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## Czech Leave Policies: 2017 Concept of Family Policy from the EU perspective

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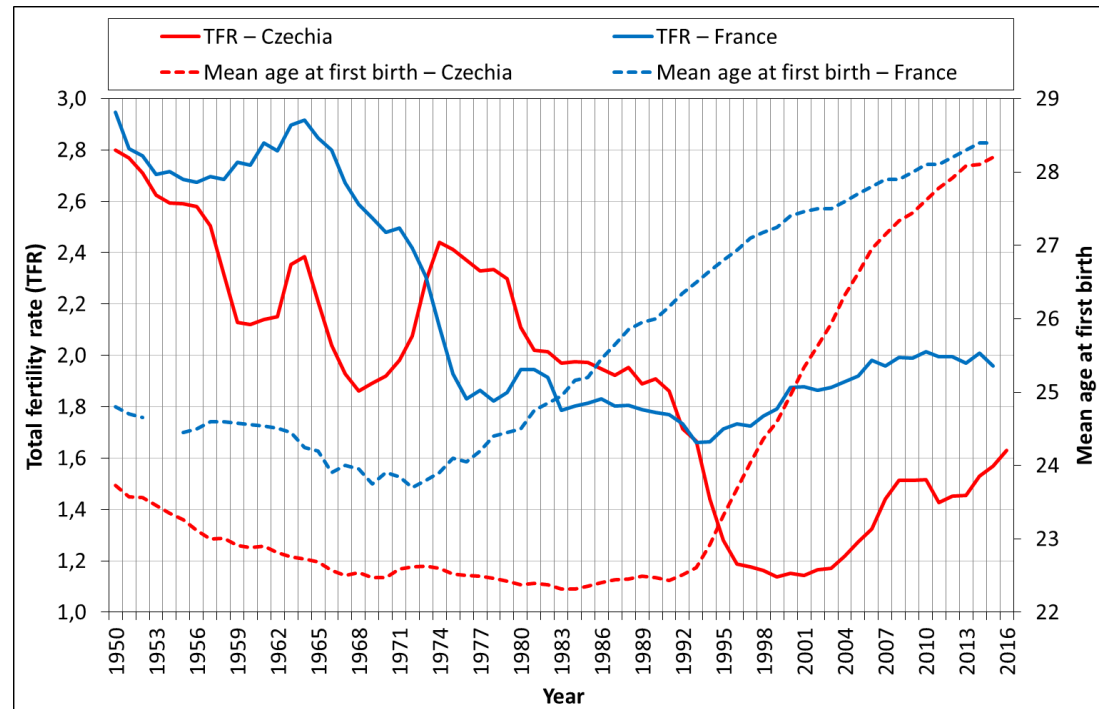
# Structure of presentation

- 1. Demographic background
  - Fertility trends and recent changes in family policy
- 2. Family policy
  - Moving from the „Temporary male bread-winner model“
- 3. Leave policy trends – key changes
  - Maternal leave
  - Parental leave
- 4. Analysis of effects of changes in PL scheme on
  - the timing of the second birth
  - the second birth rate
- 5. Current Leave scheme and new policies
- 6. 2017 Concept of Family Policy from the EU perspective



# Demographic Background versus Family Policy Trends

- The start of fertility postponement in the early 1990s resulted in the sharp drop in TFR to 1.1 in 1999. Period of social and economic transition
- Increase in TFR from 1.18 to 1.5 was registered between 2003 and 2008 during a period of economic growth, housing development and improvements in FP. First Concept of FP was accepted in 2005.
- Stagnation of TFR during economic recession 2008-2012. Cut of family benefits. Second Concept of FP was accepted in 2008
- Since 2014 an increase in TFR to 1.6 in 2016 occurred during a period of economic growth and improvements in FP. Third Concept of FP was accepted in 2017.



- Policies aimed at reconciling work and family is particularly relevant during a period of economic development (Luci-Greulich & Thévenon 2013)



# Shortages of the Czech family policy

- **Temporary male bread-winner model** – one of four types family policy models in post-communist countries (Frejka and Basten, 2016)
  - Czech Republic and Slovakia
  - This model has developed unintentionally, but has become a reality
    - Long parental leave and lack of childcare facilities for children under three
    - Scarce possibilities for part-time work and flexibility in work time
- Measures addressing opportunities and choice to balance their professional and caring responsibilities are already in place, however,
  - they are often fragmented
  - not complementary – **The leave scheme has not been developed in conjunction with affordable childcare services** and this limits the choice of working parents
- Frequent changes contributed to a certain degree of **instability**. Family policy has been underestimated in terms of its basic function as a stabilising factor.
- Czech family policy has not been developed systematically so as to provide a complex and effective system of family support over the long term. As a result, the Czech population was unable to rely on the continuity of State support, a factor which may well strengthen the level of **uncertainty** in the childbearing decision-making process.
- It is difficult to find a **wide consensus** between politicians as regards the aims of family policy.



