

Finland reforms the family leave system

ESPN Flash Report 2021/24

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APRIL 2021

A draft government bill for family leave reform was published on 16 February 2021 and circulated to stakeholders for comments. The final bill will be presented to the Parliament in the autumn of 2021, and should be in force by August 2022. The aims of the reform are to increase equality between genders and different household configurations in the utilisation of family leave and caring responsibilities, to increase equality in working life, and to narrow the gender pay gap.

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Description

At present, parents are entitled to maternity leave (105 days, i.e. 6 days per week for 17.5 weeks), paternity leave together with special maternity leave (54 days, for 18 days of which the father and mother can both stay at home), and parental leave (158 working days). Thus, the present system guarantees leave for 335 days, i.e. approximately 13 months. A partial parental leave is available for parents who work part-time. The child home care allowance (CHCA) is a cash-for-care programme payable to parents when a child under three years of age is cared for at home. A private day care allowance is available to families with a child under school age who is cared for by a private provider of early childhood education or by a caregiver hired by the family (Kela, 2021a).

The proposal extends family leave by one month and changes the rules regarding how parents can use the leave. Each parent will have a quota of 160 days. In total, family leave will be approximately 13 months per child. Parents can transfer up to 63 days from their own quota to the other parent. For the final stage of pregnancy, a pregnancy leave of 40 days will be available. (Finnish Government, 2020; MSAH, 2021a and 2021b; Kela, 2021b). The amount of the family leave allowance is calculated on the basis of parents' annual income, regardless of whether it comes from self-employment and/or paid employment. The average amount of the allowance is approximately 70% of the parent's annual income. If a parent has had no income, she/he receives the minimum

amount (the 2021 amount is €29.05 per day).

Single parents will have the right to use the parental quotas of both parents. Twins, triplets, and other multiple-birth children would be the only exception to this model – the quota of leave days for their parents would increase by 78 days for each additional child.

The use of family leave will be more flexible in the proposed model than in the present model. Parents will have the possibility of using the leave days in several time periods and until the child reaches the age of two. However, the pregnancy quota must be used in one continuous period, starting flexibly 14 to 30 days before the estimated due date.

Parents with custody of a child will have equal entitlement to the leave and daily allowance, regardless of whether they are biological or adoptive, custodial or non-custodial parents.



Outlook and commentary

The aim of the new law is to encourage parents to make more balanced use of family leave. Only 25% of fathers use all of their 54 paternal leave days; 25% of fathers do not use any days (Kela, 2020). Since more equal utilisation of family leave has not materialised as a result of the "carrot" offered by the present legislation, the new law relies on a "stick". Fathers cannot transfer more than 63 days of their quota to mothers. Thus, the family would lose 97 days if the father does not use any of his quota.

Much of the political debate about family leave has revolved around the CHCA. On the one hand, the CHCA is considered an

obstacle to the employment of mothers. It has been estimated that termination of the CHCA would increase female employment by 10,000 (HS 06.01.2021 and 09.01.2021). On the other hand, the CHCA is considered an obstacle to gender equality: while 93% of mothers claim the CHCA, only 7% of fathers claim it (Kela, 2020).

However, since the CHCA is important to the Centre Party participating in the Social Democratic Party leader Sanna Marin's centre-left coalition government, the Centre Party's standpoint in favour of keeping the CHCA limits the government's room for manoeuvre. Compromise on the new proposal will likely hinder the government's ambitious goals for employment as well as for gender equality.

The family leave proposal was prepared in a tripartite process between the government and labour market partners. However, the final decisions were not unanimous. The employers' representatives criticised the right to transfer leave days to the spouse's quota, the option to take the leave in several periods and the estimated costs of the reform. Furthermore, they wished to boost employment by reducing entitlement to the CHCA.

Some argue that the reform should be assessed by other measures and value than employment. As there have been worries about the steep decline in fertility in Finland (Kangas and Kalliomaa-Puha, 2019), cutting the CHCA would send a wrong signal. Increasing the length of parental leave and recognising the rights of children in all types of families — two-parent or single-parent families, secondary parents, families formed through adoption, the birth of multiples within a family, LGBT families, or foster families — would impact attitudes, increase the attractiveness of family life, and restore fertility.

Further reading

Finnish Government (2020), Hallituksen esitys eduskunnalle laeiksi sairausvakuutuslain, työsopimuslain ja varhaiskasvatuslain muuttamisesta sekä niihin liittyviksi laeiksi [*Draft Government Proposal for family leave reform*], Helsinki: Valtioneuvosto.

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Quoting this report: Kalliomaa-Puha, L., Kangas, O. (2021). *Finland reforms the family leave system*, ESPN Flash Report 2021/24, European Social Policy Network (ESPN), Brussels: European Commission.