

Mothers of two-year-olds in Finland – the activity of mothers and the plans of the government

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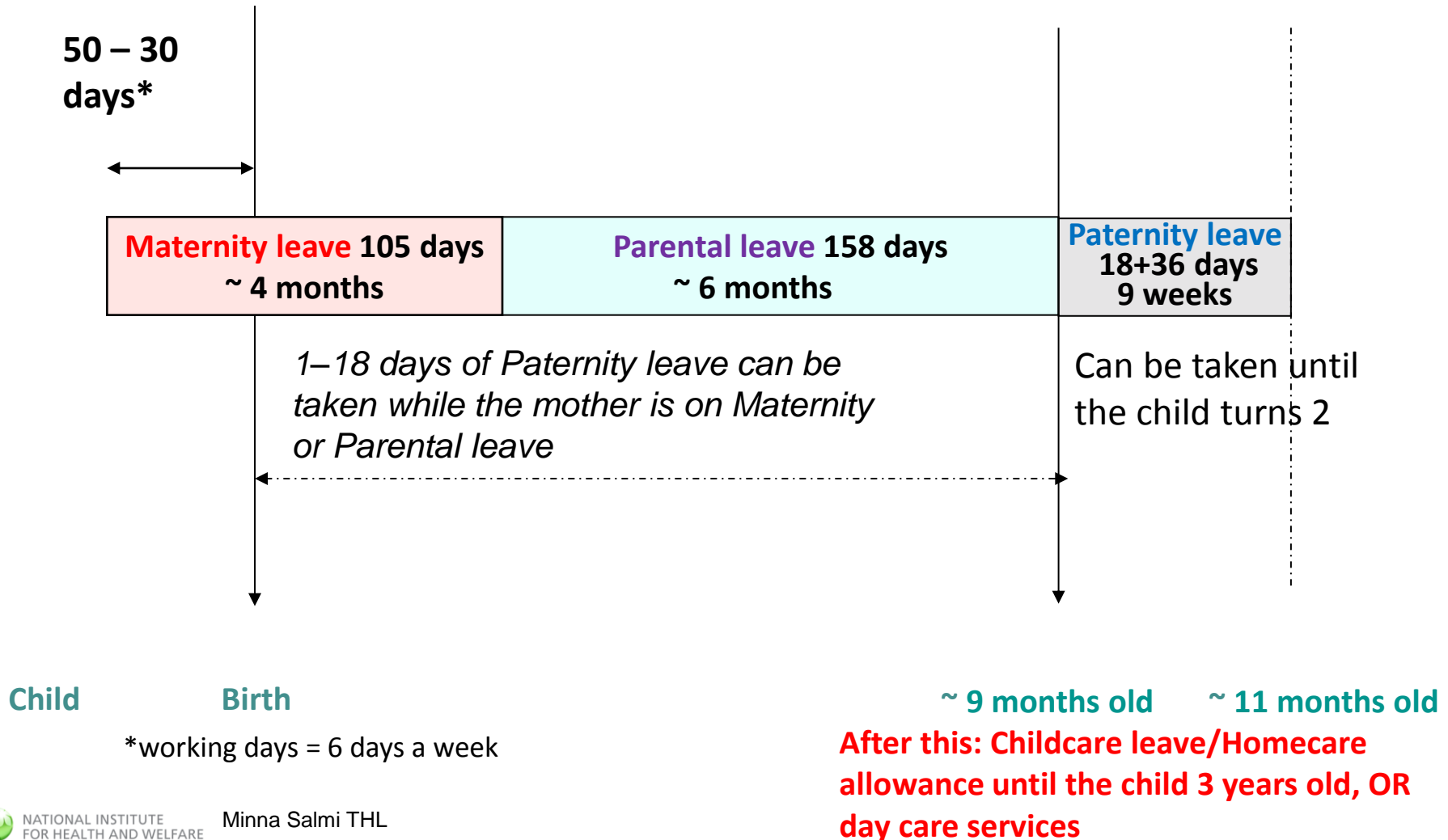
Contents of the presentation

- Two cornerstones of Finnish family policy (apart from parental leave): Homecare allowance and day care services
- The government's suggested reforms to the cornerstones
- What do statistics and research indicate about the probability of reaching the government's goals with the reforms
- Probable consequences of the reforms
- Background of the suggestions

Data

- Statistics of Social Insurance Institution and Statistics Finland
- The THL & Kela Family Leave Survey in November–December 2013
 - Web-survey to mothers (N=3029) and fathers (N=2161) of children born 2011
 - Response rate of mothers 44 % and fathers 32 %
 - Respondents selected randomly from the Social Insurance Institute's (Kela) register on receivers of parental benefits
 - The focus child's age varied from 22 months to 34 months at the time of the survey; here called "two-year-olds" for short
- Part of the THL Family Leave Study 2013–2016 funded by The Finnish Work Environment Fund

