



# Parental leave reform 2021 in Finland – what is new?

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# Background, 1

- Parental leave scheme has been under discussion for the past ten years
  - main topics gender equality, fathers' quota, women's position in the labour market
  - but framed within discussion on women's employment rate and sustainability gap of public economy; less on parenthood, care and wellbeing of children
- During these years, political parties have become more active in leave issues
  - around 2016 all parties and central labour market organisations presented a Parental leave model of their own
  - earlier political parties relied on views of central labour market organisations
  - behind this development a change of generation -> better understanding of gender equality, diversity of families, and changing working life + developments in other Nordic countries

# Background, 2

- Development of leave schemes takes place in tripartite groups
  - central labour market organisations play a strong role
  - the role of the government was more vague while political parties had not developed their own views on leave development
  - in the two latest reform endeavours, the government has played a strong role
- The latest try to a comprehensive reform in 2009–2011 but did not advance to the government's table, 2011–2014 some changes (true quota for fathers, improvement of part-time leave options)
- The previous right-wing government (2015–2019) tried to put together a leave reform, but did not reach an agreement due to contradictory goals
- The present government (a coalition of Social Democrats, Centre Party, the Greens, the Left Alliance and the Swedish People's Party) has agreed on the reform and presented its proposal in February 2021

# Goals in the government's programme 2019

- Parental leave and care responsibility are divided evenly between both parents.
- Equality in working life increases and wage differentials between women and men decrease.
- Opportunities for choice and flexibility in leave take-up increase.
- The reform treats all families, also diverse families, equally and takes into account different forms of entrepreneurship.
- The reform has to be carried out so that **mothers and fathers have the same number of quota months. Fathers' quota with income-related benefit is lengthened without shortening the share currently available for mothers. Additionally, the leave must include a period to be freely shared between the parents.** The income-related benefit with a higher percentage is paid to both parents corresponding the period currently paid for mothers.
- The **Homecare allowance continues in its current form.**

# Basic premises in the proposal, 1

- New logic of Parental leave
  - Parental leave is divided equally between parents; replaces present Maternity, Paternity and Parental leave
  - basic logic: parenthood belongs to both parents
  - earlier: mother as the primary carer
- A longer leave with earnings-based benefit
  - helps the family economics in families with young children
  - decreases the need to use the low flat-rate Homecare allowance
  - the lengthening directed entirely to the father's quota
    - strengthens fathers' parenthood
    - improves women's position in the labour market
    - makes easier for fathers at the workplaces to take a longer leave

# Basic premises in the proposal, 2

- More flexibility
  - both parents can use Parental benefit days until the child turns two
  - transferable quota days can be used by the parent's spouse who is not the biological parent of the child
  - possibility to use the benefit days in as many and as long blocks as the parent wishes as well as on a part-time basis
    - restricted for employees to 4 blocks with a minimum length of 12 working days
- Better leave entitlements for diverse families
  - a single parent is entitled to all 320 Parental leave days
  - entitlements equal for biological and adoptive parents and irrespective of the parent's gender
  - more leave benefit days for families with multiple births
  - wider possibilities to transfer leave days in reconstituted and LBGT families