# Maternity leave – relatively stable

- **Duration:**
- 1990 - 28 weeks (37 multiple births and lone mothers)
- 2008 - 28 weeks (37 weeks only if multiple births)
  
- **Benefit:**
- 1990 - 90% of the net daily wage
- 1993 - 67% of the daily assessment base
- 1994 - 69% of the daily assessment base
- **1999** - 69% of the daily assessment base, the maximum of the daily assessment was doubled which resulted in the **increase** of the **maximum benefit from 46% to 80% of average wage**
- **2009** - **70%** of the daily assessment base, the maximum of the daily assessment base was doubled which resulted in the **increase** of the maximum benefit **from 60% to 120% of average wage**
  
- **Proposal 2017:**
- To increase the daily assessment base from **70% to 75%**
- To **increase the maximum of the daily assessment base**
  
- **Paternity leave: adopted in 2017, effective since 2018**
- **One week, 70%** of the daily assessment base,



# Parental leave – significant changes

## ▪ Duration

- 1990 - up to a child's 3rd birthday regardless of birth order

## ▪ Length of entitlement to parental benefit

- 1995 - up to a child's 4th birthday

## ▪ Benefit

- 1990 - 27% of the average wage
- in the 1990s - decrease in the amount below 20% of the average wage
- 2003 - the lowest replacement rate close to 15% of the average wage
- 2004 - increased by 40% to replacement rate of 20% of the average wage
- 2007 - doubled to replacement rate of 37% of the average wage
- 2008 - three “speeds” of drawing parental benefit - amounts are set at fixed monthly rates according to duration of drawing - up to 2nd birthday (replacement rate of 50% of the average wage), up to 3rd birthday (replacement rate of 33% of the average wage) or up to 4th birthday (replacement rate of 33% up to 21st month and replacement rate of 17% since 22nd month).
- 2012 - free choice of the monthly amount up to fixed total sum of CZK 220000 (EUR 8150) with maximum benefit of CZK 11,500 (EUR 425) per month (replacement rate of 45% of average wage)

## ▪ Other conditions (possibility to work or to use childcare facilities without loss of entitlement)

- 1990 - 1997 no access to public childcare facilities, limit of extra income
- 1998 - 2000 limited access to public childcare (maximum 3 days per months), limit of extra income
- 2001 - 2003 limited access to public childcare was extended to maximum 5 days per months), limit of extra income
- 2004 - 2005 limited access to public childcare ( maximum 5 days per months), no limits of extra income
- 2006 - 2011 access to public childcare facilities extended to 4 hours per day for children aged three, no limits of extra income
- since 2012 - no restriction of access to public childcare facilities for child aged two and over, limited access for children younger than two years (max 46 hours per month), no limits of extra income



# Duration-specific second-birth rates by year at first birth

Hypothesis:

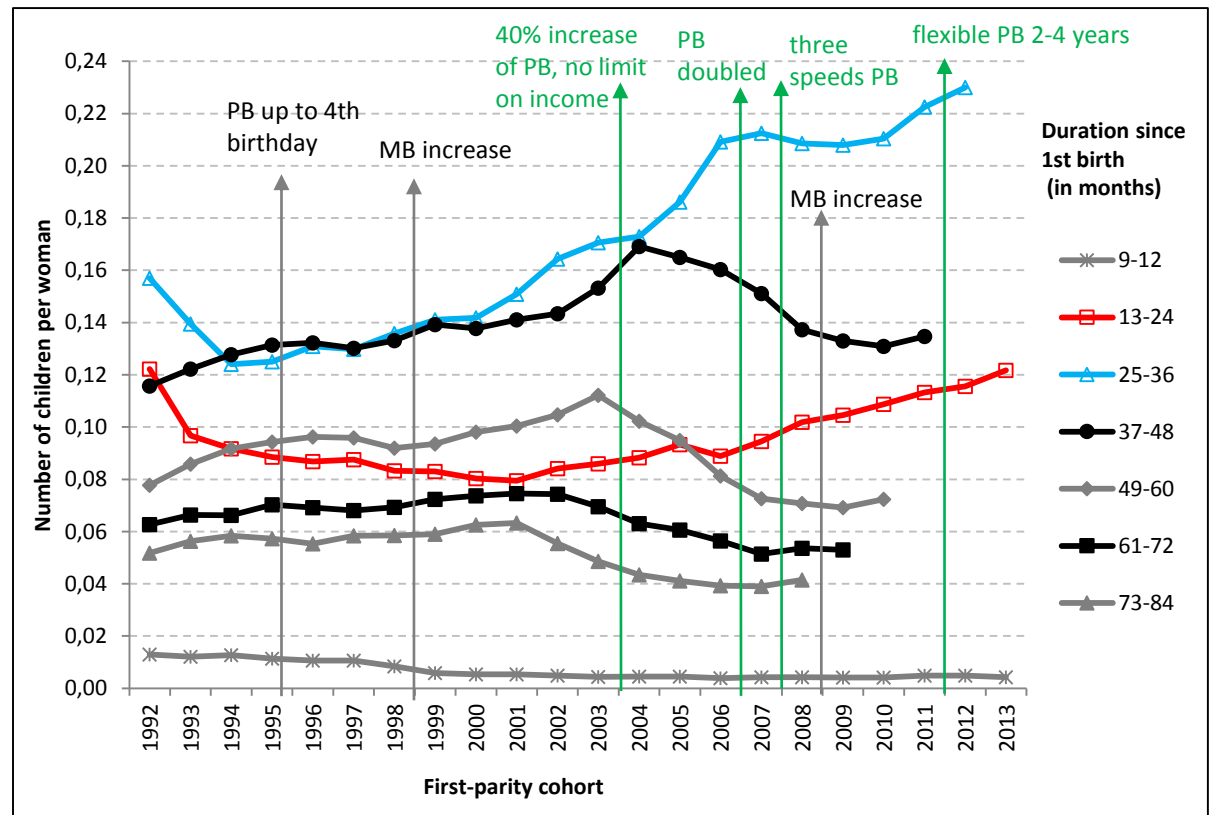
(1) Long and badly paid parental leave, limited access to childcare facilities, and limited possibility to extra income **increase opportunity costs**, thus, contributing to women's entry to employment and postponement of second birth