Maternity, Paternity and Parental leave in Finland since 2013



Two cornerstones of Finnish family policy: Child Homecare allowance and universal right to day care services

- After Parental leave, families can choose between the Homecare allowance and day care services (the child is 9 / 11 months old)
- Almost all families (88 %) take advantage of the Homecare allowance
 - most usually for less than seven months (30 %), in the majority of families (56 %) for 12 months at the maximum
 - seldom (16 %) for the whole available period until the child turns three
 - the parent staying at home almost always the mother (97%)
- only 38 % of children under three attend day care services
- Child homecare allowance
 - € 341.06 a month + certain extras
 - In 2012 the average HCA paid was € 389 a month
 - 30 % of municipalities pay a municipal extra to the HCA (in average € 148 a month, varies between € 50–264)

Corner stones shaken?

Homecare allowance and universal right to day care services on the government's reform list

The structural policy program of the government 29.8.2013:

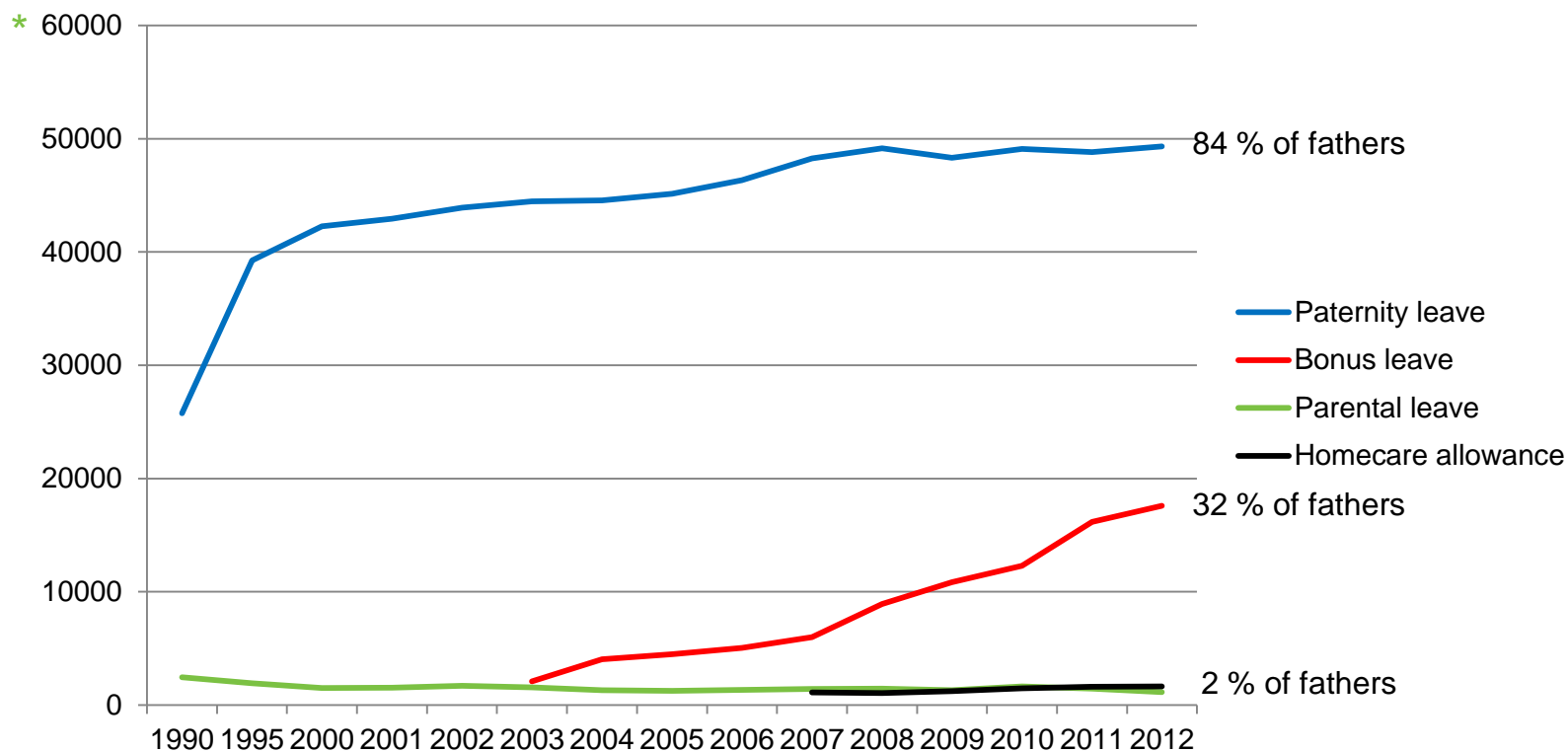
- The Homecare allowance period will be split evenly between mothers and fathers; non-transferable quotas
 - To raise the employment rate of women
 - To improve gender equality with fathers increasing the take-up of Homecare allowance
- The universal right to day care services will be restricted to part-time for children who have a parent at home on Maternity, Paternity or Parental leave, or supported by the Homecare allowance, with a younger sibling
 - To compensate the municipalities for the growing day care costs caused by the Homecare allowance reform

How to assess the reforms?

