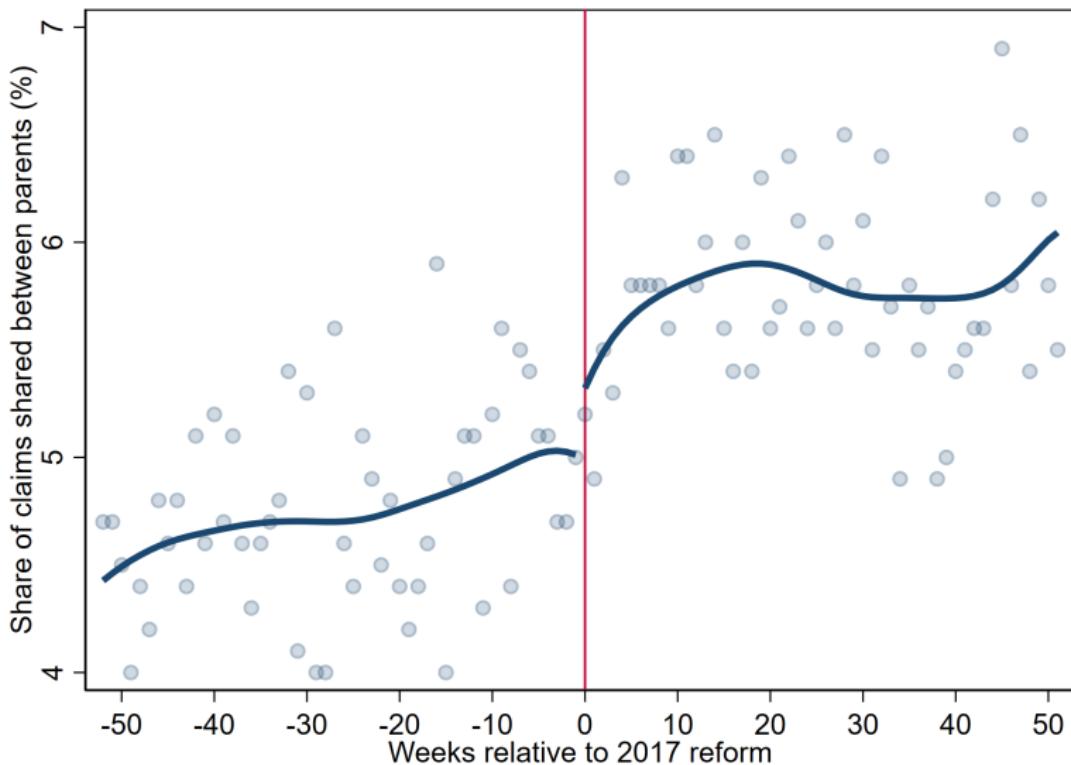
Change in total parental weeks taken



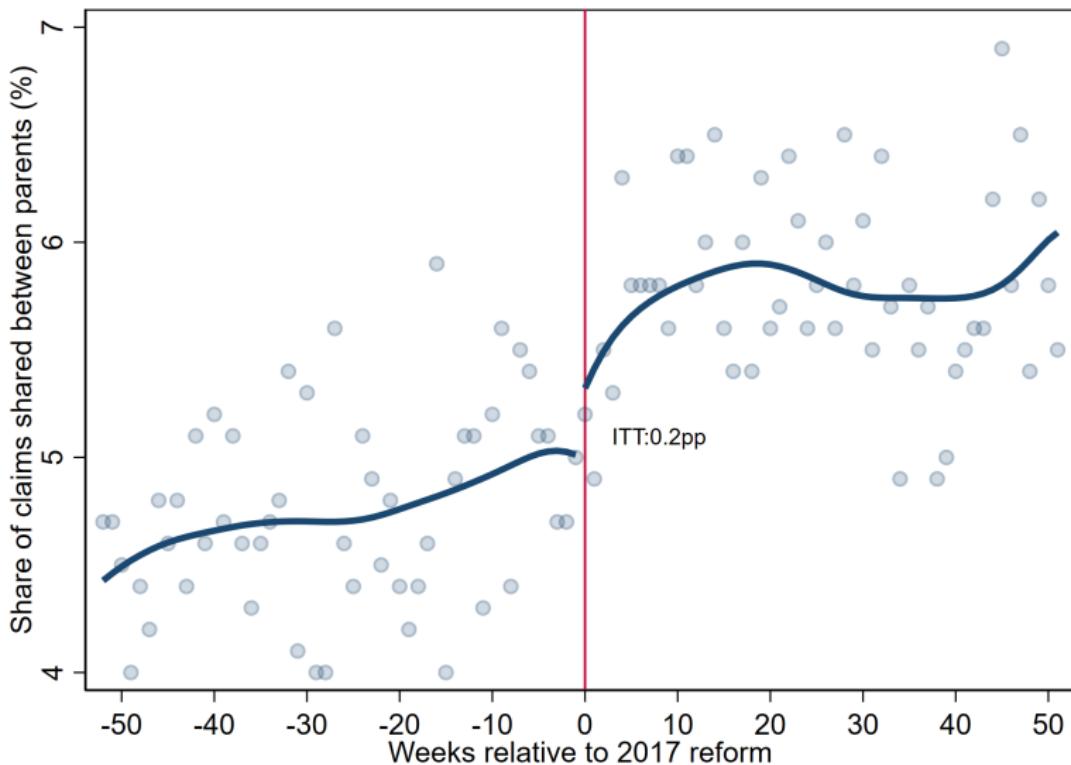
Change in total parental weeks taken



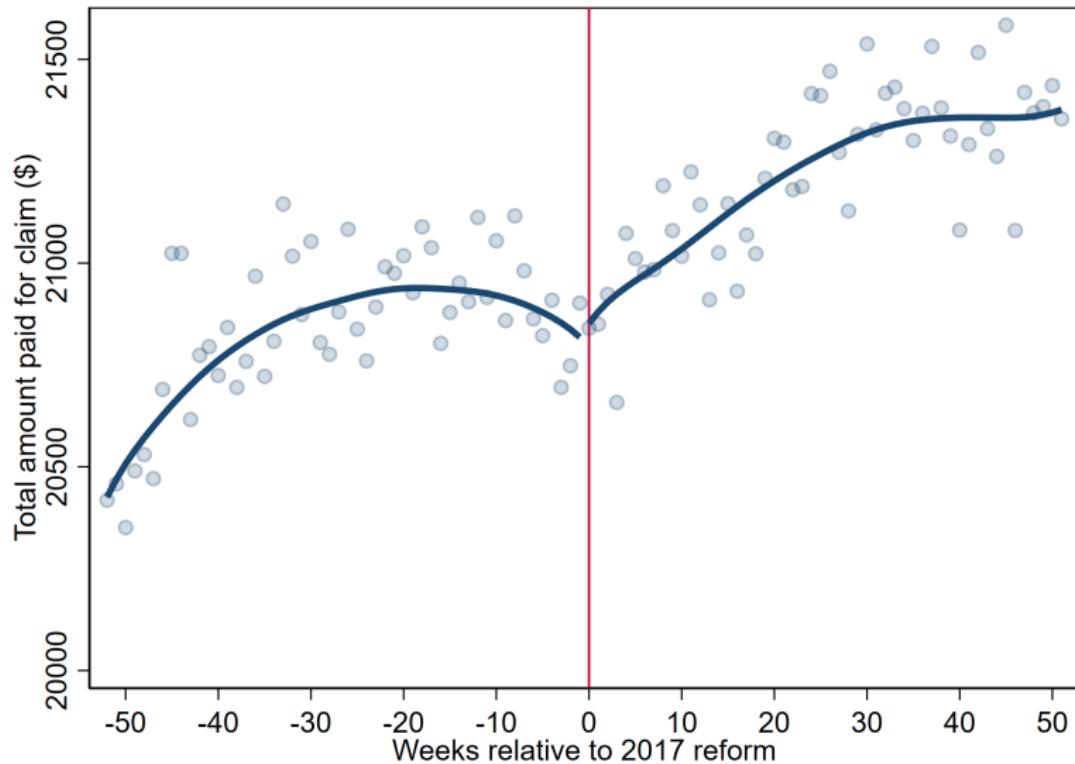
Impacts on sharing of benefits



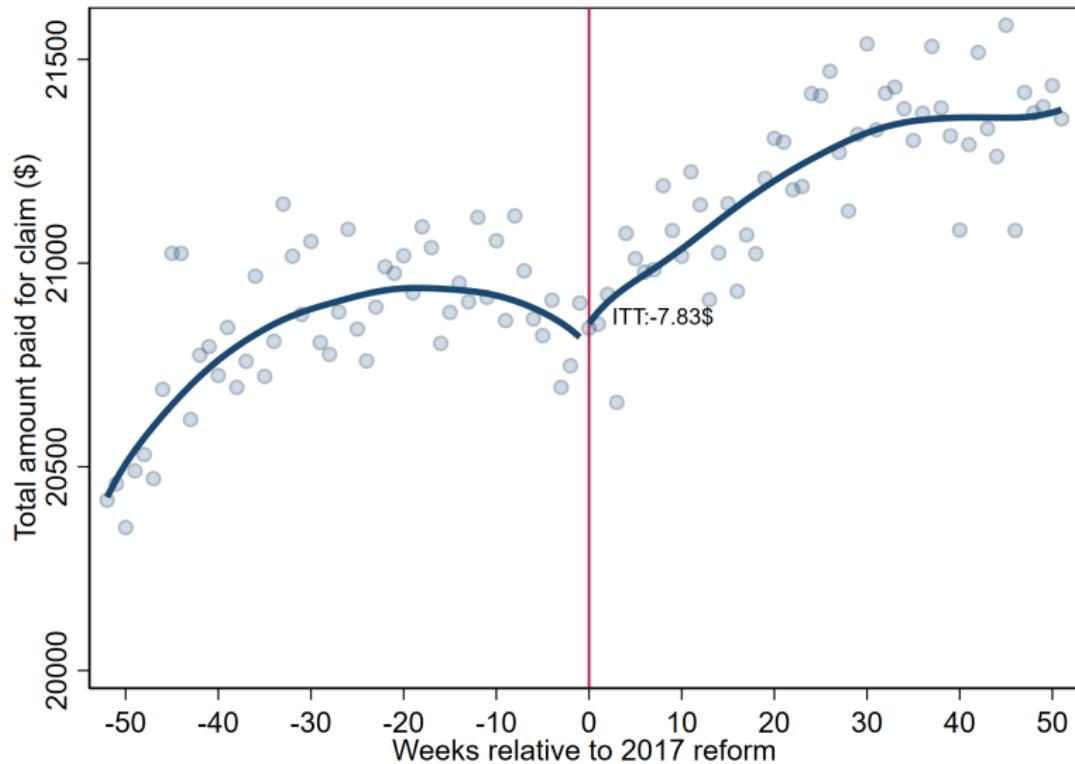
Impacts on sharing of benefits



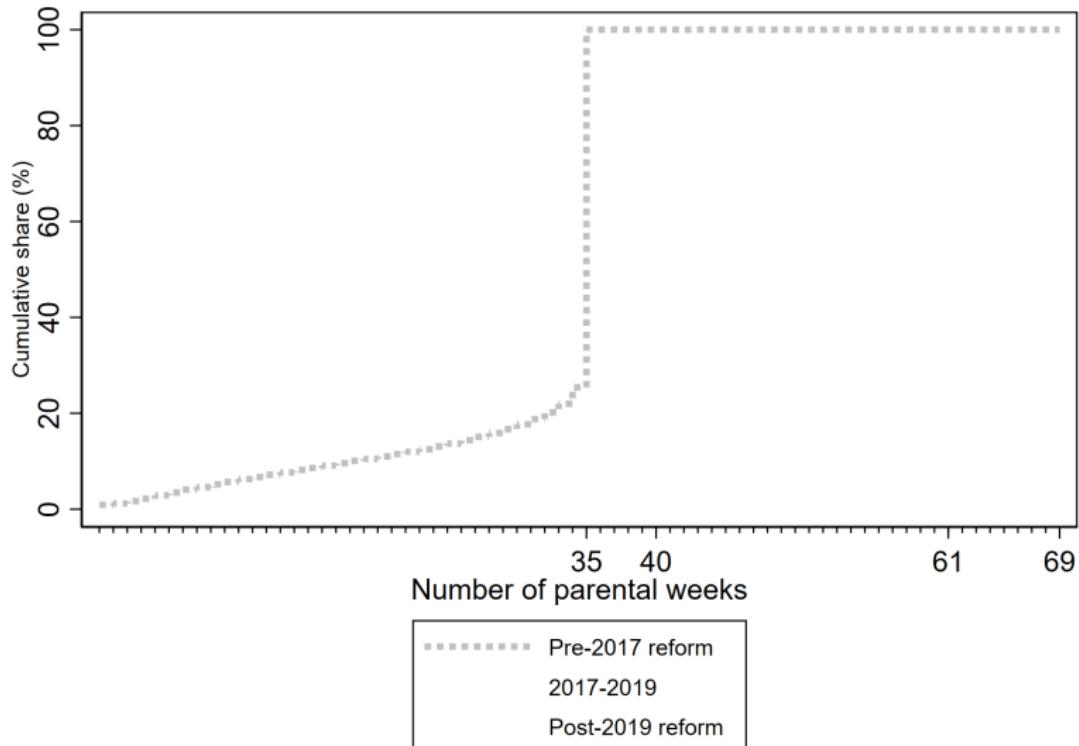
Impacts on total benefits paid



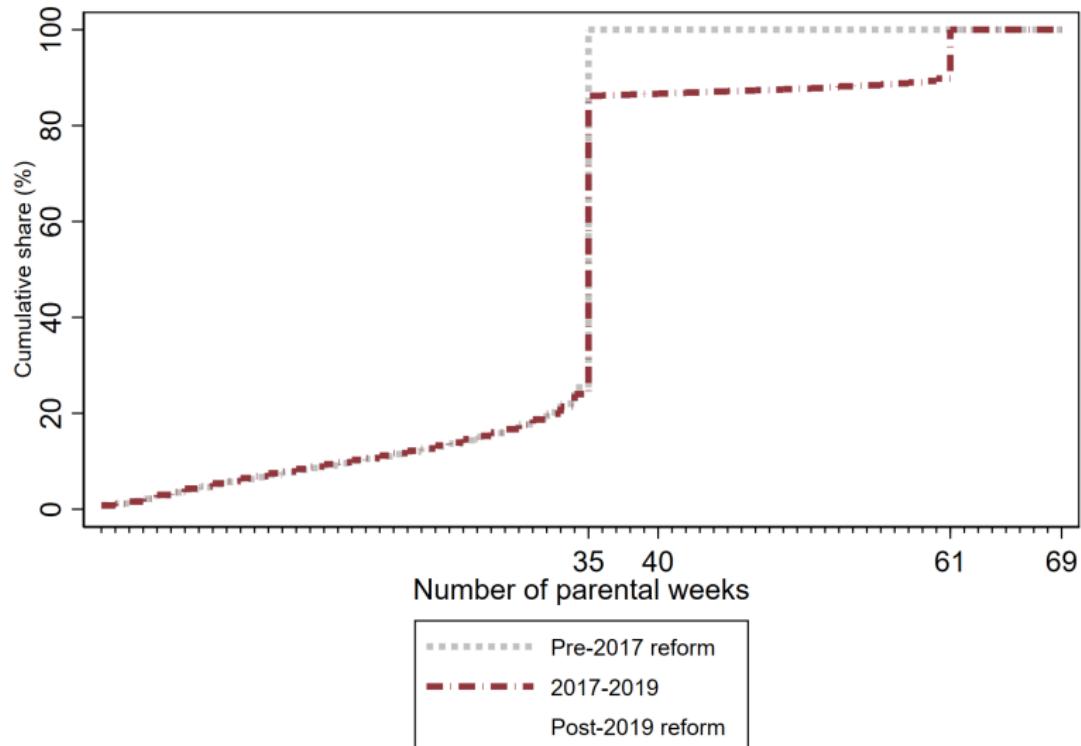
Impacts on total benefits paid



Distribution of weeks used

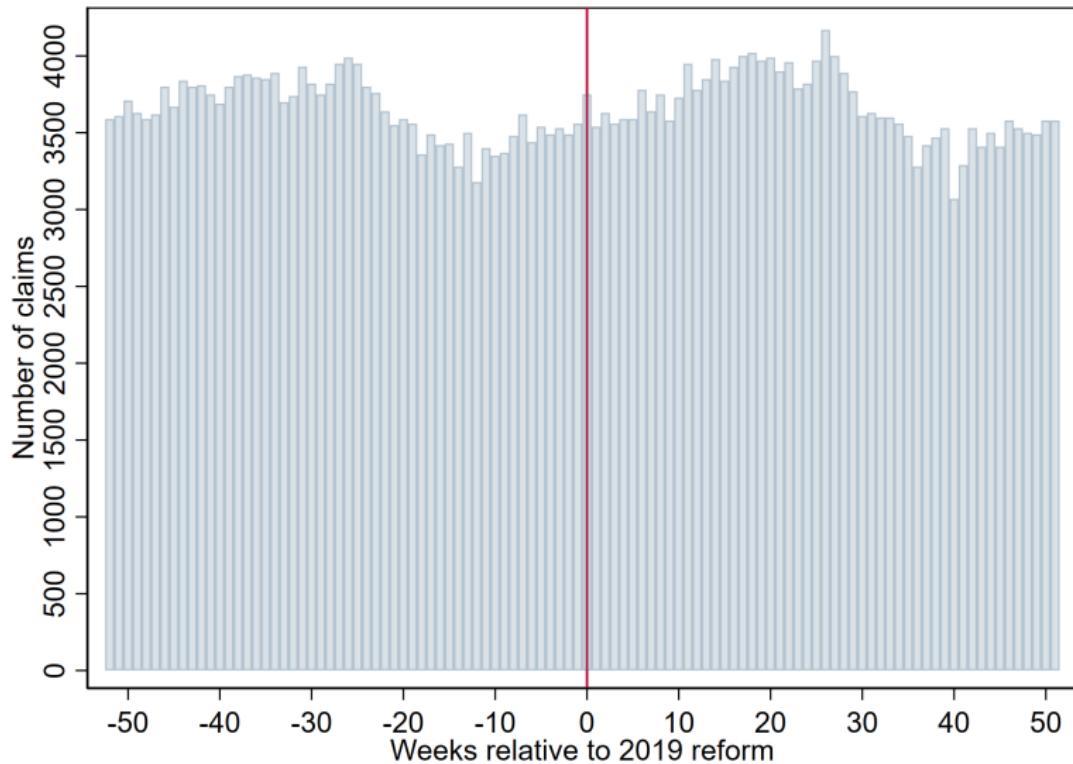


Distribution of weeks used

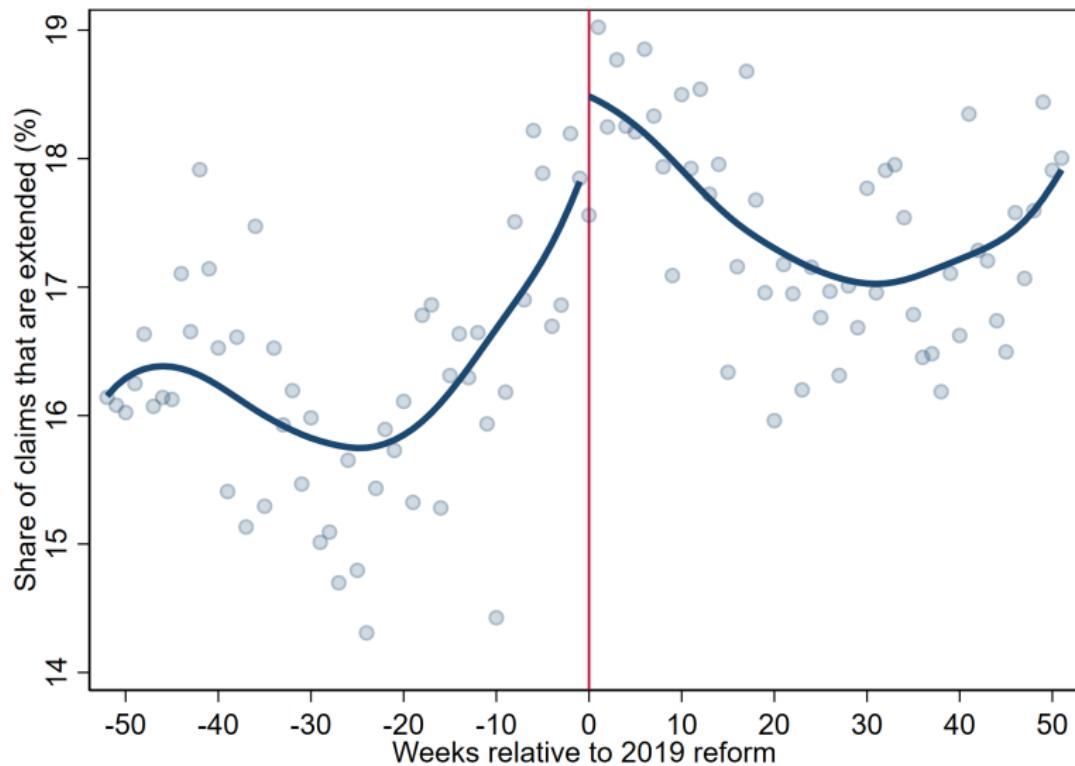


2019: Shared benefit weeks

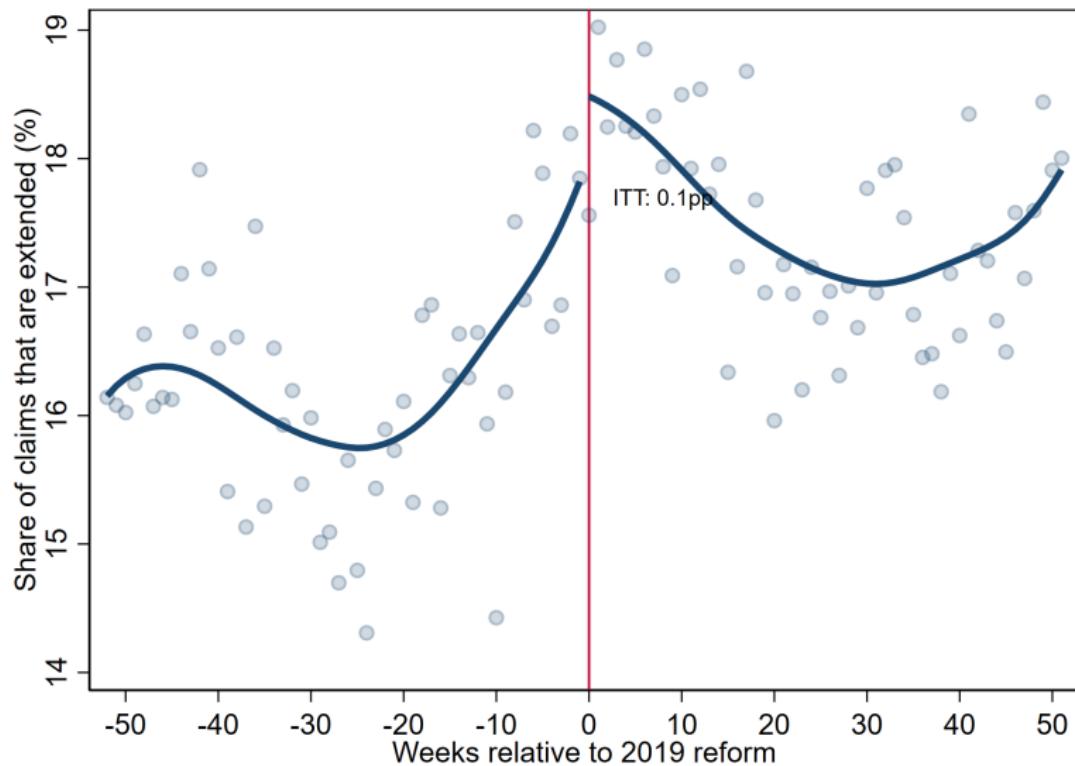
Number of claims



