

Townhall

Thinking Broadly About Parental Leave Policy

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In recent months, a vocal group of conservatives has joined with Democrats in arguing that it's time for the government to correct a blatant market failure: the private sector's inability to provide sufficient paid leave. A new study suggests otherwise.

The study by the Cato Institute's Vanessa Brown Calder is called "Parental Leave: Is There a Case for Government Action?" Before diving into the report findings, I want to question the timing of the conservative interest in government-provided paid leave. The economy is doing well and growing fast; unemployment rates, no matter how you measure them, are pretty low; and companies that have to compete for the better employees are expanding benefits, including paid leave. In other words, it's an odd moment for conservatives to shift their position on government-provided paid leave, no matter how light the intervention.

The first issue Brown Calder tackles is the question of what the private provision of paid leave looks like. It's meant to answer a recurring talking point from those who advocate for a federal paid leave policy that states that the United States is the only developed nation without a national paid family leave policy, though a few states have created their own programs. Because some of these supporters understand that the lack of federal provision doesn't mean that the private sector isn't providing the benefit, they add that the Bureau of Labor Statistics shows that only 15 percent of women benefit from paid leave.

Brown Calder then unpacks these notions. First she looks at the BLS number and finds that it doesn't come close to including all paid leave options and benefits provided by private employers. Using more comprehensive government metrics, she shows that without the government mandating or paying for a paid parental leave benefit, between 45 percent and 63 percent of women report already having access to paid leave. The best part of this story is actually that the data show how the private sector has steadily increased its provision of paid leave to first-time mothers from 16 percent since the 1960s to over 50 percent in 2008 (the last time data were available). If you add disability (which is often used as paid leave), that number grows to 61 percent, which is a 280 percent increase over the period.

As a result, the share of first-time mothers who quit working declined "from over 60 percent in 1961 to just over 20 percent in 2008." As Brown Calder writes, "This represents a 66 percent decline in first-time mothers who quit their jobs, in the absence of federal government supported leave."

Even in the absence of updated data, we can assume this upper trend is continuing. She writes, "Over 100 large name-brand companies have created or expanded paid family leave policies over the last three years, and a long list of major companies, including Walmart, Walgreens, Home Depot, Target, Starbucks, Amazon, FedEx, and McDonald's, have created or expanded paid leave programs since late 2017 alone."

Better news yet is that this expansion benefited low-wage and hourly workers, too. This is important since the data is clear that the women or men who don't benefit from paid leave are historically lower-income women and hourly wage workers. Many of these workers don't even qualify for the current 12 weeks of unpaid, job-protected leave through the Family and Medical Leave Act of 1993.

Unfortunately, as her report shows too well, as much as we would love for everyone to get paid leave, a government-provided solution to the issue won't result in the proverbial free lunch that supporters hope for. It's likely to have minimal effect, as the new benefit will be offset over time by lower wages. It could also give an incentive to employers to discriminate against childbearing-age workers for the benefits of older workers.

The study offers more evidence that government-provided paid leave results in fewer women in leadership roles, higher unemployment and lesser pay for women. Brown Calder concludes suggesting that policymakers "think broadly about improving workers' lives and focus on removing barriers to workers' career choices and improving economic efficiency." This can be done, for example, by eliminating licensing requirements and other regulations that increase the cost of child care -- or implementing the 2017 Working Families Flexibility Act, allowing employees to bank overtime compensation and use it as future time off. Read it for yourself; you will be inspired.