- The reform of the Homecare allowance period
 - In principle a big positive step:
 - a one year father's quota is introduced
 - earlier a strong political resistance towards the father's quota to Parental leave as "coercion" of fathers
 - earlier also a strong emphasis on the "free choice" as to who takes leave and for how long
 - But: no proposals presented to lengthen the father's quota with an earnings-based benefit (Paternity leave)
 - Few fathers will use their HCA quota as the flat rate allowance is low; so far, 2 % of fathers have taken HCA
 - In practice aimed at families where mothers of two-year-olds are at home with the child

Fathers' take-up of different types of leave 1990–2012:

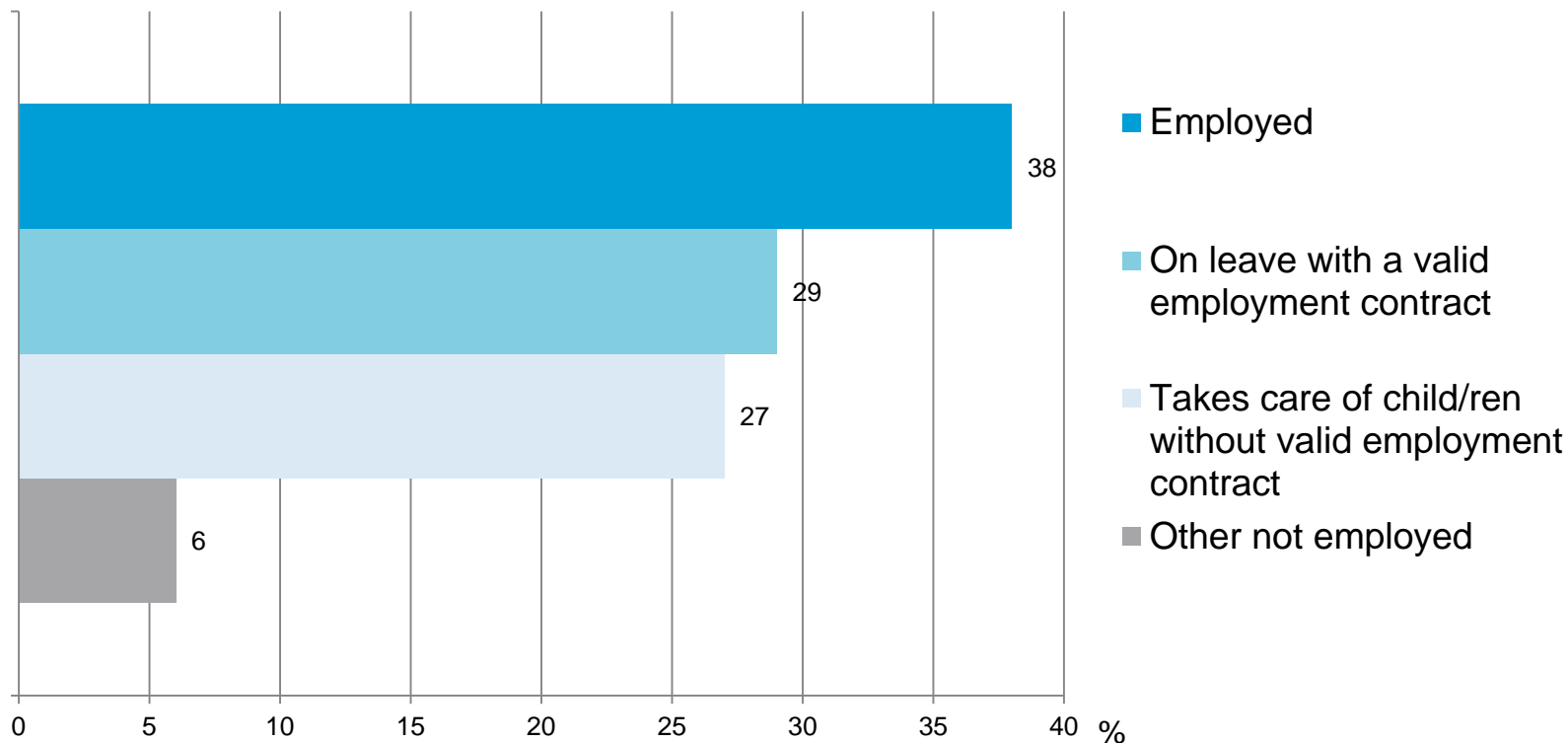
Fathers use leave quotas with earnings-based benefit