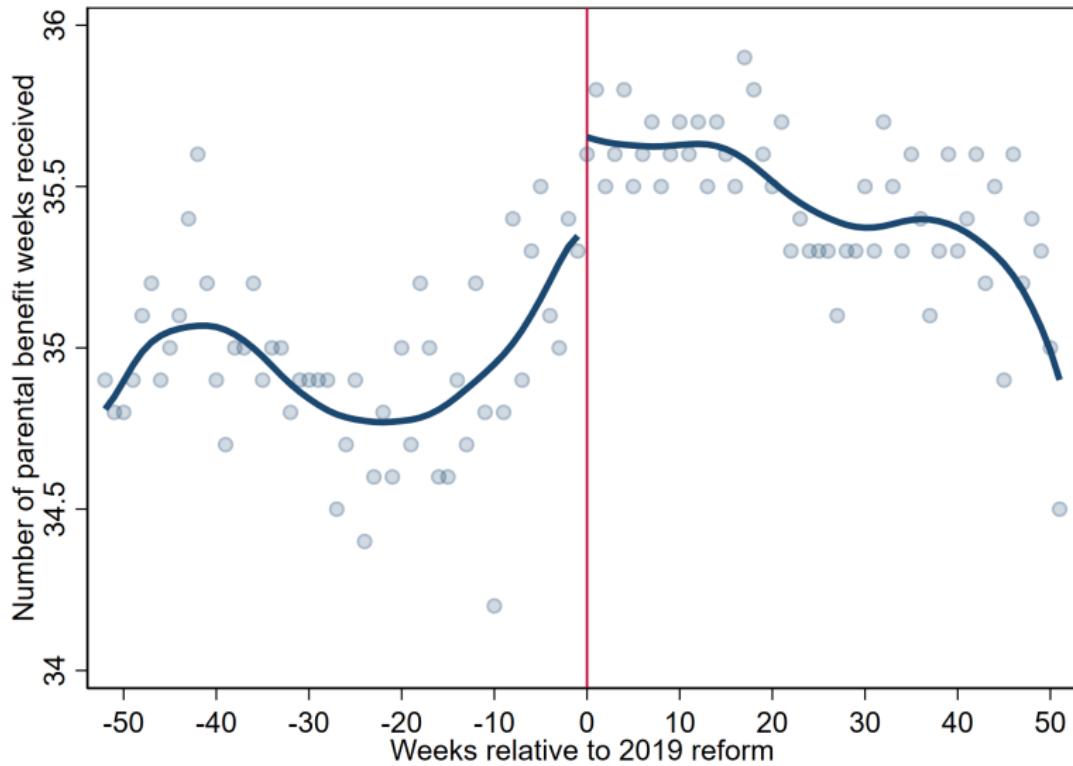
Take-up of extended benefits



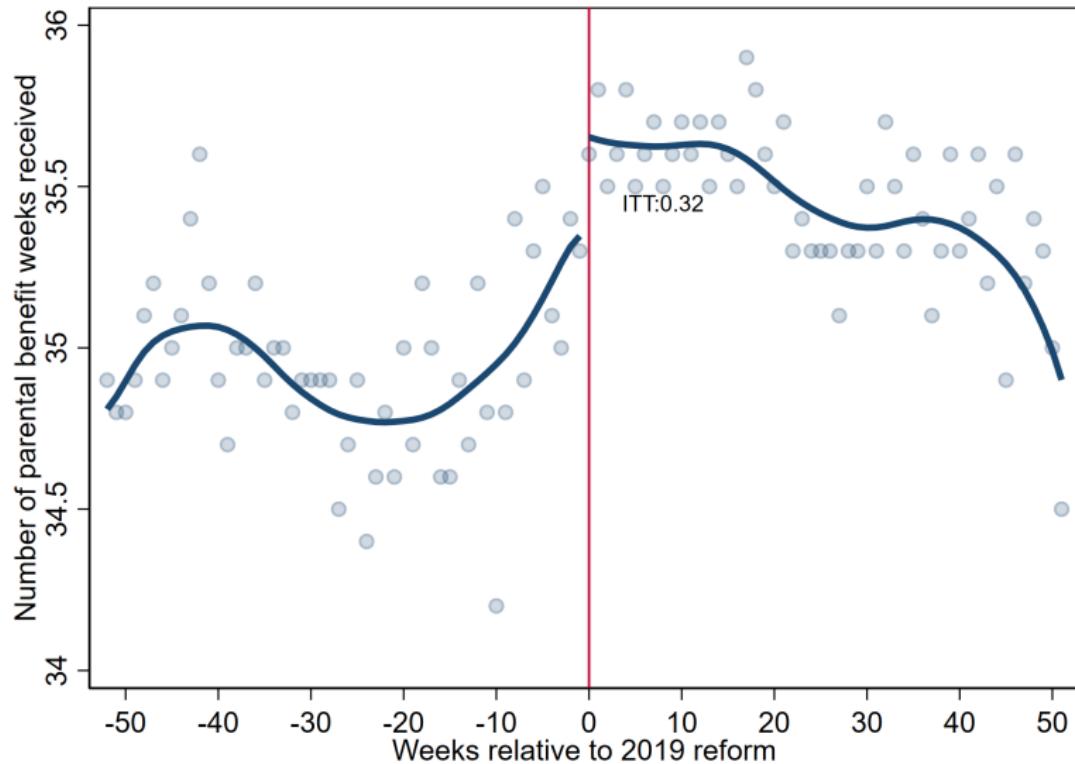
Take-up of extended benefits



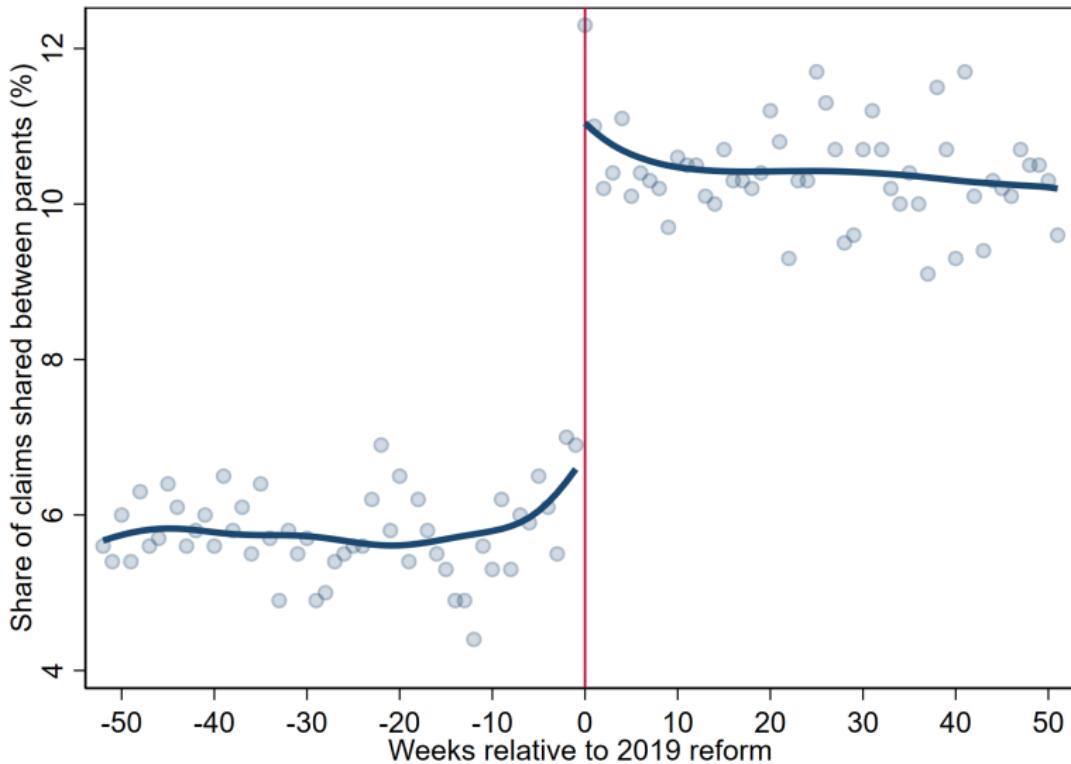
Change in total parental weeks taken



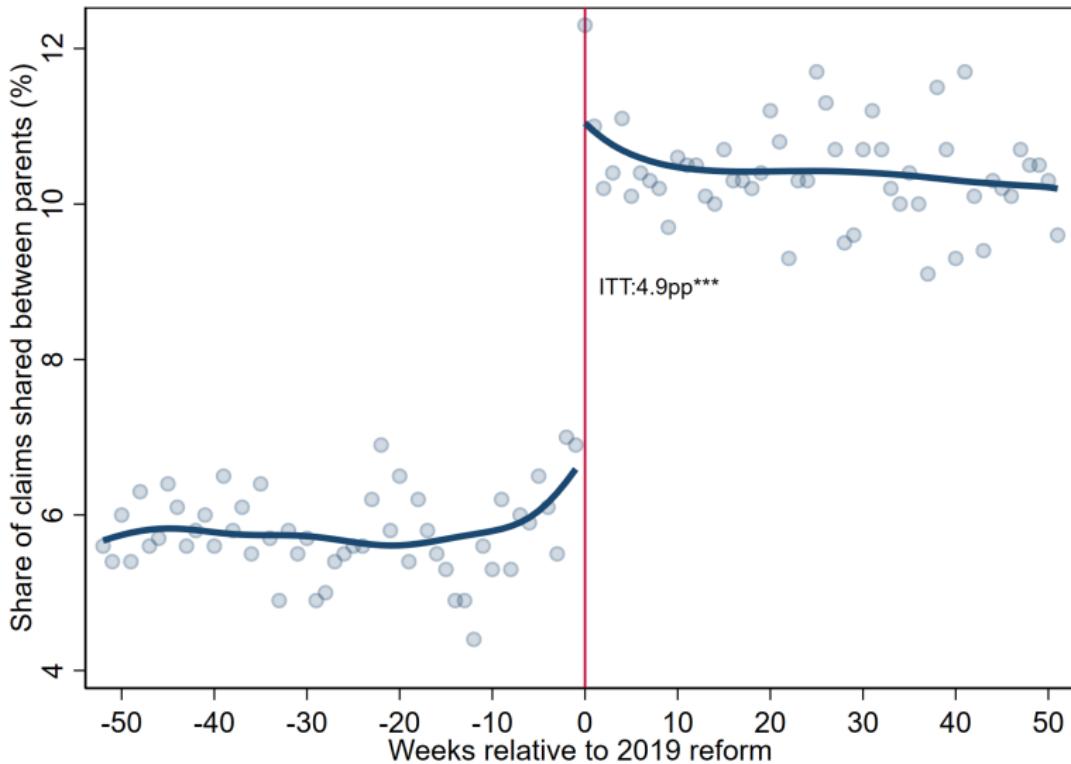
Change in total parental weeks taken



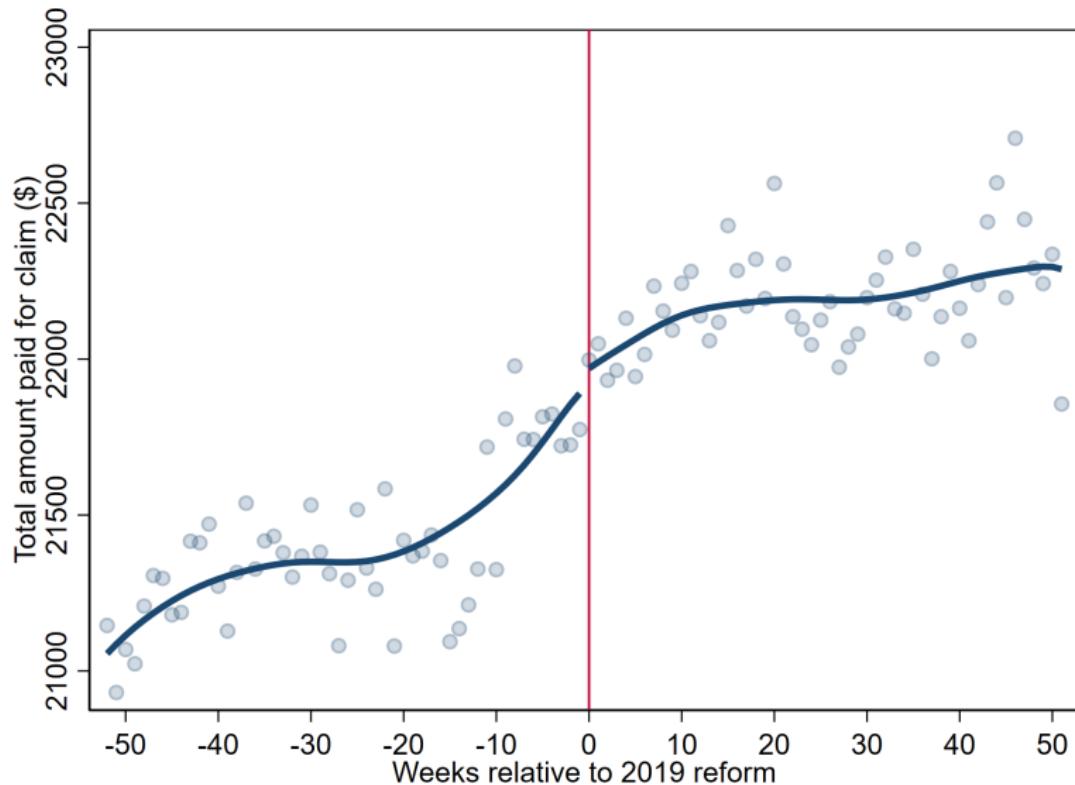
Impacts on sharing of benefits



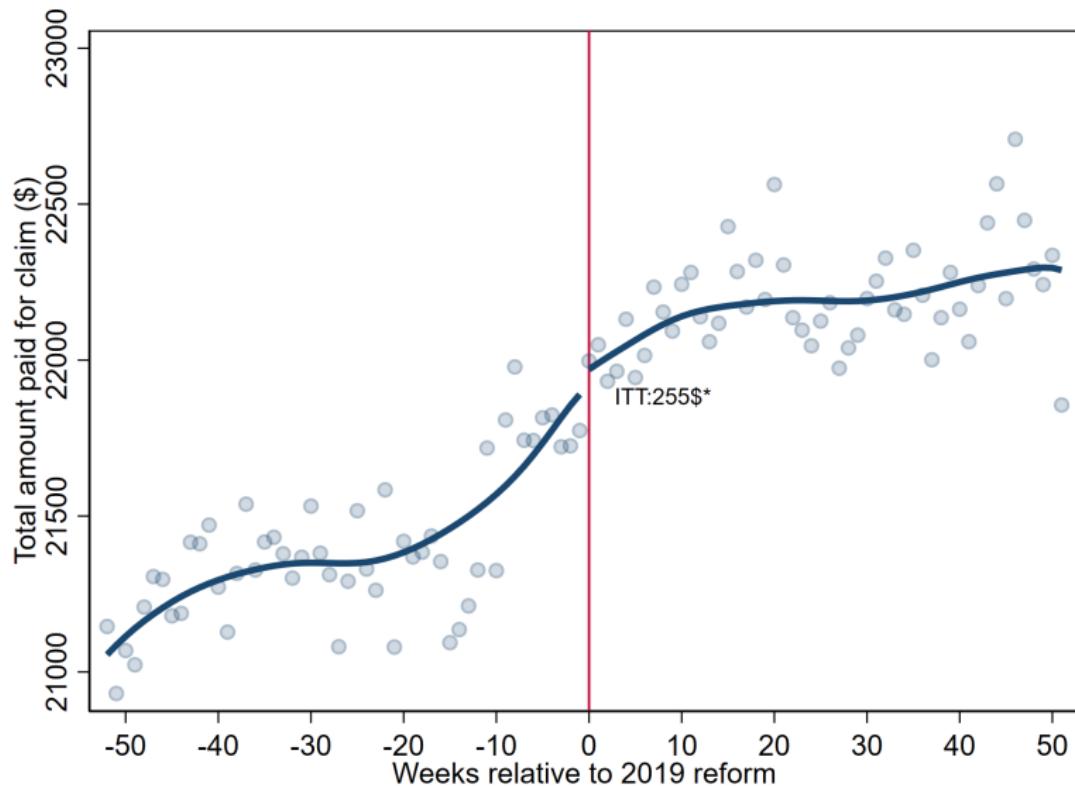
Impacts on sharing of benefits



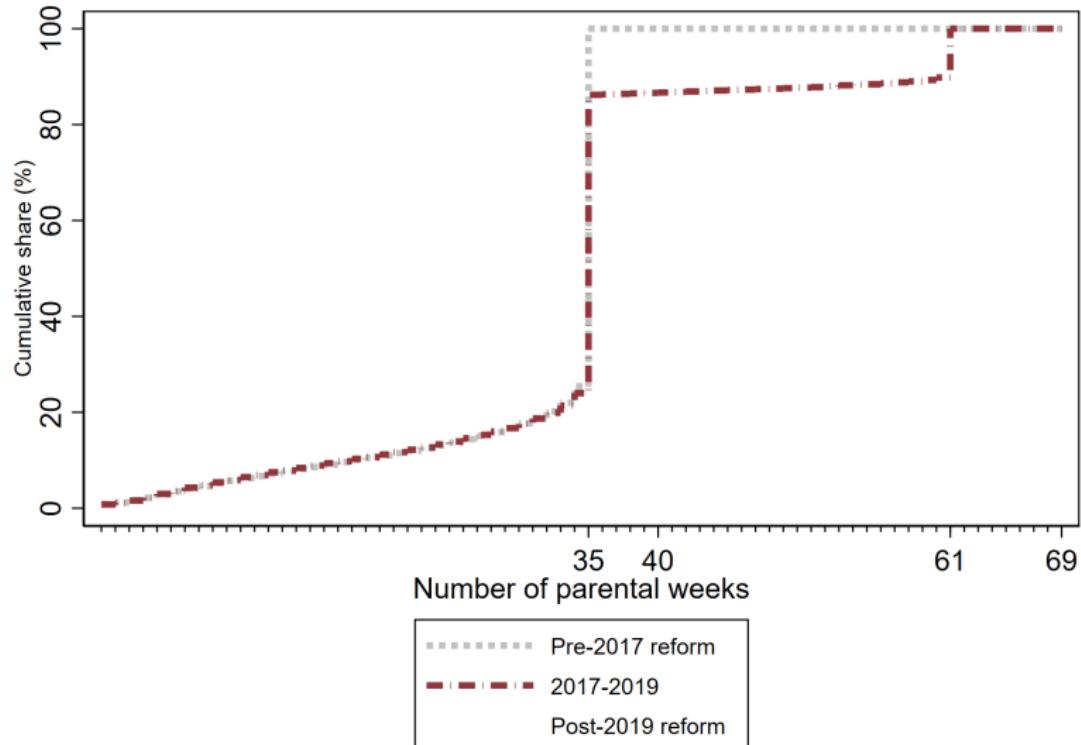
Impacts on total benefits paid



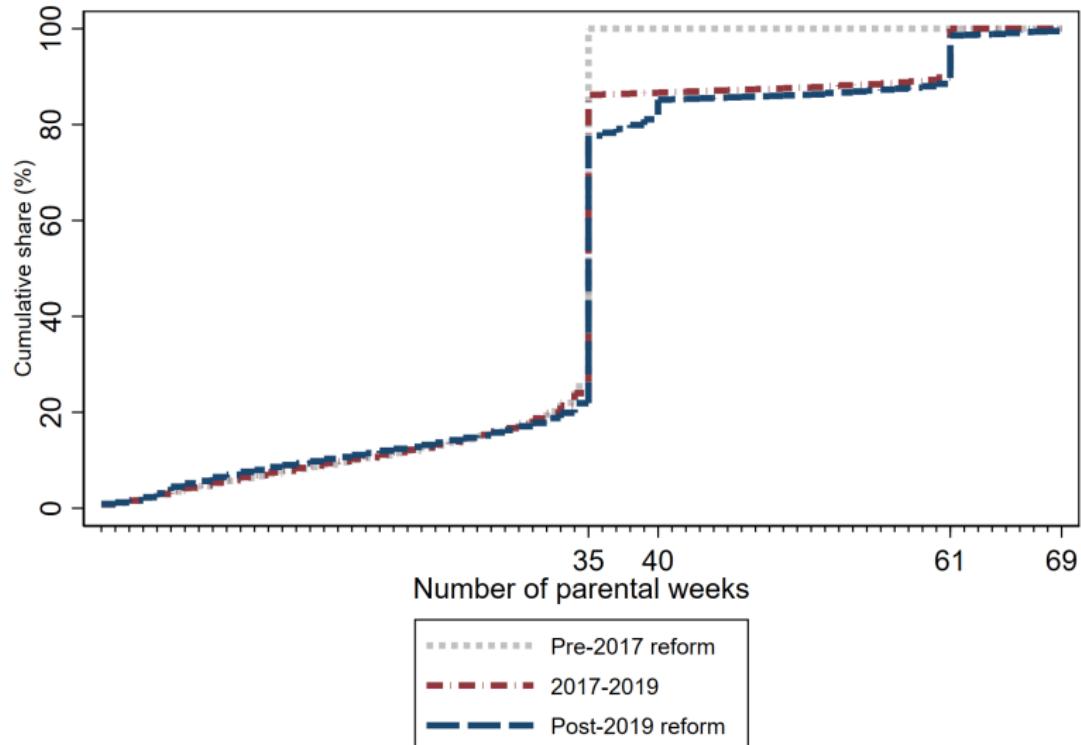
Impacts on total benefits paid



Distribution of weeks used

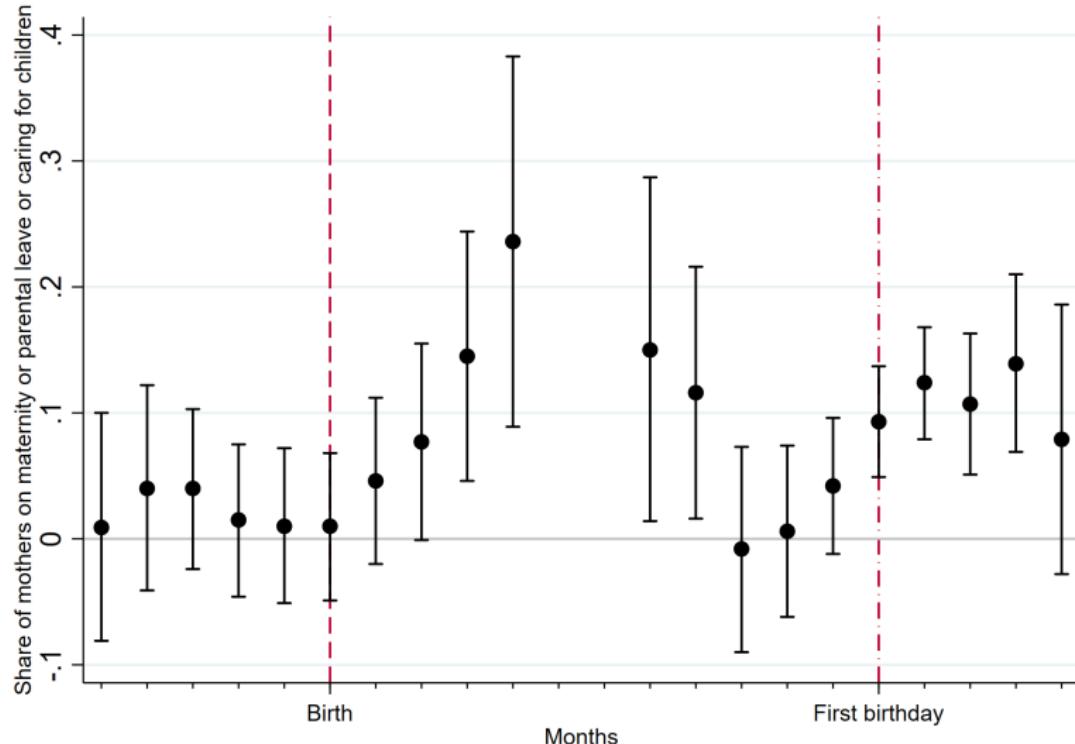


Distribution of weeks used



