

The Economist

America is the only rich country without a law on paid leave for new parents

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The president's Commission on the Status of Women was unequivocal in its recommendation: "Paid maternity leave or comparable insurance benefits should be provided for women workers." That conclusion was reached in 1963, when John Kennedy was president, but America still has no federal policy in place to guarantee working mothers or fathers paid time off to care for their new babies. It is one of only two countries in the world, along with Papua New Guinea, that have no statutory national policy of paid maternity leave. The average member of the oecd, a club of mostly rich countries, offers new mothers 18 weeks of paid leave.

For decades paid leave was "dismissed as anti-business and marginalised as a woman's issue," says Ellen Bravo, who runs Family Values at Work, an ngo. That is changing. The 2016 race was the first time both presidential candidates publicly lent support to paid parental leave and the issue is likely to feature in 2020. The president's most recent budget included a proposal for six weeks of paid parental leave, but provided no details on funding. Several bills have been introduced in Congress, including one co-sponsored by Kirsten Gillibrand, a Democratic senator who is running for president, which would provide paid leave for new parents and caregivers for sick family members, and another co-sponsored by Marco Rubio, a Republican senator, which focuses exclusively on new parents. Neither bill has passed, but a national policy will pass both the House and Senate in the next three to five years, Ms Bravo predicts.

In the meantime, states are taking action. Connecticut and Oregon recently became the seventh and eighth states to guarantee paid family leave, and a handful of others, including Colorado, Minnesota, and Vermont, are expected to take up the issue next year. California recently extended its maximum paid family leave benefits from six to eight weeks, and its governor, Gavin Newsom, has floated the idea of extending parental leave to six months to promote parental bonding with new children and to help families save on child-care costs. "It's the next gay marriage," says Jason Sabo of Frontera Strategy, a lobbying firm in Texas, who predicts that paid leave will quickly evolve from being perceived as a fringe issue to gaining mainstream support and broader acceptance by society.

There are several reasons why paid leave is attracting more interest from lawmakers. First, it is a popular issue with people of all political persuasions, especially younger voters and women, who think new parents should certainly have time off to bond with their babies. Conservatives concerned about the health of families have fastened on to it. Men who want to be more involved in their children's lives have pushed employers to offer paternity leave.

Second, it has become more apparent that existing policies do not reach enough American workers. The Family Medical Leave Act (FMLA) of 1993, signed into law by Bill Clinton, provides unpaid leave for a limited set of tasks, including caring for a new baby. However only 60% of private-sector workers are eligible for the FMLA because of strict requirements about firm size and hours previously worked. Nearly half struggle to afford taking unpaid time off even if they qualify for it.

Whereas small businesses are generally loath to offer paid leave, larger companies have started to do so voluntarily, especially large ones that can afford to foot the bill, such as Deloitte, Nike, Lowe's, Walmart, and many of Silicon Valley's technology firms. But only 16% of private-sector employees nationally have access to paid family leave through their firms, and that access is unequal. It is available to only 6% of people working in the lowest quartile of paid jobs, compared with 25% of those in the highest quartile.

Third, there is mounting evidence from states that have already extended their own paid-leave policies that the policies do not place a big burden on companies and governments relative to their benefits. Research from California, which was the first state to pass a paid family-leave policy, in 2002, shows that most firms found the impact either neutral or positive. Allowing employees to take paid time off increases the chances that they will stay, which is especially valuable in such a competitive job market. Offering paid leave also reduces the likelihood of workers going into debt and drawing on public assistance.

There is also greater understanding of the health benefits of paid leave for babies and parents. Fewer babies are admitted to hospital, and both breast-feeding and vaccination rates increase. Mothers who take some time off are also less likely to suffer from depression.

How far to go?

But while there is growing support for offering paid leave, strong disagreements persist, even among advocates of a federal policy. One concerns whether to extend leave beyond new parents to those who need to care for a sick loved one. Parental leave accounts for only about 20% of the 20m absences taken each year under the FMLA. Caring for a close family member or attending to one's own poor health account for 73% of cases. All states that have passed paid-leave laws have adopted a wider definition of the family than the FMLA does and some states, such as Oregon, go especially far in extending leave not just to family members but to close friends and other chosen family, says Vicki Shabo of New America, a progressive think-tank.

Republicans such as Mr Rubio back paid parental leave more strongly than paid leave more broadly defined. "The key concern folks have is that it's much harder to verify. People worry there's more scope for cheating the system," explains Maya Rossin-Slater of Stanford University, though she doubts that there is much cheating in states with paid leave.

The biggest obstacle, though, is working out how to fund paid leave. The states that have embraced their own policies have funded them through payroll taxes on employees, employers or some split between the two, with rates ranging from less than 0.1% of worker wages in New Jersey up to 1.1% in Rhode Island. The rates are small enough to have avoided a backlash from employers and workers, says Ms Shabo of New America. The bill that Ms Gillibrand has

introduced in the Senate, called the Family and Medical Insurance Leave Act, would also be funded by a new payroll tax, with employers and employees each contributing 0.2% of wages. Voters, who are broadly keen on paid leave, may be less so if it comes at a high cost to them. Around three-quarters of Americans support a federal paid-leave programme when costs are not mentioned, but around 52% say they would oppose it if it cost them \$450 a year in higher taxes, according to a survey for the Cato Institute, a libertarian think-tank.

Another way to finance paid leave, endorsed by Mr Rubio, would be for new parents to withdraw money from Social Security early and to delay retirement, but that is controversial. This route would disproportionately hurt women, who take leave more often and would thus be forced to work longer before retirement. It would also drain the Social Security benefits of low-wage-earners, who most need retirement benefits later on.

This puts advocates for a national paid-leave policy in a bind. Is it better to accept an imperfect solution that guarantees progress on paid leave, or hold out in the hope of a more comprehensive, inclusive and generous policy later on? Advocates would be wise to keep momentum going. With a strong economy and bipartisan interest, the moment is right for action. Better 56 years late than never.