Source: Statistical Yearbooks of the Social Insurance Institution

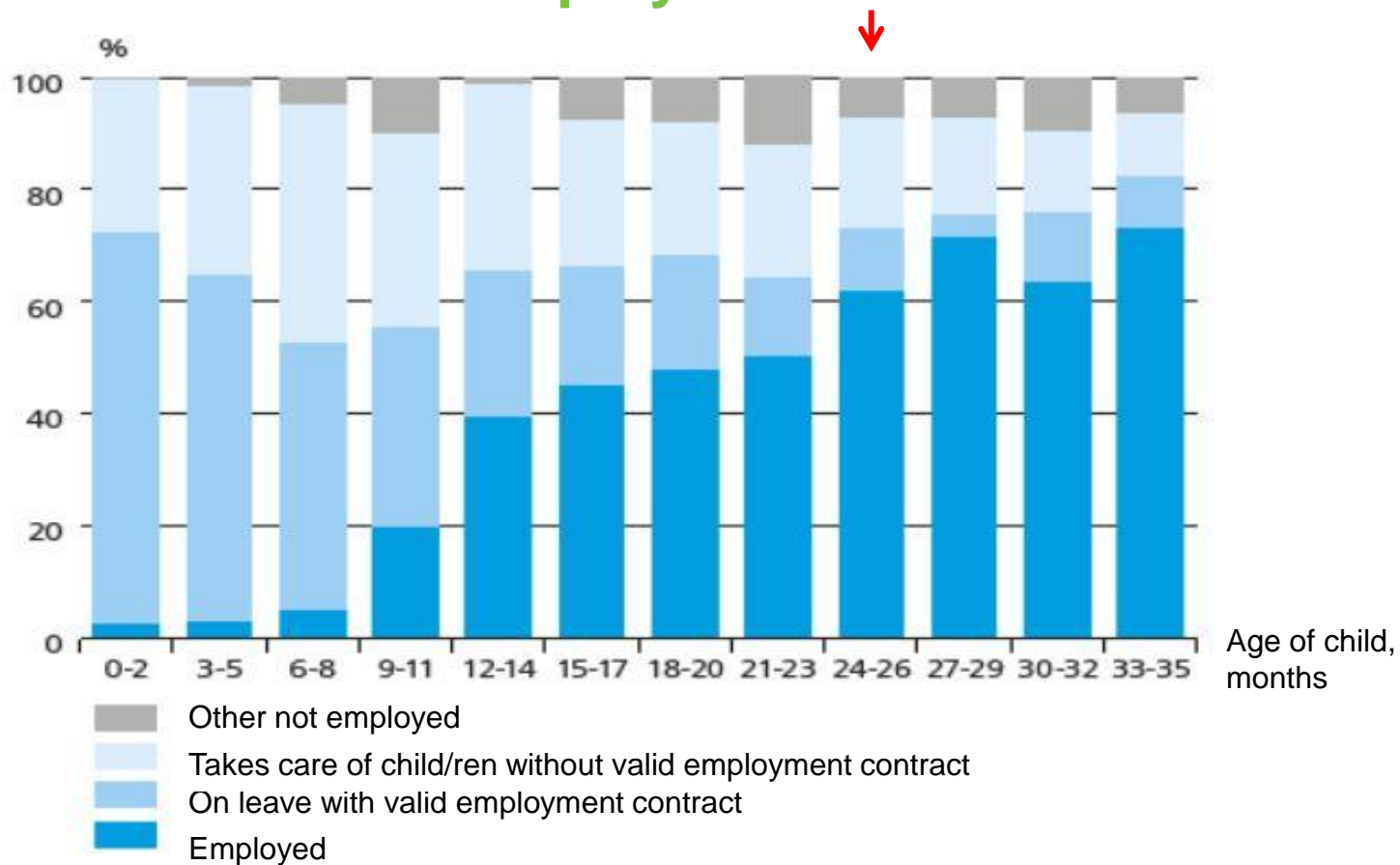
* Approximately 60 000 children born on a yearly basis

Main activity of mothers with a child under three 2012 (age 20–59): Few mothers of under-threes are employed



Source: Heidi Melasniemi-Uutela, Statistics Finland, Labour Force Study (unpublished)

Main activity of mothers according to the age of the youngest child in 2012:
On a closer look: When youngest child turns two, majority of mothers are employed



Source: Anna Pärnänen, Statistics Finland, Labour Force Study

How to assess the reforms?

- The reform of the Homecare allowance period
 - In principle a big positive step:
 - a one year father's quota is introduced
 - earlier a strong political resistance towards the daddy quota to parental leave as "coercion" of fathers,
 - earlier also a strong emphasis on the "free choice of the families" as to who and for how long takes leave
 - But: no proposals to lengthen the daddy quota with an earnings-based benefit
 - Few fathers will use their HCA quota as the flat rate allowance is low; so far, 2 % of fathers have taken HCA
 - In practice aimed at families where mothers of two-year-olds are at home with the child
 - The government calculates that the reform leads to 6000 mothers entering the labour market
 - This is 0.5 % of the female labour force
 - The work input of Finnish women already on top in European comparison (full-time work equivalent)

What did mothers of two-year-olds do in 2013?

