



Childcare cash benefits and fertility timing in Norway

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Background

- ◆ Introduced in 1998
- ◆ Available for parents of children aged between 12 and 36 months of age
- ◆ Cash payment with only requirement that the child does not attend state provided external childcare
- ◆ Purpose:
 - Give families more flexibility with respect to own childcare
 - Cash benefits to parents who preferred to care for children at home
 - Compensate those who were not offered kindergartens

Criticism

- ◆ Suppose to be gender-neutral, but women are the main receivers of the benefit
- ◆ Encourages women to stay at home, possibly reducing labour supply
 - Several studies suggest a negative impact on female labour supply
- ◆ Facilitates a more traditional division of labour between mother and fathers

Focus of the study

1. Who takes up the cash benefit?
2. To what extent do those taking the benefit differ in terms of childbearing behaviour?



Key question: Do those opting for the cash benefit tend to accelerate the timing of the second and third child?

Data

- ◆ Norwegian registers
 - Population, education, income, parental leave, cash benefit
- ◆ All couples with one or two common children born in 1998, 1999 and 2000
- ◆ Follow the couples until 5 years after child is born
 - 56,670 one-child couples
 - 50,508 two-child couples
- ◆ Method
 - Logistic regression
 - Propensity Score Matching

Use of cash benefit during 1998 - 2000

	One-child couples			Two-child couples		
	1998	1999	2000	1998	1999	2000
None	12	12	11	12	12	12
1-6 months	10	10	10	9	9	10
7-12 months	10	10	10	8	9	9
13-23 months	21	21	24	19	20	22
24 months	47	47	45	52	50	47

Who takes the benefit?

Mothers earned income	One-child couples	Two-child couples
Very low	1	1
Low	1.10	1.04
Medium	0.84	0.62
High	0.62	0.40
Top	0.48	0.30

Who takes the benefit?

Mother's education	One-child couples	Two-child couples
Primary	1	1
Secondary	0.78	0.80
Higher, 1 st stage	0.51	0.57
Higher, 2 nd stage	0.29	0.33
Father's education		
Primary	1	1
Secondary	0.91	0.90
Higher, 1 st stage	0.63	0.65
Higher, 2 nd stage	0.49	0.52

The effect of cash benefit on timing of first and second births

	One-child couples	Two-child couples
12-23 months	0.069 <u>0.136</u>	0.025 <u>0.045</u>
24-35 months	0.263 <u>0.070</u>	0.061 <u>0.026</u>
36-47 months	0.280 <u>0.014</u>	0.072 <u>0.010</u>
48-59 months	0.193 <u>0.015</u>	0.061 <u>0.004</u>

Effect on childbearing – by education – one child couples

	Primary	Secondary	Higher, 1 st stage	Higher, 2 nd stage
12-23 months	0.047	0.060	0.088	0.119
	<u>0.117</u>	<u>0.128</u>	<u>0.158</u>	<u>0.161</u>
24-35 months	0.132	0.239	0.375	0.448
	<u>0.094</u>	<u>0.072</u>	<u>0.056</u>	<u>0.014(ns)</u>
36-47 months	0.140	0.271	0.387	0.416
	<u>0.050</u>	<u>0.018(ns)</u>	<u>0.001(ns)</u>	<u>-0.033(ns)</u>
48-59 months	0.114	0.198	0.251	0.076
	<u>0.021(ns)</u>	<u>0.016(ns)</u>	<u>0.026(ns)</u>	<u>0.012(ns)</u>

Effect on childbearing – by income – one child couples

	Very low	Low	Medium	High
12-23 months	0.059 <u>0.133</u>	0.067 <u>0.139</u>	0.072 <u>0.134</u>	0.106 <u>0.136</u>
24-35 months	0.202 <u>0.088</u>	0.267 <u>0.076</u>	0.324 <u>0.036</u>	0.332 <u>0.042</u>
36-47 months	0.228 <u>0.023</u>	0.284 <u>0.031</u>	0.321 <u>0.005(ns)</u>	0.333 <u>-0.032</u>
48-59 months	0.174 <u>0.011(ns)</u>	0.191 <u>0.038</u>	0.222 <u>0.007(ns)</u>	0.187 <u>-0.001(ns)</u>



Concluding remarks

- ◆ Cash benefit is associated with an acceleration in childbearing
- ◆ Important differences by education and to some extent income