

EMPLOYMENT INSURANCE & PUBLIC SUPPORT FOR CHILD BIRTH AND REARING

January 31, 2018

Societies everywhere have always recognized and supported the socially essential work of child-bearing and rearing. All benefit because the society continues to exist, and everyone in the society benefits directly from this work, including those who are childless (or child-free if you like) or whose children are adults.

We all benefit because we all need people, and that means children, to love and be loved by, to provide goods and services in the GDP sector and in the non-GDP sectors, to contribute financially, to create, to be our customers and clients, and to 'keep the show on the road.'

Parents were and are central, but were not on their own. The immediate and extended family, as well as the tribe, community, and in, modern times, the state, support this work in various ways.

In Canada child-bearing and rearing are supported by the state in a number of ways: tax credits and deductions, income transfers such as welfare and the Child Tax Benefit, publicly funded education and child care, medical services, recreation programs, pensions, etc. And EI/UI.

Maternity and parental leave payments through Employment Insurance (EI) are one of the ways the Canadian government currently supports the work of child-bearing and rearing. This provision was first added to the EI policy in 1971 with the goal of increasing women's labour force participation. That is, women were incentivized by the policy to increase work that is counted in the GDP, which means they were de-incentivized to perform work that is excluded from the GDP.

EI (formerly Unemployment Insurance UI) historically was intended to provide families income when the breadwinner (most often the father) lost his job due to injury or lay-off. (see <https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/reports/monitoring2016/overview.html>) . Voluntarily leaving a job for personal reasons such as child-bearing was not supported by UI. UI was part of the expanding welfare state supports for families with dependent children.

When UI/EI began in 1940, women were paid far less than men for the same job, and were fired when they became wives and mothers. So female employment was not an option to fund the family when the father/husband breadwinner could not.

Funding child rearing through EI is highly problematic as it ties funds for child-rearing to paid work history rather than to children and child rearing.

The purposes of EI are much less clear as it is now used to fund unwaged family care work and maintain income during time off from seasonal work. It is no longer simply an 'insurance' program for job and income loss.

Kids First Parent Association of Canada seeks funding for child-rearing that is not tied to paid work history.

Kids First also seeks funding that is not tied to any particular form of child care/early education as funding for daycare is. Canada could "FUND THE CHILD" directly and equitably through an expansion of the Child Tax Benefit, or a refundable tax credit, or similar mechanism.

Funding child-rearing via EI results in unfairness. Why? By tying child-rearing funding to job history through EI, the government discriminates against many parents who are not eligible for the maximum amount, and against their children. The discrimination lies in the facts that:

- 1 - Parents with jobs in the public sector receive far more public funding for child rearing because the government (that is the public) pay the employers' portion of EI.
- 2 - Many parents are not eligible for EI.
- 3 - Many are not eligible for the maximum amount.
- 4 - Public sector employees also often have additional funds or job security related to child-bearing/rearing from their employers, that is from the public.
- 5 - Many parents, especially mothers who more often do waged work part time, pay into EI but are not eligible to receive any 'insurance' benefits.
- 6 - Women often do less paid work than men, do paid work that pays less, and/or work at activities like child-rearing that are not counted as 'work' for the purposes of determining EI.

The failure to recognize the work of women in child-rearing and other family care work is part of the historic continuing devaluing of and discrimination against women.

Currently, only about two-thirds of mothers receive any money from the parental/maternity leave EI funds. [see Statistics Canada www.statcan.gc.ca/pub/11-633-x/11-633-x2017009-eng.htm]

The amount they receive varies greatly depending on the number of hours and the wage they had.

The current amount is 55% of average salary for 50 weeks (maternity + parental leave). The maximum amount is \$547/week or almost \$2200/month for 50 weeks. [see <https://www.canada.ca/en/services/benefits/ei/ei-maternity-parental/benefit-amount.html>]. But few families actually receive that amount. Low income (under \$25,921/year) families can receive a Family Supplement through EI.

EI payments are taxable income. The federal Conservatives are proposing a Private Member's Bill that would eliminate taxation of Maternity and Parental Leave EI benefits. Currently government funding for child-rearing treats children very differently depending on what their parents' job history and their child care choices. Current policies end up providing more public funding for children in higher income families.

This Private Member's Bill will put the very important issue of public funding for child-rearing again in the spotlight. Funding families directly rather than funding 'spaces' is more efficient and respectful of the huge diversity in Canadian families.