THL & Kela Family Leave Survey

Type of activity, %	All	Youngest child born 2011	Mothers with a new baby*
Employed	46	59	10
Takes care of child/ren at home	40	24	84
Other	14	17	6
N	3027	2234	793

* Mothers with a baby born after the child born 2011 (26 % of all mothers)

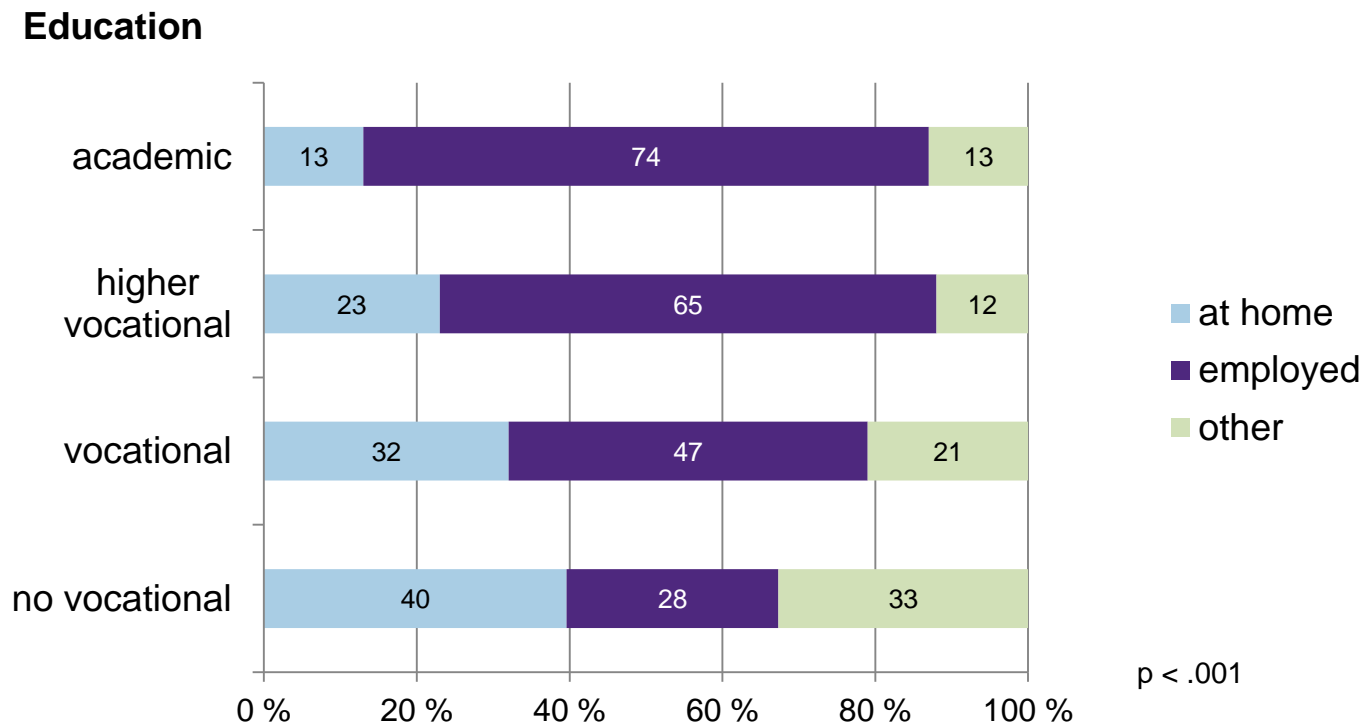
Source: Närvi 2014

To analyse the mother's choice between employment and childcare at home..

- Next, we analyse the mothers (N=2234) whose youngest child is the two-year-old born in 2011
- Of these mothers, 59 % were employed and 24 % were at home taking care of child/ren

Mother's type of activity when the youngest child is two years old according to level of education:

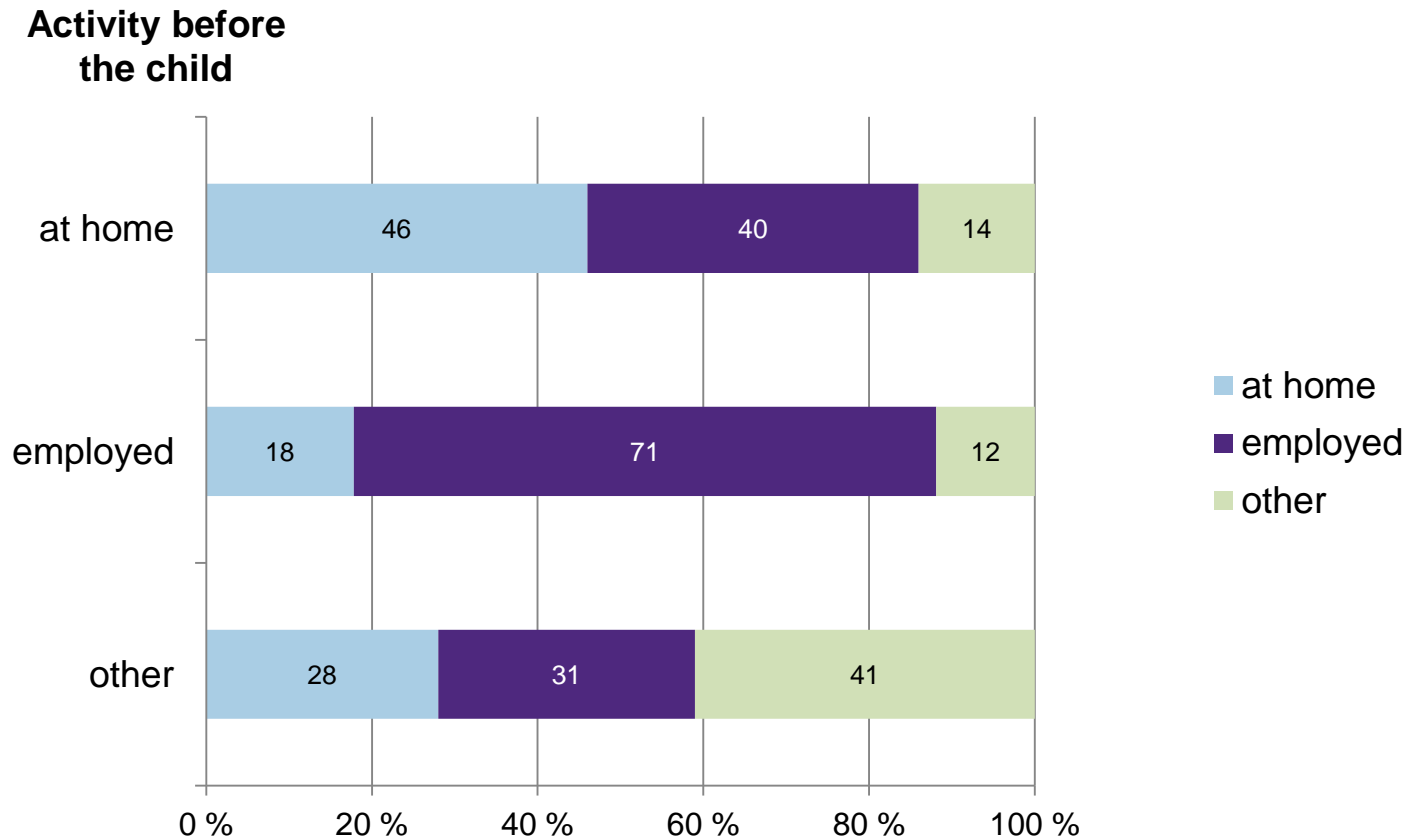
The higher the mother's education level, the more often the mother is employed



