

Abstract

Parental allowance system in the Czech Republic offers a very long scheme of paid leave for parents of small children compared to other countries. Most parents choose to receive it up until sometime between their child's second and third birthday, the limit being the fourth birthday. Absolute majority of those receiving parental allowance in the Czech Republic are women. This thesis is assessing costs and benefits of reforming the parental leave system, as was recommended by the OECD. This reform would shorten the length of allowance collection and would reserve some of it to fathers. We found that such a reform could bring up to 5.98 billion CZK to the state budget in the most optimistic scenario compared to current situation. We have included direct expenditure on parental allowance, but also the increased revenues due to higher maternal employment, lost revenues from the time fathers would spend on leave and costs of childcare provision. Despite the possible financial gains and other benefits, such as overall improved situation of mothers in the labour market, we concluded that neither Czech politicians, nor Czech society would be prepared for such a radical change and only a milder reform would be viable.

Keywords

parental allowance, parental leave, parental leave reform, costs of parental allowance, benefits of parental allowance, family, maternal employment

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