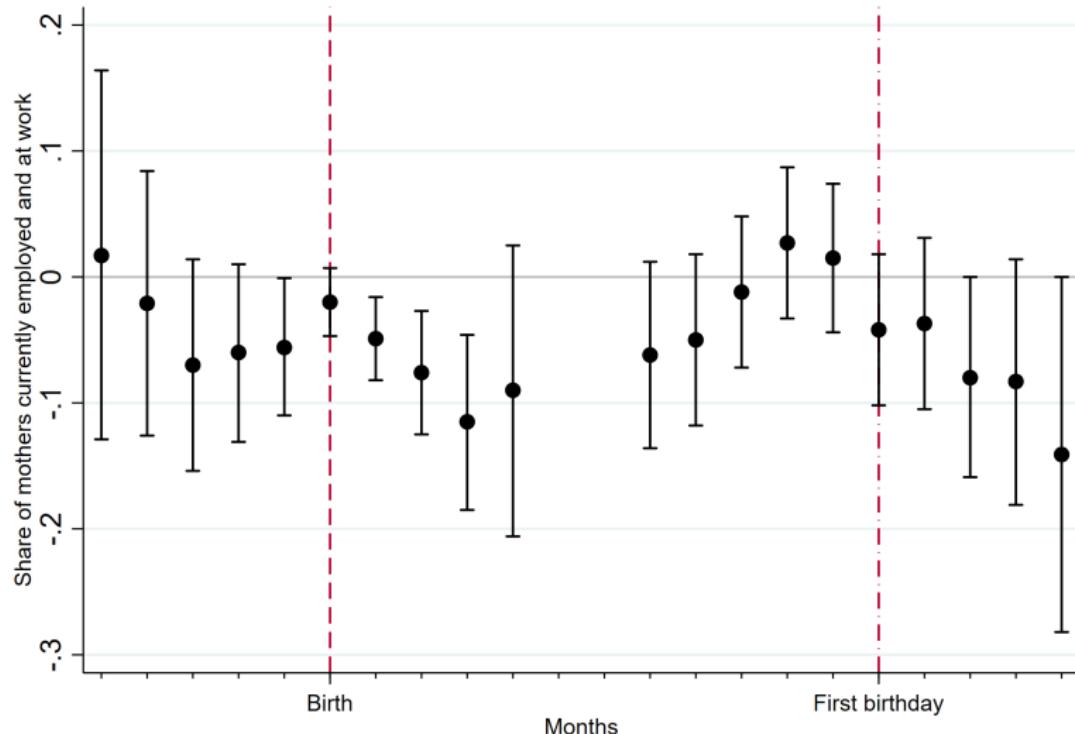
LFS estimates

Impacts on providing care



DiD estimates comparing mothers in rest of Canada to mothers in Quebec, before and after reforms

Impacts on return-to-work



DiD estimates comparing mothers in rest of Canada to mothers in Quebec, before and after reforms

Results for fathers

LAD estimates

Impacts of 2017 reform on all mothers

Outcome variable	Year relative to birth of child					
	-1	0	1	2	3	4
Received EI special benefits	0.019	-0.113***	-0.010	0.042***	0.003	-0.006
Amount of EI special benefits	38.51	-245.53***	24.80	166.13**	69.181	-146.434
T4 employment	0.002	0.002	-0.032*	-0.008	-0.013	-0.006
T4 earnings	-779.02	-485.84	-611.19	-1475.41	-1003.03	-767.13