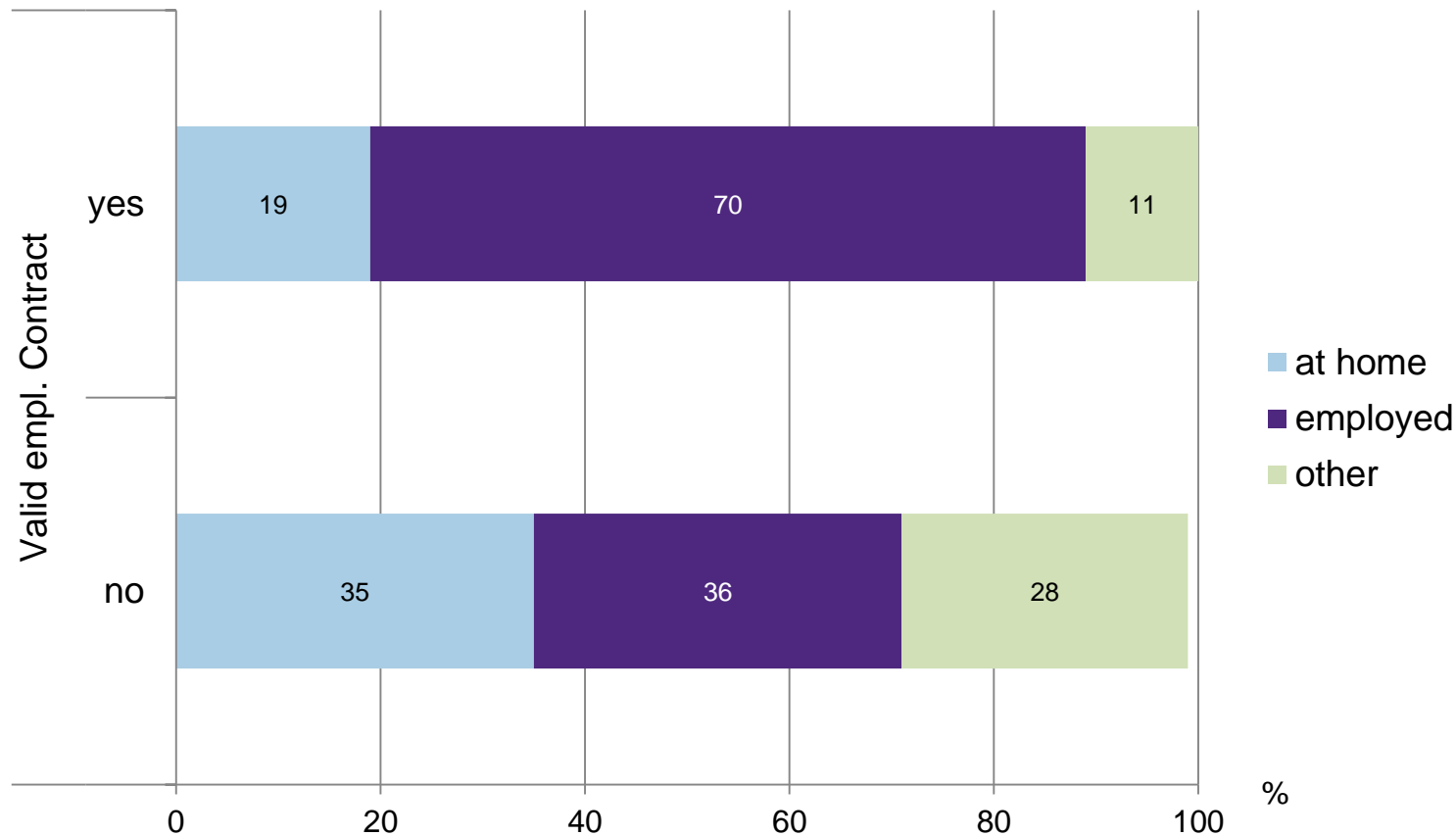
Source: Närvi 2014

Mother's type of activity when the youngest child is two years old according to activity before the child was born:

If employed before the child, employed also when child is two years old



Mother's type of activity when the youngest child is two years old according to employment position when the child was born:
If valid employment contract when the child was born, employed also when child is two years old



Main predictors of mother's activity when her youngest child is two years old

Factors which at least double the probability of the mother being employed

- Having been employed before the child was born
- Having a high level of education
- Having had a valid employment contract when the child was born

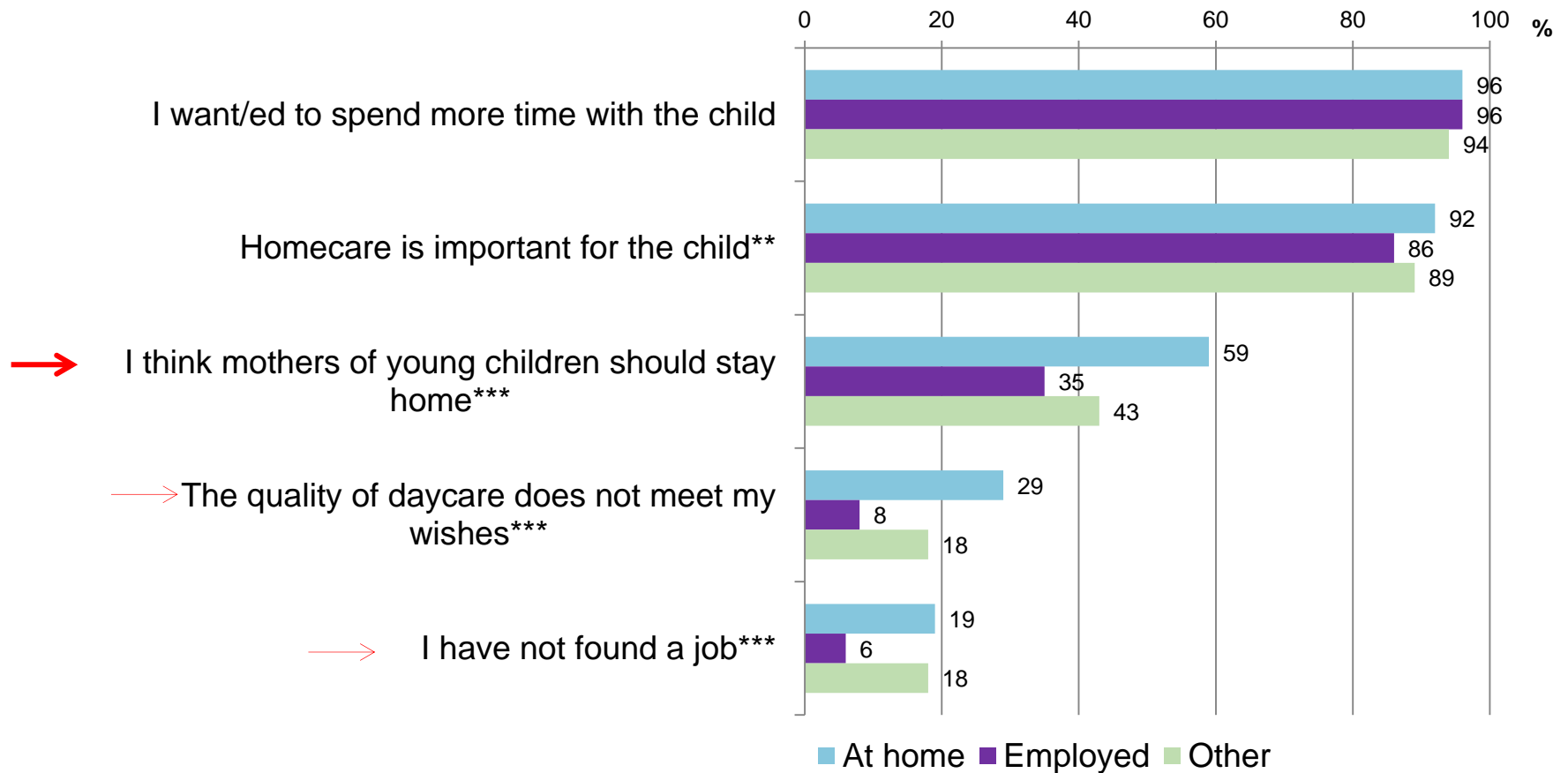
For mothers who are still at home with the child

