

Intergenerational Effects of Disability Benefits - Evidence from Canadian Social Assistance Programs

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July 2013

Abstract

Using Statistics Canada's National Longitudinal Survey of Children and Youth (NLSCY), this paper presents the first evidence on whether increased disability benefits reduce the negative consequences of parental disability on children's well-being. Using a continuous difference-in-differences (DD) approach, we analyze whether gaps in developmental outcomes between children of disabled and non-disabled parents vary with the benefit level. We find strong evidence that higher parental disability benefits lead to improvements in children's cognitive functioning and non-cognitive development, as measured by math scores in standardized tests, and hyperactive and emotional anxiety symptoms. The effect is larger on children with a disabled mother than on those with a disabled father - which is consistent with the "good mother hypothesis" that a mother's income is more likely than a father's to be spent in ways that benefit the children.

JEL Codes: J1 J6 I38

Keywords: Disability Benefits, Child Well-Being, Welfare, Intergenerational Transmission