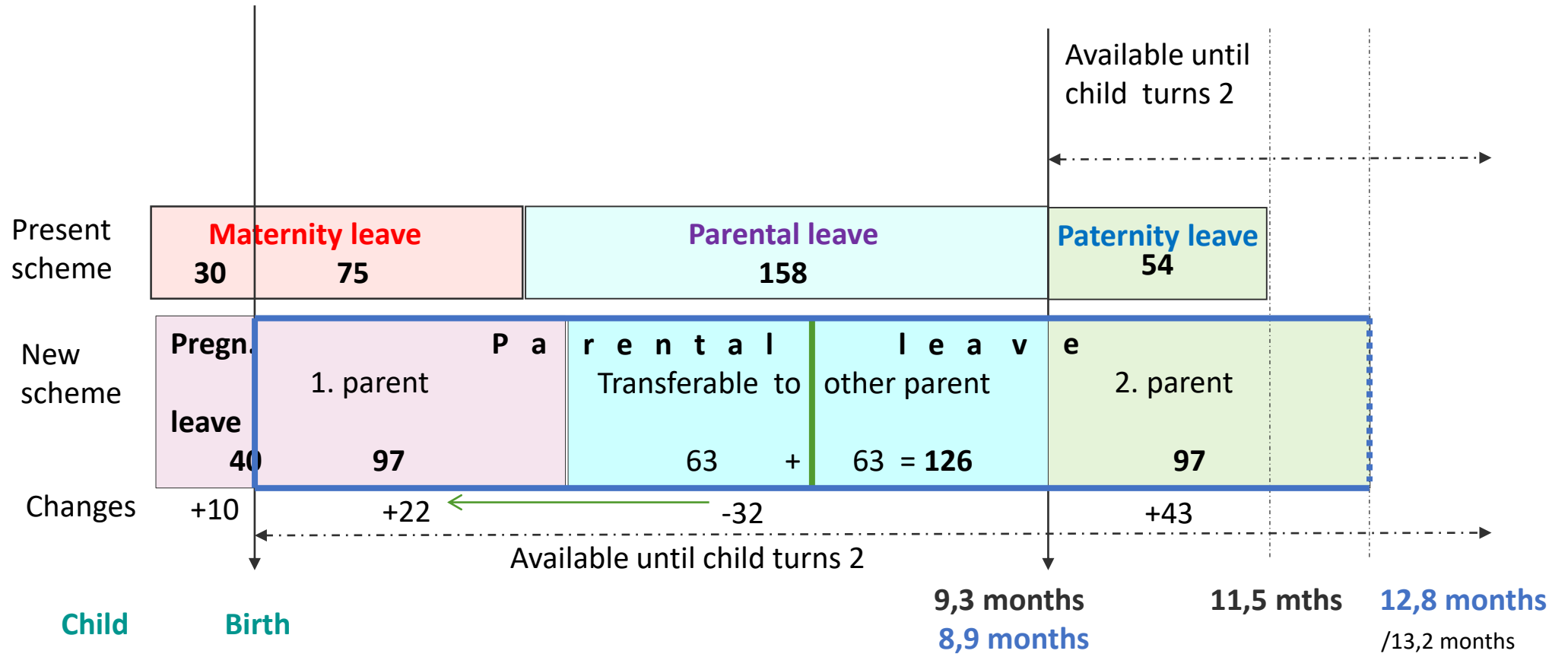
# Structural changes

- Parental leave 320 working days = 12.8 months
- Pregnancy benefit for 40 days = 1.6 months
- In all 360 days = 14.4 months
- Homecare allowance remains intact but can be used more flexibly
  - can be paid already after 160 Parental benefit days have been used to enable alternating use of Homecare allowance and Parental leave
- Alterations to ECEC regulations
  - entitlement to ECEC starts when the child turns nine months
  - if a parent takes part of her/his Parental leave days after the child has started in ECEC, the child is entitled to return to the same daycare centre if the leave is no longer than 13 weeks



# Present and new Parental leave scheme in Finland

Periods and changes in days\*



\*working days (6 days a week), 25 days = one month

# Present and new scheme in comparison

- The present scheme directs parents to choices along the lines of traditional gendered division of care
  - the longest part of the scheme is the six months' Parental leave; can be taken by either parent or shared between parents but in 90 per cent of families, the mother takes all Parental leave days
- The new scheme guides parents to a more equal sharing of leave
  - each parent gets a leave of 160 working days (6.4 months)
  - of these, a parent can transfer 63 days (2.5 months) to the other parent
  - the non-transferable quota for each parent is 97 working days (3.9 months)
  - with the 40 days of Pregnancy leave, the leave with earnings-based benefit is 360 days (14.4 months); this is 43 days (1.7 months) longer than the current Maternity, Parental and Paternity leave together
  - number of leave days available after the child is born 320, or 12.8 months, compared to 11.5 months in the present scheme

# Focus on improving gender equality, 1

- All the extra 43 leave days added to the father's non-transferable quota; increases from 2.2 months to 3.9 months
- However, an option to transfer a considerable number of leave days between parents
  - motivated by a wish to give families more freedom to choose how to use their leave
  - moreover, stated in the government's programme that the leave days available for mothers in the present scheme will not be cut ->
  - the new scheme constructed so that if the father only uses his non-transferable quota days, or does not use any leave, the mother still has as many leave days after the child is born as in the present scheme

# Focus on improving gender equality, 2

## The new scheme brings out fathers' importance as parents

- If the father does not use his share of leave, a clearly shorter time left for the child to be taken care of on Parental leave:
  - if the mother uses her share and the father's transferable days, the child is 8.9 months old when Parental leave ends
  - in case both parents use their shares in total, the child is 12.8 months old when Parental leave ends
- The father must make an explicit decision to transfer days from his share to the other parent

# Discussion and comments on the new scheme, 1

- Most common comment: a step in the right direction
- Employers' central organisation:
  - abolish possibility to transfer quota days between parents
  - shorten Homecare allowance period to last until child 18 months old
- Employees' central organisations:
  - improved gender equality and equity between diverse families
  - improved flexibility
  - employees' possibilities for flexible leave use and part-time leave options too limited
  - criticize the proposal for not including changes in the Homecare allowance scheme

# Discussion and comments on the new scheme, 2

## Comments from 72 organisations in a comment round

- Entrepreneurs and employers:
  - does the proposal increase fathers' take-up of leave as a parent can transfer a considerable share of his/her leave days to the other parent?
- Organisations working with women's and child policy issues:
  - make a more ambitious reform with a longer leave period and longer non-transferable quotas to increase fathers' leave take-up
- Several organisations:
  - modifications of regulations needed to the entitlements for diverse families such that their position is not weakened and all parents have equal opportunities to take leave

# Next steps

- The government has made alterations to the proposal related to
  - entitlements for diverse families: improved for families with multiple births, single parent families and LGBT families
  - unequal effects of daily part-time work on leave benefits: different types of part-time leave take-up now in a similar position
- The proposal was presented to the parliament on 16 September 2021
- The new leave scheme is intended to come into effect in August 2022

# What will happen to the Homecare allowance?

- HCA is a low flat-rate cash for care benefit
  - can be taken after Parental leave until the child turns three
  - most families = mothers use at least for some months
- Use of HCA has changed during the 2000s
  - change towards less longest available periods, more short periods
- Educated guess:
  - a longer leave with earnings-based benefit leads to less use of HCA
  - many actors push a reform of HCA scheme towards a shorter period
  - but: Finland has a tradition of majority governments; difficult to build up a government which agrees on the shortening of HCA as both Centre party and True Finns (the third biggest party at present) want to keep HCA intact