- Number of children almost as important
 - having three or more children almost doubles the probability of the mother staying at home

Summing up: the mother's possibilities and experiences in the labour market are decisive to the length of her family leave.

Individual motivations for using the Homecare allowance after Parental leave according to type of activity when the youngest child is two years old

Mother's view on "mother's place" divides at-work and at-home mothers



Source: Närvi 2014

”Mother care ideal” or structural factors decisive?

- When analysed simultaneously, both factors related to education and position in the labour market and attitude towards ”mother care ideal” prove to be significant
 - Level of education and labour market experience still predict the mother’s activity when her youngest child is two years old
 - But the mother’s traditional view on mother’s place at home doubles the probability that she is still at home on Homecare allowance with the two-year-old

Conclusions related to the HCA reform

- Mothers who take the longest Homecare allowance periods have a low level of education and a precarious or no relation to the labour market
 - → they have difficult to find job – low supply of jobs for people with a low level of education due to globalised economy and the economic crisis
 - Spouses of these mothers cannot afford to take their quota of the HCA, if mothers are unemployed or in low-paid jobs
 - Leads to growing unemployment among mothers
 - Ministry of Finance calculates that 40 % of the mothers who have stayed at home with a two-year-old will be unemployed after the HCA reform
 - → New costs for the state: the state pays the unemployment benefit; this is twice as high as the Homecare allowance which is funded mainly by municipal taxation
 - If the mothers find jobs or become job-seekers, the reform leads to growing day care expenses in the municipalities
 - 15 000 two-year-olds + 5 000 siblings calculated to enter day care services
- reform of day care services to compensate these expenses

How to assess the reform of day care services*

* Universal right to day care services restricted to part-time for children who have a parent at home on leave or on the Homecare allowance with a younger sibling

- Two in principle big steps taken:
 - the principle of parents' "free choice" between day care and home care for their children is abolished
 - control by authorities is reintroduced as regards the "social grounds" on which a child can be entitled to full-time day care services even if s/he has a parent on leave at home
- Problems:
 - How can the right of every child to early childhood education be guaranteed?
 - What about the continuity of the child's relations with other children and adults if the child has to change from full-time to part-time day care?
- The reform has not been evaluated from the point of view of children

How to assess the reform of day care services, 2

- Not taken into account that in Finland only 54 % of children under school age attend early childhood care and education = almost half of the children entitled to the services do *not* take advantage of them
 - THL survey 2012: 80 % of children who have a younger sibling in home care are taken care of at home on a full-time basis
 - An investigation from 2005 shows that 3 % of children in full-time day care have a parent at home on some form of family leave
- ▶ The decision to restrict the universal right to day care services is done because of a rather small group of children

The reforms not a surprise

- The suggestion to shorten the Homecare allowance period made by the OECD in 2005 and been on the agenda since 2012
 - presented by the Ministry of Finance to the government negotiations on finance policy in March 2012
 - presented several times by the director of the Government Institute for Economic Research
 - presented by the Prime Minister in November 2012
 - now a new framing into an issue of gender equality and father care; “not a cut”
- The suggestion to restrict the right to day care services made several times since 2004
 - by the State Secretary of the Ministry of Finance among others
 - by the Ministry of Finance to the government negotiations on finance policy in March 2012 to get savings with the HCA reform (even if the government program states that the universal right to day care will be kept intact)
 - now calculated that the two reforms together will lead to new costs of 100–150 million euros per year

A new way of policy-making?

- ▶ The government is making big principled changes to family policy
 - without customary preparation
 - for declared aims which probably will not be reached
 - leading to extra costs to the public sector
 - without an evaluation of the consequences for children and families

Sources

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