

Redesign parental leave system to enhance gender equality ^[1]

Access and eligibility to parental leave needs to expand. An increase in wage replacement rates would incentivize more dads to take leave as well.

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EXCERPTS

What should parental leave benefits look like in post-pandemic Canada? While the first six months of the COVID-19 pandemic have spurred critical attention to re-thinking approaches to care policies, little consideration has been given to how parental leave should be re-designed in order to effectively support both parents and children.

Parental benefits are part of a suite of “special benefits” within the Employment Insurance (EI) system. Although they are employment policies designed to enable some parents to take paid leave from employment in order to engage in socially important care work, parental benefits are also care policies in that they are about caregivers (parents) and care-receivers (infants and young children).

Parental benefits are also social protection policies whose design includes questions of who pays, who benefits, and how the policies support both parental care and the financial provisioning of that care. Finally, they are gender equality policies that have the potential to act as a lever for gender equality at work and at home.

The relationship between parental leave benefits and gender equality is especially critical now as the pandemic has revealed and intensified gender inequalities in paid and unpaid care work. In two-parent mother/father households, an intricate balance of roles and responsibilities influences which parent leaves work and which parent takes on most of the family care and home schooling. With the suspension or reduced delivery of care and educational services – child care, schooling, after-school care, summer camps – it has been women, especially mothers, who have borne most of the responsibilities for care and domestic life.

Over the past six months, mothers, especially mothers of young children, have left or reduced their paid work and women’s employment in Canada has plummeted from a historic high to its lowest level in 30 years. These disruptions to mothers’ work, which have not yet let up, seven months into the pandemic, may have long-term consequences for their access to EI benefits. For new parents, eligibility for parental benefits may be negatively affected.

Canada’s complex parental leave system

Canada has a complex tripartite parental leave system that includes two distinct parental leave benefit programs: the Québec Provincial Insurance Program (QPIP) and EI parental benefits for the rest of Canada, both of which are employment-based benefits. The leave system also includes employer-sponsored wage-compensation benefits to top-up government programs, and 14 federal/provincial/territorial jurisdictions that are governed by different employment standard acts that establish job-protected unpaid leave after the birth or adoption of a child.

There are at least two important differences – and outcomes – between the QPIP and the federal EI program. The first relates to care and social protection and the second is about gender equality.

Who receives parental benefits?

Prior to the COVID-19 pandemic, the EI system excluded many unemployed Canadians. Our research has demonstrated that up to 2017, outside of the province of Québec, an average of only 65 percent of mothers actually received parental benefits under EI across nine provinces (we did not have data from Canada’s three territories). In Québec, by comparison, 89 percent of mothers received parental benefits. One reason for this difference is the eligibility criteria. In Québec, a parent needs to earn only \$2,000 in the previous year. The EI program requires 600 hours of insurable employment.

New EI measures have been put in place to address some of these issues. In August, the federal government introduced a temporary amendment to maternity/parental benefits to lower the number of insurable hours needed to qualify for parental benefits during the COVID-19 pandemic from 600 to 120 hours. In effect, parents are receiving a one-time credit of 480 insurable hours. The question remains: How will the federal government redesign parental benefits and the EI system more broadly to ensure more parents qualify for benefits beyond this temporary change? Will parents in the rest of Canada finally gain long-term access to the same benefits Québec

parents have had for over a decade?

Gender equality and policy design

How might parental leave be a lever for gender equality?

International research, particularly from Nordic countries, has demonstrated that fathers' use of leave can change gendered social norms in workplace cultures and can alter gendered responsibilities in the home. The federal government can also look just across the Ottawa River, to the province of Québec, where non-transferable leave for fathers has begun to shift gendered parental responsibilities at home and in workplace cultures. How has this happened?

Part of the answer can be found in Québec's three-to-five-week leave for fathers at a relatively high wage replacement rate (70-75 percent). Implemented in 2006, this policy led to a significant increase in the proportion of fathers who take benefits. It jumped from 28 percent in 2005 to 80 percent in 2018. In the rest of Canada, only 15 percent of fathers claimed (or intended to claim) benefits in 2018.

In 2018, the federal EI program also introduced its own non-transferable leave called the Parental Sharing Benefit. This is a five-to-eight-week entitlement for fathers or second parents (at a 55 or 33 percent wage replacement rate, depending on leave duration). The federal government announced that this new benefit was directly connected to a broader goal of "breaking down barriers to gender equality" because parental benefits aimed at fathers (and second parents in same-sex couples) are "proven to encourage a more balanced sharing of child care responsibilities."

Yet, two important gaps exist between these claims and the benefit's policy design. First, the current benefit rates are too low. International research shows that because fathers remain the primary earners in many families and face workplace pressures over taking leave, incentivizing them to take leave requires wage replacement rates of at least 70 percent.

Second, while parental leave for fathers in Québec is an individual right, the EI-based Parental Sharing Benefit is not. The eligibility of the father (or second parent) is dependent on the eligibility of the first parent.

Parental leave recommendations

We have nine recommendations for parental leave for three government departments: Employment, Workforce Development and Disability Inclusion; Families, Children and Social Development; and Women and Gender Equality.

1. Parental leave benefits for all: Look to the growing numbers of European countries adopting "mixed benefits", which combine employment-based entitlements (such as EI) with citizenship-based entitlements, which ensure a minimum basic income.
2. Improve access to EI-based parental benefits: We echo the Atkinson Foundation's recommendation of "expanding access for workers," ensuring that those "who pay into EI can access it and that more workers can contribute and benefit from it."
3. Implement automatic enrolment of self-employed individuals into EI benefits: Look to Québec as a model because "A program structured as "opt-in" will have lower participation than one that is inclusive by design."
4. Increase flexibility in leaves: Build on European examples of parental leaves that can be taken either in one or several blocks of time, on a full-time or part-time basis, and across several years.
5. Close gaps between parental leave benefits and employment standards legislation: Remove the stipulation that employees must complete a specific period of continuous employment in the year prior to taking leave. This has already been implemented in five out of 14 jurisdictions.
6. Seek a wider funding base for EI: In the Atkinson Foundation's recent recommendations for EI reform, they note that Canada is "one of the few advanced economies in which the federal government doesn't contribute to its unemployment insurance scheme." We support their recommendation that "the federal government assumes its historic role and overarching responsibility to help fund EI through general revenues, in normal times and in periods of high unemployment."
7. Collect robust intersectional data on who is receiving parental benefits in Canada and who is excluded.
8. To enhance gender equality outcomes:
 1. Look to QPIP as a model;
 2. Increase wage replacement rates (to 70 percent plus);
 3. Make the Parental Sharing Benefit into a non-transferable individual entitlement disconnected from a co-parent's eligibility, with a longer leave option for single parents;
 4. Work towards Nordic models where parental leave entitlements are equal for both parents;
 5. Set clear gender equality aims and measurable targets
9. Link parental leave and child care policies: Look to Nordic models where there is no gap between the end of parental leave and the beginning of early learning and child care.

We believe that this socio-economic moment offers a unique opportunity to reconceptualize and redesign EI-based parental leave policies. More than employment policies, they are also care, social protection and gender equality policies that can reduce social inequalities between "parental leave rich" and "parental leave poor" households, and can enhance gender equality in paid work and unpaid care work. Paid parental leave benefits, as Sweden's system aptly attests, should be "a universal right of citizenship, including a right to care but also to be cared for."

This article is based on a presentation made at the 25th annual Queen's International Institute on Social Policy, which was held online this year between August 25-September 21, 2020.

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