Notes: Regression discontinuity estimates for all mothers in Canada (outside of Quebec) with child born in three weeks before and after Dec. 3, 2017 reform. Randomization inference procedure used with triangular weights. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

Impacts of 2017 reform on likely eligible mothers

Outcome variable	Year relative to birth of child					
	-1	0	1	2	3	4
Received EI special benefits	0.020	-0.184***	-0.005	0.075***	0.007	-0.005
Amount of EI special benefits	-30.31	-410.43***	12.13	308.42**	137.26	-182.23
T4 employment	0.013*	0.000	-0.057***	-0.011	-0.018	-0.028*
T4 earnings	-1872.67	-1250.67	-1413.08	-2831.73**	-1815.37	-850.31

Notes: Regression discontinuity estimates for all mothers in Canada (outside of Quebec) with child born in three weeks before and after Dec. 3, 2017 reform with more than \$10,000 in T4 earnings in relative year 0. Randomization inference procedure used with triangular weights. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

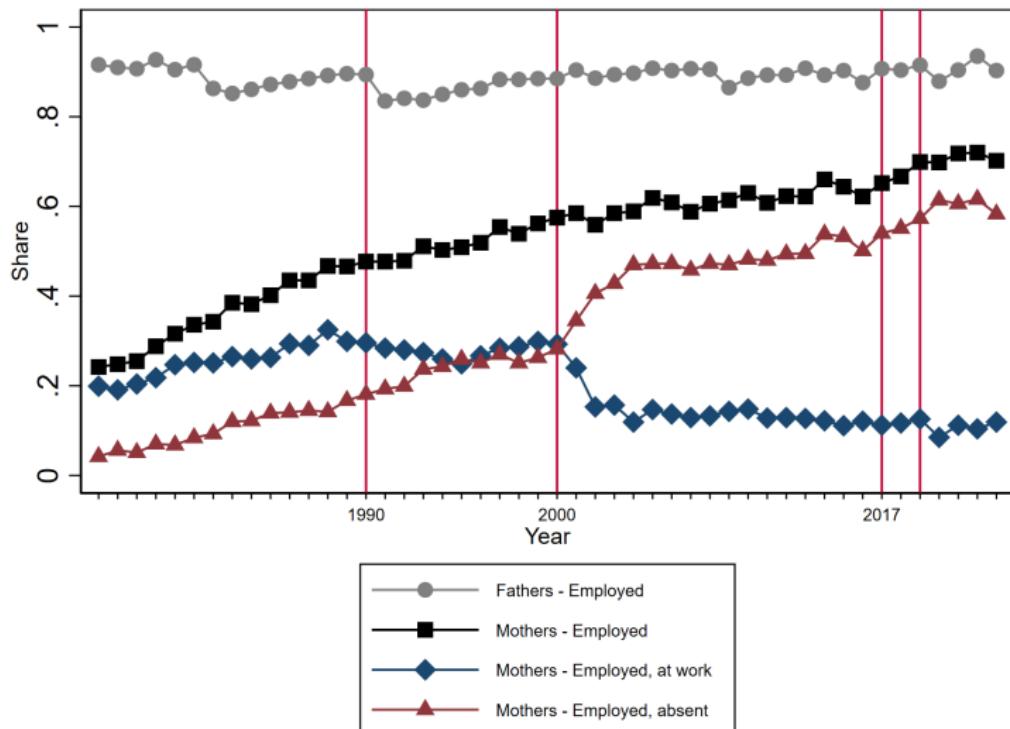
Next steps

- Produce additional estimates using tax data for mothers and father for the 2017 and 2019 reforms
- Model
 - Why offer extended parental leave or shared benefits?
- For extended parental leave possible explanations may involve signalling (Tô 2018), creation of reference points for leave duration (Siebold 2021)

