

NATIONAL REVIEW

Why Conservatives Shouldn't Support Federal Paid Parental Leave

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A number of Republican senators are flirting with proposals for government-supported paid-leave programs at the federal level, and recently on these pages, former senator Rick Santorum jumped into the fray to make the case for one. Santorum argues that it's "good policy and good politics," and that therefore Republicans should be proactive about creating a federal paid-leave program.

Research on the policy and politics of paid leave casts doubt on Santorum's dual claim. Like most government economic policies, government-supported paid leave holds benefits for some workers but also involves costs and a variety of trade-offs. There truly is no free lunch.

To begin with, government-supported paid leave is costly. Paid-leave proposals such as the FAMILY Act would result in new payroll taxes on all current workers, whether or not they intend to use benefits. Indeed, the FAMILY Act's authors outline new payroll taxes in the text of their bill. If their estimates of the future cost of the program are accurate, the new taxes would result in costs of around \$200 per year for the average worker.

But these estimates rely on unrealistic assumptions about the utilization of benefits and the long-term trajectory of the program. Using more realistic assumptions based on the national use of the federal unpaid FMLA program, other estimates suggest the FAMILY Act would result in costs of around \$450 per year in taxes for the average worker.

And even that may be low, because as employees realize that paid benefits are available, it seems inevitable that program utilization will grow beyond that of the current unpaid-leave program. Moreover, a national paid-leave program is likely to crowd out existing employer benefits and possibly even less-generous state programs, further increasing program utilization and putting upward pressure on costs.

Finally, the program is likely to expand, as similar programs have in other OECD countries. For example, the average length of paid maternity, parental, and home-care leave available to mothers in OECD-30 countries in 1970 was 17.2 weeks. In 2016 that number had tripled, to an average of 52.5 weeks, or over a year in benefits.

Large expansions of programs are accompanied by large expansions in program costs. For example, Norway expanded leave from 18 to 35 weeks between 1987 and 1992, which nearly doubled the cost to taxpayers from \$12,354 to \$24,022 per eligible birth.

If other countries' experience is any indication, we should expect that the FAMILY Act or another parental-leave program in the U.S. would follow a similar trajectory and grow substantially in coming decades. If anything, cost analyses should err on the more generous side to provide workers with a more accurate picture of what they'll be paying for benefits in the years to come.

This important discussion about costs to American workers is often ignored. But from a political standpoint they are of the utmost salience. The latest survey research, published this week by the Cato Institute (my employer), shows that at the mere mention of costs or trade-offs to workers, conservative support for government-supported paid leave declines sharply.

When costs aren't mentioned, conservative support for a government program like the FAMILY Act hovers at 60 percent, and this is the type of figure that advocates generally cite. But when annual costs of just \$200 for an average worker are mentioned, conservative support for the program falls to 31 percent. And as costs grow to reflect more realistic assumptions about program utilization and long-term program growth, support further erodes. For example, at a cost of \$1,200 per year, support for the program hovers at 22 percent for conservatives and 15 percent for very conservative respondents.

But it isn't just conservatives who are price-sensitive. The broader public's support of the program also falls, and a majority of respondents no longer support the program at annual costs of \$450 and up. This is likely one reason the authors and supporters of the FAMILY Act peg the costs substantially below that.

Santorum claims that "Republicans are warming to the idea" of government-supported paid leave and lists Senators Marco Rubio, Joni Ernst, and Mike Lee as examples. That may be true, but conservative legislators should be cautious about getting out of step with their constituents, who will bear the long-term costs of paid leave.

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