

# TRISTAT RESOURCES

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Access to Maternity Benefits

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## Table of Contents

<b>BACKGROUND .....</b>	<b>3</b>
<b>METHODOLOGY .....</b>	<b>5</b>
Survey of Labour Income Dynamics .....	5
<b>RESULTS.....</b>	<b>6</b>
Overview Results - Maternity Benefits.....	6
Overview Results - Employer Top-ups.....	7
By Non-Labour Force Characteristics .....	7
Age Group .....	7
Family Type – before the birth .....	7
Family Income Group for Year before Birth .....	8
Number of Children .....	9
By Labour Force Characteristics .....	9
Full-Time / Part-Time Employment .....	9
Union Representation .....	10
Public versus Private Sector Employment .....	10
Hourly Wage.....	10
Mothers who work Part-time .....	11
<b>CONCLUSIONS .....</b>	<b>11</b>
<b>BIBLIOGRAPHY.....</b>	<b>11</b>

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## Access to Maternity Benefits

### Background

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The parents of a new-born may be entitled to certain income supports. Maternity and parental benefits are available to those who qualify under the Employment Insurance (EI) program. Eligibility for such benefits depends on the hours worked during the qualifying period (the year before a claim)<sup>1</sup>.

Some new mothers will have their EI benefits 'topped-up' by their employer. These programs can be as generous as to top-up to 95% of previous earnings. This level of income support sometimes persists for up to two years. These 'top-up' provisions tend to be isolated to employees belonging to major unions and/or employed in the public sector.

This report presents an analysis of maternity benefits, both under EI and via 'top-ups'. These should not be confused with maternity leave where an employer is required to retain a job so that a mother can return to the position at some point after the birth – often maternity leaves such as this are now one year.

For those without employer 'top-ups' EI provides a level of support at a 55% replacement rate (which might be increased if they are eligible for the CTB supplement). Eligibility though depends on the number of hours of insurable employment in the year before the maternity claim is made.

Those who are self-employed or who work as contract workers do not contribute to EI and thus are not eligible for EI maternity benefits.

Finally new mothers who were not in the labour force (i.e. stay-at-home mothers) are also ineligible for maternity benefits.

Income support through the Employment Insurance program is made available for new mothers depending on a number of conditions.

Effective January 2001, the maximum duration of benefits has been recently increased from 36 weeks to 50 weeks. This increases significantly the value of maternity and parental benefits. This allows the new mother and father to share a full year of income replacement.

Not all new mothers are able to access this benefit. Past research has estimated that between 40% and 50% of new mothers receive maternity benefits (it varies somewhat depending on the definition) (Statistics Canada Daily, 1999).

Eligibility for EI maternity benefits requires the claimant must clear three hurdles; the first is that the new mother must have been employed in the year prior to childbirth ; the second that the employment must have been insured (requiring EI contributions); finally the mother (or father for parental benefits) must meet minimum labour force attachment requirements (600 hours of insured employment in the year prior to childbirth ).

Self-employed new mothers who receive no EI benefits return to work much more quickly than mothers receiving EI benefits. Indeed, data suggest (Marshall, 1999) that few mothers return to work before EI has expired despite the 45% reduction in income. Thus attachment of mother to child is tightly linked to benefits which provide some income replacement assistance.

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<sup>1</sup> Previous to 1997 benefits were based on weeks worked in the past year under the Unemployment Insurance program.

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## Methodology

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This research is based on the Survey of Labour Income Dynamics (SLID).

### **Survey of Labour Income Dynamics**

This longitudinal survey allows one to follow a selection of families and trace the income and labour force characteristics of its members. Changes in family composition are tracked so one can identify births.

For this research births have been identified on the database and labour force information analyzed to determine the hours of employment in the previous year as well as the number of hours of employment which is insurable for EI.

The database includes data on the receipt of EI benefits immediately after the birth. Thus, if the new mother received EI benefits within 6 months of the birth they were assumed to be maternity benefits.

Job absences are also identified on the database. For each job absence respondents were asked for the reason – pregnancy was a possible response. As well, respondents were asked if they received any pay during the job absence. Thus when respondents reported a job absence for a pregnancy which was paid, at least partially, then that was treated as a ‘top-up’.

The statistical analysis concentrated on births in the years 1994 to 1997; these dates were used because one year of data was required both before and after the birth date. The time before the birth allowed one to collect information on labour force attachment in the year before the birth. The period after the birth was needed so that one could assess whether the respondent reported receiving EI benefits.