Feedback welcomed: steven.ryan@mail.utoronto.ca

Appendix

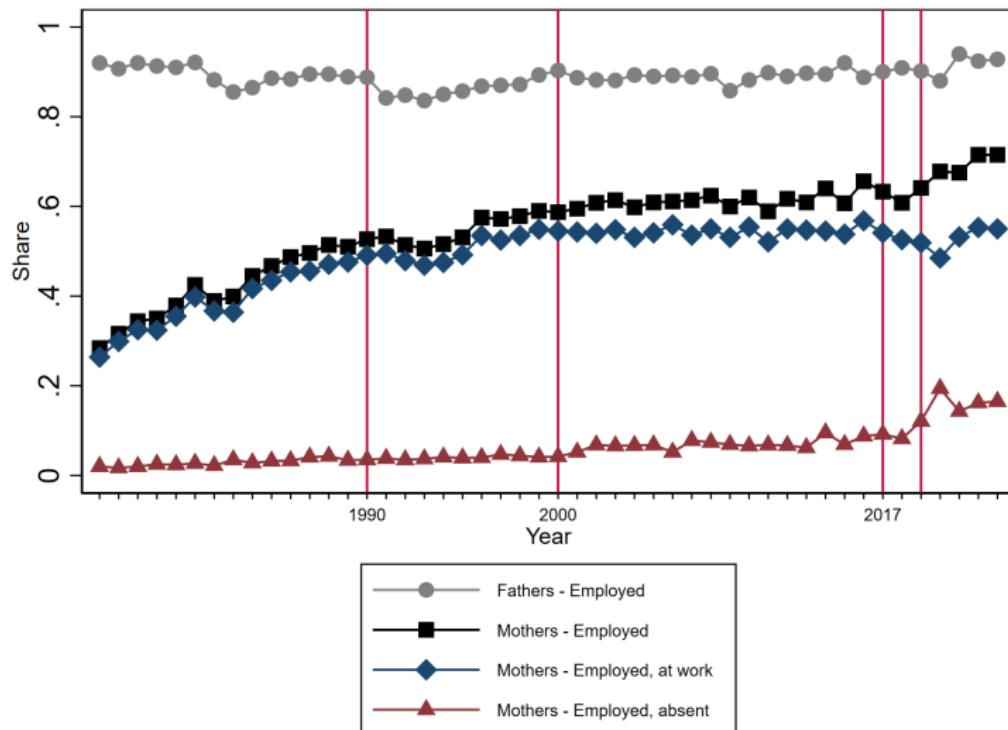
Context



Shares for men and women with youngest child aged 0 outside of Quebec

Return

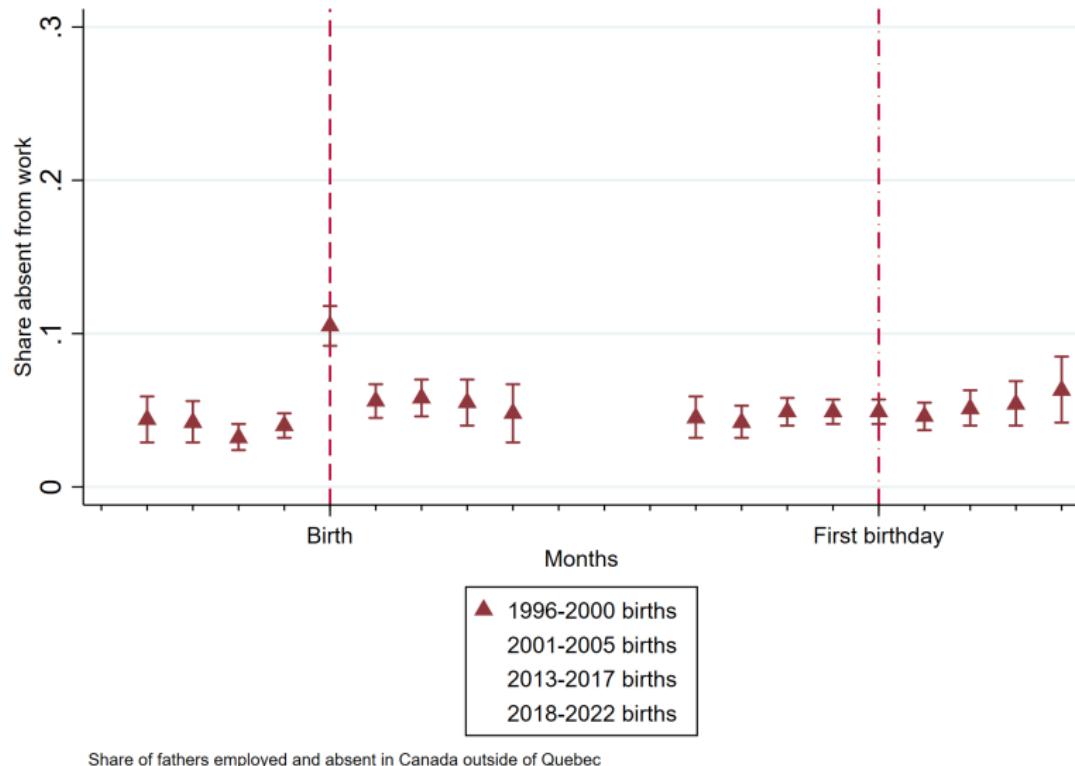
Context



Shares for men and women with youngest child aged 1 outside of Quebec

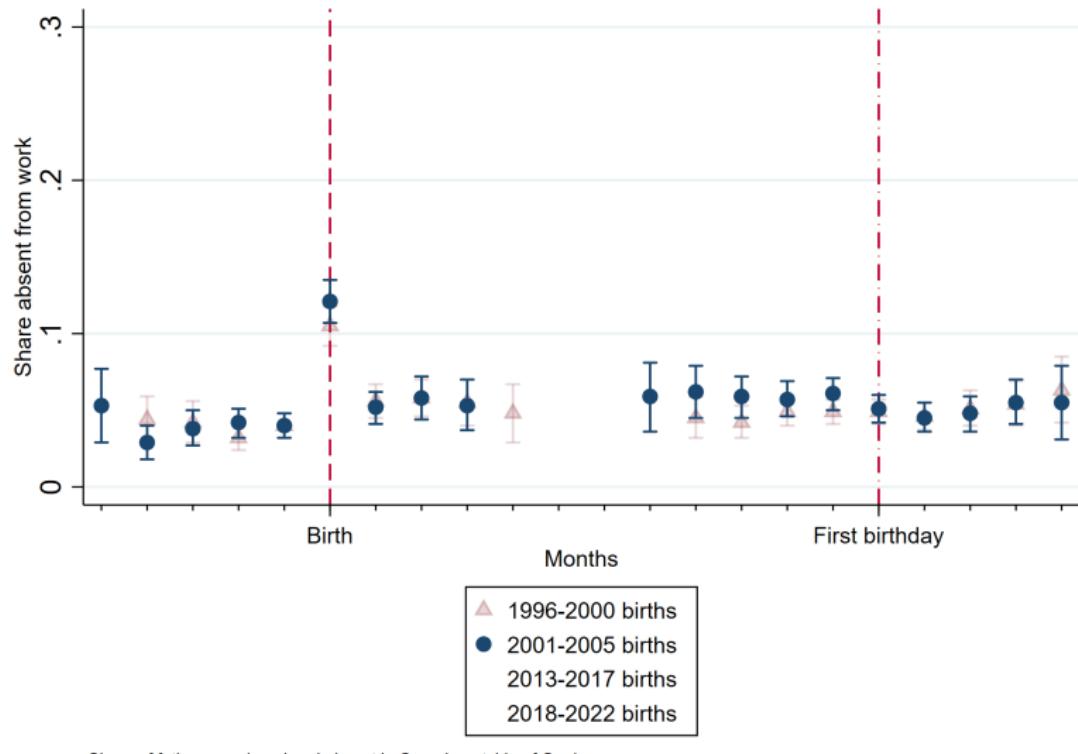
Return

Context



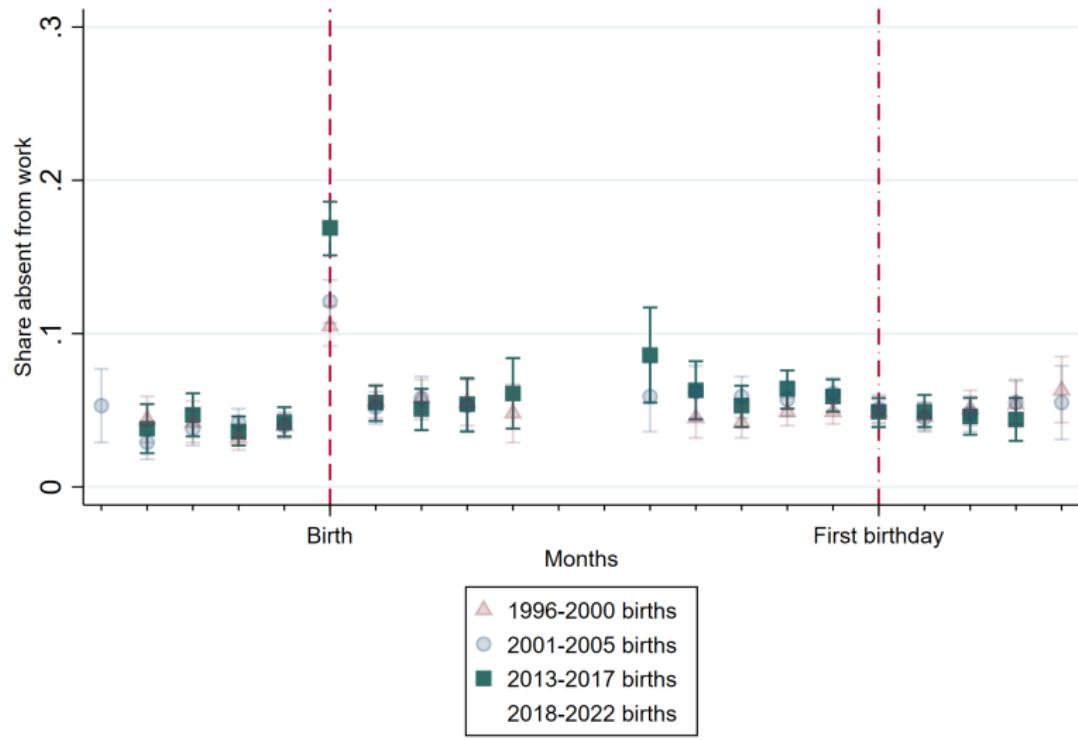
Share of fathers employed and absent in Canada outside of Quebec