(2) Flexible and well paid parental leave, no limit of extra income, and accessibility to childcare **reduces the costs of children and increase the chance of second birth**.

## Key findings:

Improvements in PL scheme contributed to shortening of birth interval, thus contributing to recuperation of second births and to an increase in TFR

- The **parity-cohort method** was applied in order to investigate changes in the spacing and quantum of **second births** among women who had their first child between 1992 and 2013 **in relation to changes in PL scheme**.



# Current Leave scheme and new policies

## Current status of Parental leave – effective since 2012

- **Free choice of the period and amount** of Parental benefit
  - the shortest option is until the child is **two years** old,
  - the longest option is until the child is **four years old**
- It means a free choice of the monthly amount up to **fixed total sum of CZK220,000** (EUR8,460) with maximum Parental benefit of CZK11,500 (EUR 442) per month (replacement rate of 45% of average wage) for the shortest option
- The selected Parental benefit option may be changed after three months
- **No restriction of access to public childcare facilities for children aged two and over**
- Limited access for children younger than two years (max 46 hours per month)
- No limits of extra income - **parents can work part-time or full-time** while receiving parental benefit.

## New policies

- Adopted in 2017 and effective since 2018
  - **One-week Paternity leave** that can be taken within 6 weeks after the childbirth
  - **Further flexibilization of Parental benefit**
    - Parental benefit will be enabled to take up for shorter period than until the child is two years old
    - The shortest period will be 6 months with the maximum payment of the same amount like the maximum payment at Maternity leave
    - Total sum will be increased to CZK330,000 (EUR12,690) for multiple childbirth.
- Proposed, but not approved
  - No restriction of access to public childcare facilities also for children younger than two years





# 2017 Concept of Family Policy from the EU perspective

- EU initiative: **New Start to Support Work-Life Balance for Parents and Carers** (26 April 2017)
- – it states that parents and people with caring responsibilities have the right to suitable leave, flexible working arrangements and access to care services
  
- (1) – it strengthens the right to parental leave
  - Directive establishes the 4-month period, available to each parent, non-transferable from a parent to another, and it also establishes parent on PL should receive an adequate income at least equivalent to sick pay level
  - **2017 Czech Concept of Family Policy – proposal to introduce „motivational shifting 3-month bonus“ (střídací bonus)**
  - **Measure adopted in 2017 - the new option to shorter PL to 6 months with the maximum payment of the same amount like the maximum payment at Maternity leave (slightly higher than sick pay level)**
  
- (2) - it introduces an individual right to paternity leave
  - with the same level of protection as applies to Maternity leave, the right to take at least 10 working days of leave around the time of birth of a child, the leave will also be compensated at least at the level of sick pay
  - **Measure adopted in 2017 - One-week Paternity leave, fathers will be entitled to the same conditions like mothers on Maternity leave**
  
- (3) – it introduces provisions for carers leave – intended as “a worker providing personal care or support in case of a serious illness or dependency of a relative” this grants at least 5 working days per year. (**leave to care for a sick relative exists in the CR**)
  
- (4) - it grants parents and carers the possibility to work flexibly to adapt their working schedules to their personal needs and preferences (**legislation exists, however, obstacles from employers**)



# Conclusion

- The new Concept of the Czech Family Policy is in line with the current EU initiative to develop a framework to help working parents to balance their working and caring responsibilities
- It develops support of both the care for children and the care for dependant relatives - it is recognized that care is a life-cycle, it is an integral and unavoidable part of society.
- The existing scheme of leaves is further developed towards more flexibility, and it is recognised that it must be complemented by an expansion of affordable care services.