Defined this way, a sample size of 2,482 births was obtained where labour force information is available for the year before birth and information on receipt of EI is

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available for the period after the birth. This is judged sufficient for a preliminary univariate analysis of the factors associated with receiving benefits but insufficient for an analysis of smaller subpopulations (for example, by family types within provinces).

## Results

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The major purpose of this research is to compare the characteristic of new mothers who receive and do not receive EI maternity benefits.

### **Overview Results - Maternity Benefits**

In general about 58% of new mothers reported receiving EI benefits. This figure is higher than previous estimates (Statistics Canada, 1999) which were between 40% and 50% depending on the definition. Note that the previously published estimates are based on administrative data – not a survey so are more reliable. Also, for this analysis we have assumed that any EI benefits within 6 months of a new birth are maternity benefits which need not be so. Thus using the self-reported figures for SLID appears to overestimate somewhat the proportion of new mothers receiving benefits.

In summary, among new mothers about 58% receive EI benefits. The 42% who did not receive EI maternity benefits can be further divided between two populations based on their labour force attachment in the year before the birth. About 20% of new mothers worked in the year before birth but did not report any EI benefits. The remaining 22% of new mothers not receiving EI did not work in the year before the birth.

According to Vital Statistics, there are about 350,000 births in Canada each year. Using the proportions obtained from this research using SLID, about 200,000 received EI maternity benefits, 70,000 worked but did not receive EI and 80,000 did not receive EI having not worked in the year.

### **Overview Results - Employer Top-ups**

About 12% of new mothers receive EI top-ups. If we limit our attention to those who had a job absence associated with the birth, i.e. took a maternity leave, about 24% received a top-up.

### **By Non-Labour Force Characteristics**

Access to EI maternity benefits does not depend directly on personal characteristics like age, family type or province. Yet since the mother's labour force attachment does vary, one can observe that access to EI maternity varies by factors such as these.

Generally, the results below demonstrate that, among new mothers, vulnerable populations are under-represented in EI beneficiaries. Older, better paid, married women and mothers without previous children are over-represented.

#### **Age Group**

Younger people are more likely to work part-time or casual. Thus while 58% of new mothers receive EI benefits, this figure ranges from 42% for those 20-24 years of age to 63% for those 25-34.

For those who worked in the year prior to childbirth the proportions are higher. The proportion receiving EI was 75% overall, 64% for those 20-24 and 79% for those 25-34.

When considering the 'top-up' of maternity benefits by employers, we restrict our attention to those taking a maternity leave from work. Overall, 24% of these new mothers received 'top-ups'. This ranged from 3% of new mothers aged 20-24 to 37% of those aged 35-44.

#### **Family Type – before the birth**

Female lone parents are less likely to work for pay and are, because of time pressures, more likely to work part-time or casual. Thus while 58% of new mothers receive EI benefits, this figure is only 38% for female lone parents. Married women without

children are very likely to be employed thus for these mothers 76% receive EI benefits. The figure of 45% for women who were not married having their first baby must be interpreted with caution due to a small sample size.

For those who worked in the year prior to child birth the proportions are higher. The proportion receiving EI was 75% overall, 83% for married women having their first baby, 75% for married mothers having an additional baby.

When considering the 'top-up' of maternity benefits by employers, we restrict our attention to those taking a maternity leave from work. The rate of 24% of new mothers does not vary much by family type.

### **Family Income Group for Year before Birth**

Not surprisingly higher income families are more likely to have the mother working and more likely to work full-time. This higher labour force attachment will be reflected in improved access to benefits.

Thus while 58% of new mothers receive EI benefits, this figure ranges from 18% for those in families with incomes under \$20,000 to 42% for those with incomes of \$20,000-\$30,000 and then to 88% for those with incomes of \$70,000-\$80,000. Inflation over the study period was quite low, thus the error introduced because these incomes have are nominal is very small.

For those working in the year prior to childbirth the proportions are higher. The proportion receiving EI was 75% overall and ranged from 49% for those in families with incomes under \$20,000 to 67% for those with incomes of \$20,000-\$30,000 and then to 93% for those with incomes of \$70,000-\$80,000.

When considering the 'top-up' of maternity benefits by employers, we restrict our attention to those taking a maternity leave from work. Overall, 24% of new mothers received 'top-ups'. This ranged from 16% for those in families with incomes of \$30,000-\$40,000 to 93% for those with incomes of \$70,000-\$80,000.