Context



Return

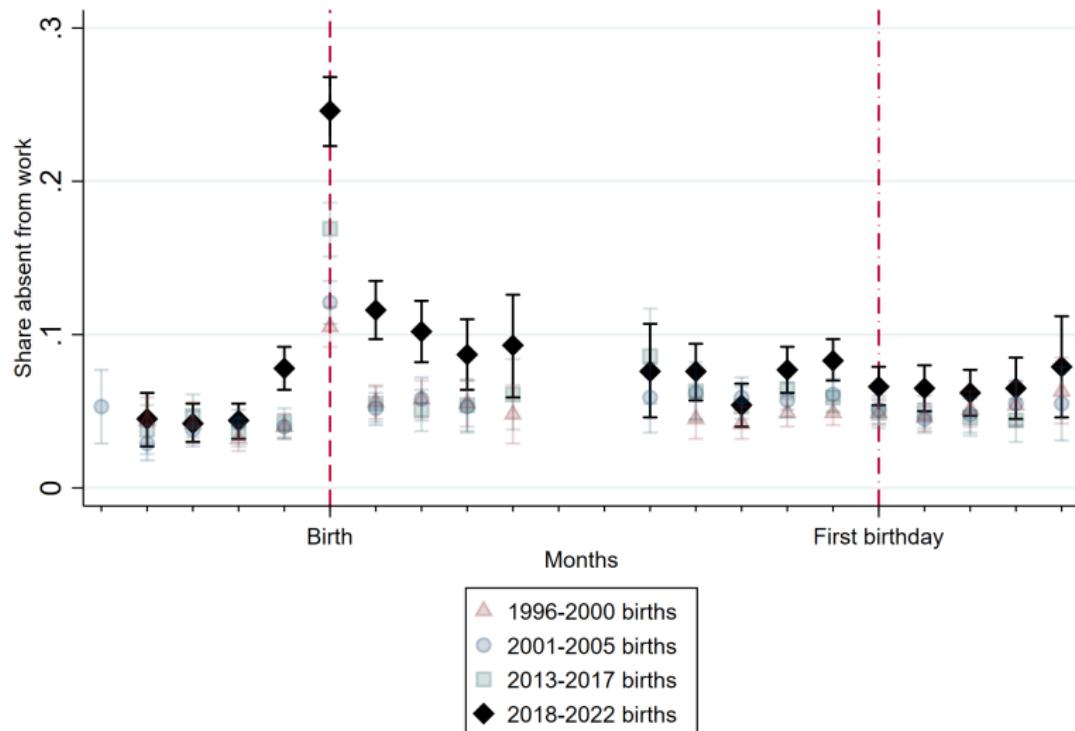
Context



Share of fathers employed and absent in Canada outside of Quebec

[Return](#)

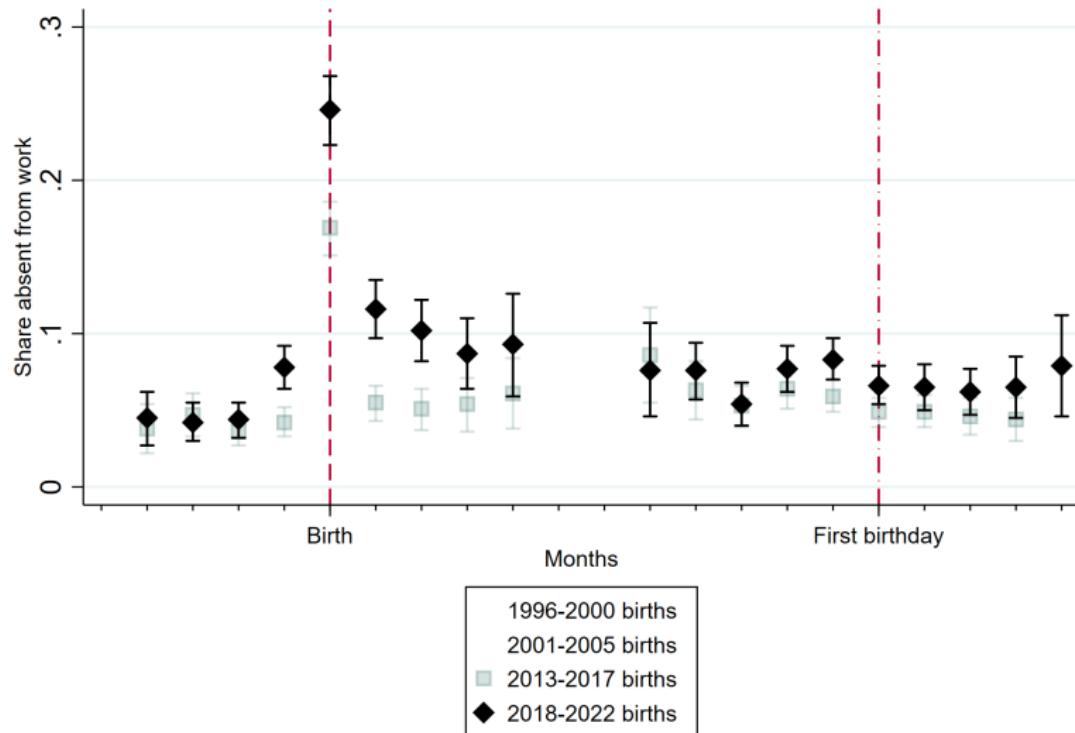
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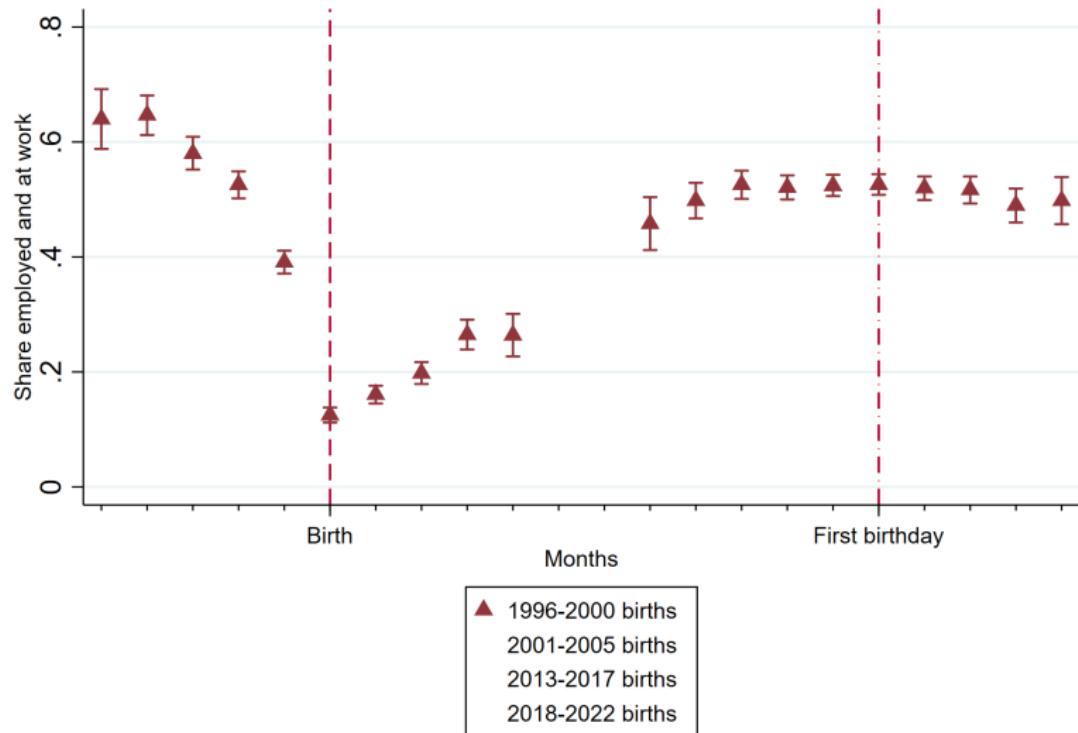
Return

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Share of fathers employed and absent in Canada outside of Quebec