### **Number of Children**

New mothers who already have children are less likely to be employed or to be employed full-time. This has implications for their access to EI benefits.

While 58% of new mothers receive EI benefits, this figure is higher for first births at 68%.

For those who worked in the year prior to childbirth the proportions are higher. The proportion receiving EI was 75% overall, 78% for first births.

The proportion of new mothers receiving ‘top-ups’ does not vary with the number of children.

### **By Labour Force Characteristics**

Clearly job characteristics can also play a role, either directly or indirectly, in access to EI. The following section documents the relationship between these job-related characteristics and access to EI and ‘top-ups’.

The following characteristics are based on the main job heading during the year prior to birth.

### **Full-Time / Part-Time Employment**

Under EI part-time employees must work more weeks to receive maternity benefits. For those who worked in the year prior to childbirth the proportion receiving EI was 75% overall, 84% for those working full-time and 55% for those working part-time.

When considering the ‘top-up’ of maternity benefits by employers, we restrict our attention to those taking a maternity leave from work. Overall, 24% of new mothers received ‘top-ups’. This ranged from 27% of new mothers who had worked full-time and 17% for those worked part-time.

### **Union Representation**

For those who worked in the year prior to childbirth the proportion receiving EI was 75% overall, 93% for those in unions

When considering the ‘top-up’ of maternity benefits by employers, we restrict our attention to those taking a maternity leave from work. Overall, 24% of new mothers received ‘top-ups’. This is 39% of new mothers who belong to a union.

### **Public versus Private Sector Employment**

For those who worked in the year prior to childbirth the proportion receiving EI was 75% overall. It was 91% for government workers, 77% for paid workers in the private sector and 23% for self-employed workers (self-employed employment is not insured so these individuals must have also had some paid employment).

When considering the ‘top-up’ of maternity benefits by employers, we restrict our attention to those taking a maternity leave from work. Overall, 24% of new mothers received ‘top-ups’. This figure is 48% for government employees.

### **Hourly Wage**

Access to EI does not vary directly by hourly wage. Yet low wages can be associated with part-time employment and high job turnover which make EI eligibility more difficult.

For those who worked in the year prior to childbirth the proportion receiving EI was 75% overall but increased with the wage rate. It was 62% for those earning less than \$7.50 per hour, 77% for those earning \$7.50 to \$10.00 per hour, 83% for earning \$10.00-\$15.00 per hour and 91% for those earning \$15.00-\$25.00.

When considering the ‘top-up’ of maternity benefits by employers, we restrict our attention to those taking a maternity leave from work. Overall, 24% of new mothers received ‘top-ups’. It was 12% for those earning less than \$7.50 per hour, 15% for those earning \$7.50 to \$10.00 per hour, 17% for earning \$10.00-\$15.00 per hour and 36% for those earning \$15.00-\$25.00.

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### **Mothers who work Part-time**

When compared to UI, under EI part-time employees must work more weeks to receive maternity benefits. It is also known that mothers are more likely to work part-time. The following figures were calculated for mothers of children aged 0 to 6 who worked part-time.

For those who worked in the year prior to childbirth the proportion receiving EI was 75% overall, for mothers of young children working part-time the figure was much lower: 58%.

When considering the 'top-up' of maternity benefits by employers, we restrict our attention to those taking a maternity leave from work. Overall, 24% of new mothers received 'top-ups'. This figure was lower for mothers of young children who worked part-time, 17%.

## **Conclusions**

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In comparison with new mothers not receiving EI benefits, these results demonstrate that EI maternity benefits tend to be received by women in higher income families, who do not already have children, who work full-time, in unionized positions, for governments and working at a higher wage.

## **Bibliography**

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Katherine Marshall; Employment after Childbirth; Perspectives; Autumn 1999; Statistics Canada; 75-001XPE

Employment Insurance support to families with newborns 1976 to 1998; The Daily; Monday, October 25, 1999; Statistics Canada

## Technical Annex – Statistical Tables

### Summary Table

	Percentage	Number	Received EI	Of Those who did not Receive EI
<b>Estimated Annual Number of Births...</b>	<b>100%</b>	<b>350,000</b>	<b>58%</b>	<b>100%</b>
Did not Work in the Last Year	26%	90,000	6%	55%
Had a job but fewer than 100 hours	8%	29,000	46%	11%
Had a job; worked 100+ Hours but not insured	16%	56,000	55%	17%
Job and 600+ hours but not 600 insured	3%	11,000	12%	7%
Job and 600+ insured hours	47%	164,000	90%	11%
Number who worked in the Last Year	74%	260,000	75%	45%

#### Received Top-up From Employer

11% Of new mothers

14% Of those who worked in last year

32% of those who took an absence from work.