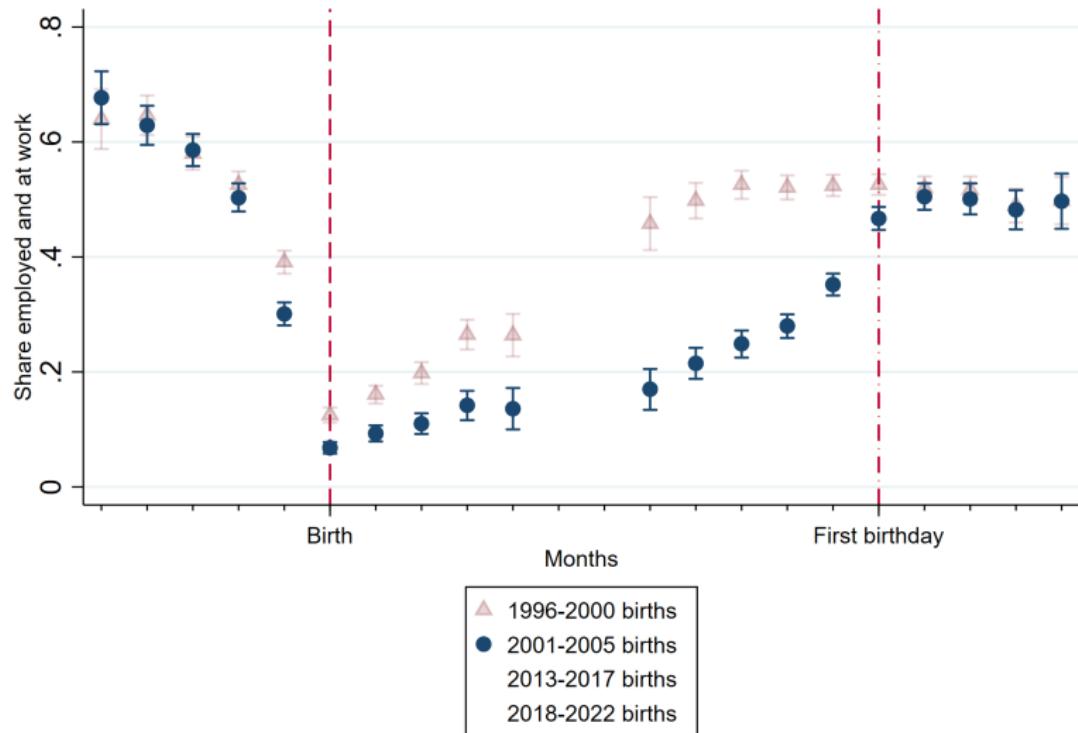
Context



Share of mothers employed and at work in Canada outside of Quebec

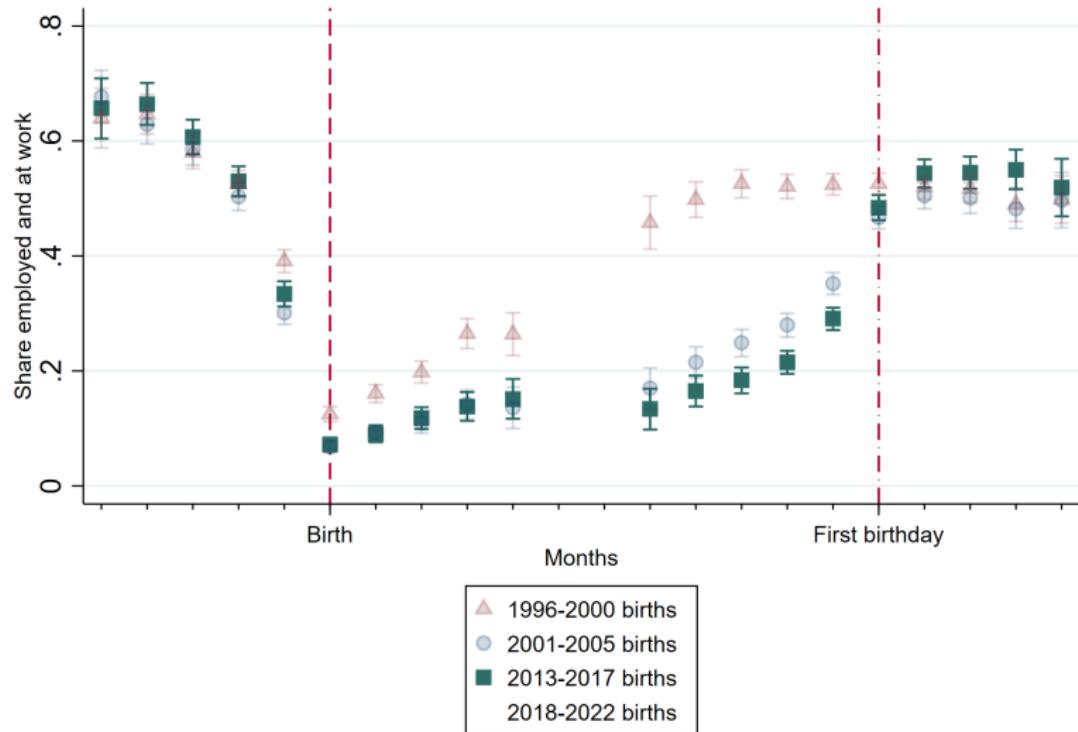
Return

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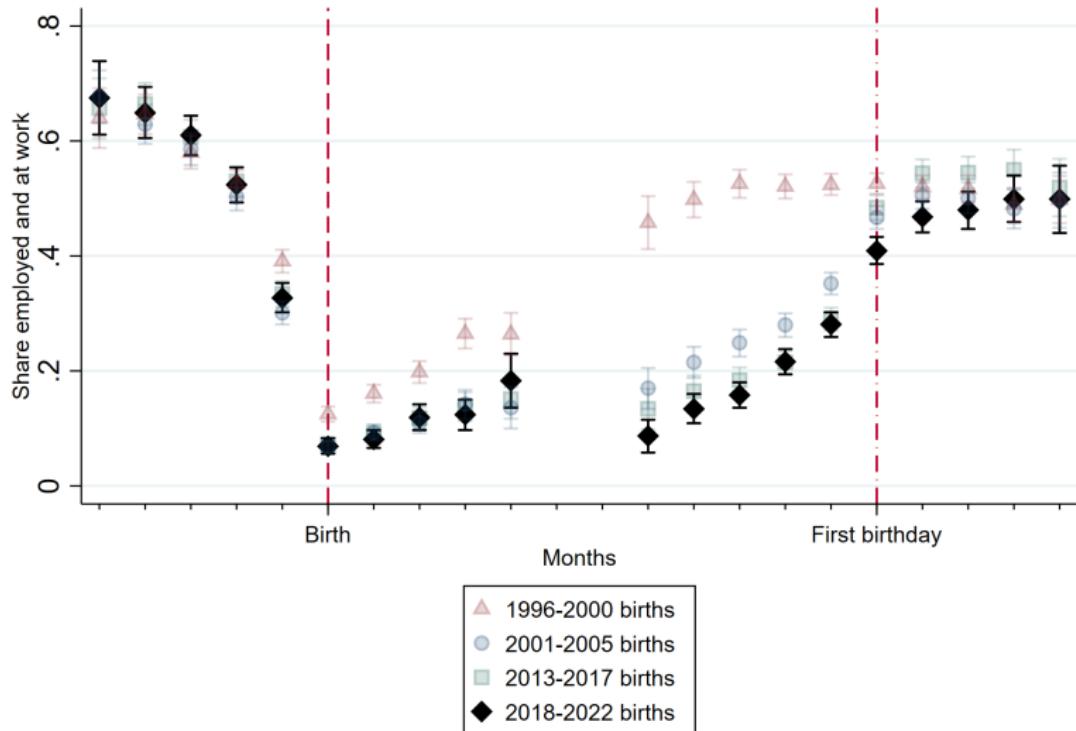
Share of mothers employed and at work in Canada outside of Quebec

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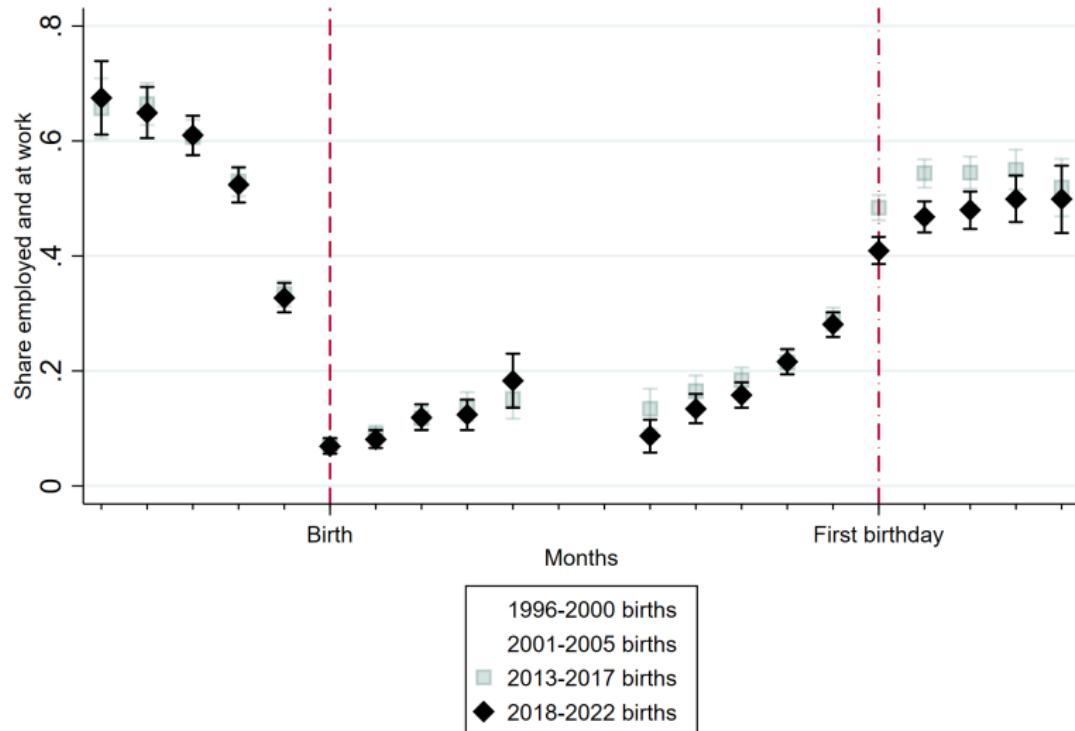
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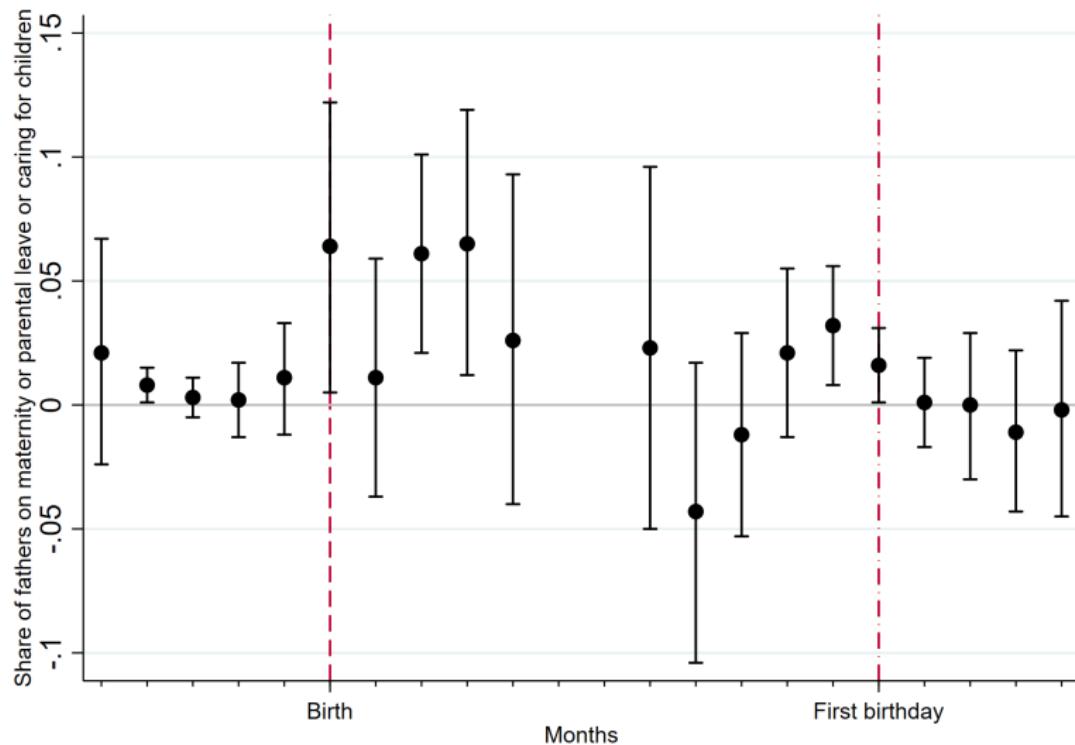
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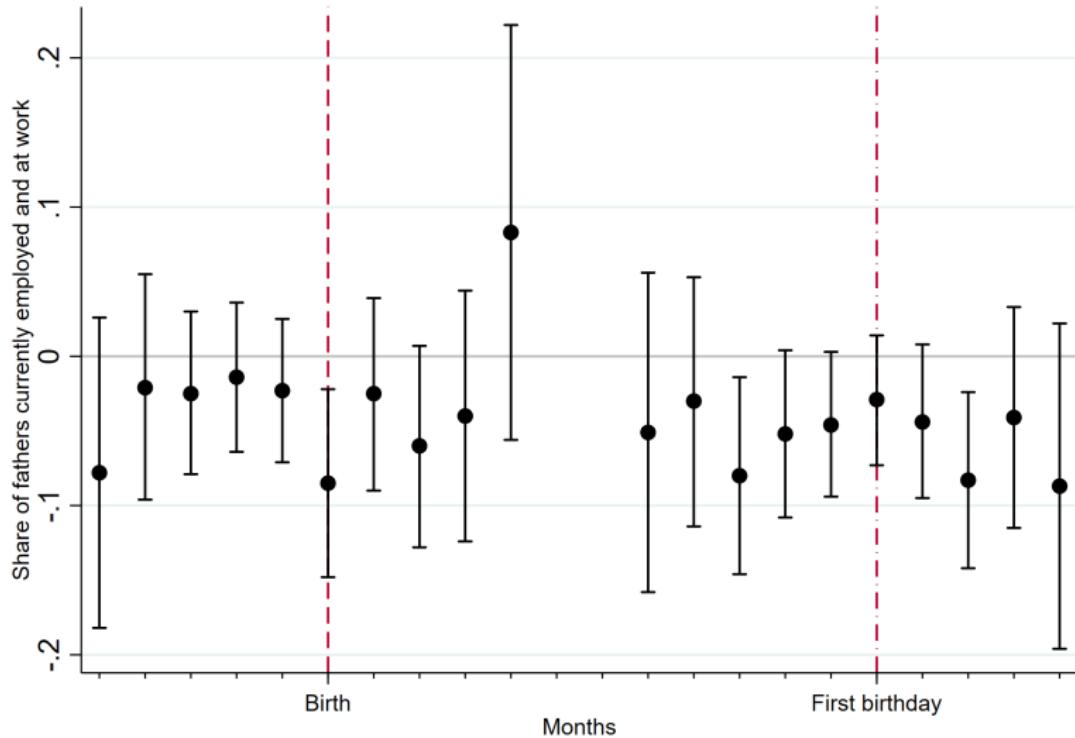
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Impacts on providing care



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