## Detailed Statistical Tables

### Analysis of Women Who Just had a Baby

#### by Access to E.I. Maternity Benefits and Employer Top-ups and their Labour Force Attachment (LFA), 1993-1997

by Age Group	Total	15-19	20-24	25-34	35-44	45+
Received EI	58%	10%	42%	63%	61%	-
Top-Up?	12%	2%	1%	13%	19%	-
Of those with LFA in the last year						
Received EI	75%	-	64%	79%	74%	-
Top-Up?	24%	-	3%	25%	37%	-
Of those without EI % with LFA	45%	49%	39%	44%	53%	-
% of Births	100%	3%	14%	69%	14%	0%

Family Type before Birth	Total	Couple no kids	Couple with kids	Female lone parent	Other
Received EI	58%	76%	56%	39%	53%
Top-Up?	12%	17%	15%	5%	8%
Of those with LFA in the last year					
Received EI	75%	83%	75%	-	70%
Top-Up?	24%	27%	27%	-	20%
Of those without EI % with LFA	45%	64%	42%	-	-
% of Births	100%	18%	35%	3%	43%

<b>Family Income Group before Birth</b>	<b>Total</b>	<b>10,000-20,000</b>	<b>20,000-30,000</b>	<b>30,000-40,000</b>	<b>40,000-50,000</b>	<b>50,000-60,000</b>	<b>60,000-70,000</b>	<b>70,000-80,000</b>	<b>80,000-90,000</b>	<b>90,000+</b>
<b>Received EI</b>	58%	18%	42%	52%	61%	75%	77%	88%	72%	
<b>Top-Up?</b>	12%	2%	2%	7%	7%	14%	18%	25%	25%	
<b>Of those with LFA in the last year</b>										
<b>Received EI</b>	75%	49%	67%	75%	76%	82%	86%	93%	75%	
<b>Top-Up?</b>	24%	-	-	16%	13%	21%	25%	36%	30%	
<b>Of those without EI % with LFA</b>	45%	23%	37%	36%	50%	-	-	-	-	
<b>% of Births</b>	100%	8%	6%	7%	9%	8%	8%	5%	6%	

<b>Full or Part-time Employment</b>	<b>Total</b>	<b>full-time</b>	<b>part-time</b>	<b>Other</b>
<b>Received EI</b>	58%	82%	55%	13%
<b>Top-Up?</b>	12%	18%	9%	1%
<b>Of those with LFA in the last year</b>				
<b>Received EI</b>	75%	84%	58%	49%
<b>Top-Up?</b>	24%	27%	17%	-
<b>Of those without EI % with LFA</b>	45%	88%	90%	-
<b>% of Births</b>	100%	52%	22%	27%

<b>Mother's Earnings before Birth</b>	<b>Total</b>	<b>neg - 0</b>	<b>1,000-10,000</b>	<b>10,000-20,000</b>	<b>20,000-30,000</b>	<b>30,000-40,000</b>	<b>40,000-50,000</b>	<b>50,000-60,000</b>	<b>60,000 +</b>	<b>N/A</b>
<b>Received EI</b>	58%	10%	40%	81%	86%	83%	91%	95%	98%	11%
<b>Top-Up?</b>	12%	0%	1%	3%	9%	16%	35%	46%	79%	1%
<b>Of those with LFA in the last year</b>										
<b>Received EI</b>	75%	11%	43%	84%	87%	84%	91%	95%	98%	54%
<b>Top-Up?</b>	24%	-	4%	5%	11%	22%	47%	64%	0%	-
<b>Of those without EI % with LFA</b>	45%	-	88%	84%	-	-	-	-	45%	5%
<b>% of Births</b>	100%	2%	16%	18%	14%	9%	6%	3%	5%	25%

<b>Mother's province before Birth</b>	<b>Total</b>	<b>Nfld.</b>	<b>P.E.I.</b>	<b>N.S.</b>	<b>N.B.</b>	<b>Que.</b>	<b>Ont.</b>	<b>Man.</b>	<b>Sask.</b>	<b>Alta.</b>	<b>B.C.</b>
<b>Received EI</b>	58%	-	-	62%	-	58%	55%	50%	71%	53%	75%
<b>Top-Up?</b>	12%	-	-	12%	-	15%	13%	8%	15%	9%	20%
<b>Of those with LFA in the last year</b>											
<b>Received EI</b>	75%	-	-	-	-	82%	69%	-	-	70%	87%
<b>Top-Up?</b>	24%	-	-	-	-	27%	25%	-	-	18%	34%
<b>Of those without EI % with LFA</b>	45%	-	-	-	-	31%	54%	-	-	49%	-
<b>% of Births</b>	100%	1%	0%	2%	2%	15%	29%	2%	2%	7%	7%

<b>Union Representation?</b>	<b>Total</b>	<b>Unionized</b>	<b>Non-Union</b>	<b>N/A</b>
<b>Received EI</b>	58%	92%	73%	11%
<b>Top-Up?</b>	12%	32%	10%	2%
<b>Of those with LFA in the last year</b>				
<b>Received EI</b>	75%	93%	76%	25%
<b>Top-Up?</b>	24%	39%	15%	-
<b>Of those without EI % with LFA</b>	45%	-	86%	23%
<b>% of Births</b>	100%	21%	45%	32%

<b>Class of Worker</b>	<b>Total</b>	<b>Paid Worker</b>	<b>Paid Worker Government</b>	<b>Self Employed with help</b>	<b>Self-employed without help</b>
<b>Received EI</b>	58%	71%	88%	-	21%
<b>Top-Up?</b>	12%	10%	36%	-	4%
<b>Of those with LFA in the last year</b>					
<b>Received EI</b>	75%	77%	91%	-	23%
<b>Top-Up?</b>	24%	17%	48%	-	-
<b>Of those without EI % with LFA</b>	45%	70%	-	-	85%
<b>% of Births</b>	100%	60%	15%	2%	5%

<b>Hourly Wage Group</b>	<b>Total</b>	<b>under 5</b>	<b>5-7.50</b>	<b>7.50-10.00</b>	<b>10.00-15.00</b>	<b>15.00-25.00</b>	<b>25.00 +</b>	<b>n/a</b>
<b>Received EI</b>	58%	-	59%	75%	81%	90%	87%	10%
<b>Top-Up?</b>	12%	-	5%	9%	13%	28%	27%	1%
<b>Of those with LFA in the last year</b>								
<b>Received EI</b>	75%	-	62%	77%	83%	91%	89%	16%
<b>Top-Up?</b>	24%	-	12%	15%	17%	36%	38%	-
<b>Of those without EI % with LFA</b>	45%	-	87%	88%	90%	-	-	20%
<b>% of Births</b>	100%	2%	12%	13%	17%	20%	7%	30%

<b>Children under 16</b>	<b>Total</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>Received EI</b>	58%	68%	58%	42%	24%
<b>Top-Up?</b>	12%	11%	13%	10%	12%
<b>Of those with LFA in the last year</b>					
<b>Received EI</b>	75%	78%	78%	61%	-
<b>Top-Up?</b>	24%	22%	25%	25%	-
<b>Of those without EI % with LFA</b>	45%	59%	37%	44%	44%
<b>% of Births</b>	100%	39%	41%	16%	3%



<b>Children under 6</b>	<b>Total</b>	<b>1</b>	<b>2</b>	<b>3</b>
<b>Received EI</b>	58%	66%	54%	37%
<b>Top-Up?</b>	12%	11%	14%	6%
<b>Of those with LFA in the last year</b>				
<b>Received EI</b>	75%	77%	76%	53%
<b>Top-Up?</b>	24%	21%	28%	19%
<b>Of those without EI % with LFA</b>	45%	56%	36%	48%
<b>% of Births</b>	100%	47%	44%	9%

<b>Part-time mom?</b>	<b>Total</b>	<b>No</b>	<b>Yes</b>	<b>N/A</b>
<b>Received EI</b>	58%	82%	55%	13%
<b>Top-Up?</b>	12%	18%	9%	1%
<b>Of those with LFA in the last year</b>				
<b>Received EI</b>	75%	84%	58%	49%
<b>Top-Up?</b>	24%	27%	17%	-
<b>Of those without EI % with LFA</b>	45%	88%	90%	8%
<b>% of Births</b>	100%	52%	22%	27%

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