



Why Biden and Democrats dropping paid leave from \$1.75 trillion plan is a smart move

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But is this federal spending really the best use of limited resources? The paid leave plan originally envisioned in the Build Back Better Act was estimated to cost as much as \$225 billion. Federal programs are already heavily weighted toward families with children. The Build Back Better Act, with child care subsidies and an extension of the child tax credit, would continue this trend. Such policies can redistribute wealth from childless adults to those with children, from men to women, from male breadwinner households to other household types and — most significantly — from low-income to middle- or high-income workers.

As has been demonstrated in California, better-off women have been the ones who have taken advantage of paid leave. The benefit is heavily concentrated among higher-earning women, with the median participant earning \$10,000 more than working women more generally. University of California, Davis researchers speculated this was because better-paid women were more likely to be aware of and at jobs in which they were eligible for the compensation, as well as more inclined to accept less than full pay in exchange for time off. But whatever the reason, this redistribution reality poses a dilemma for those who support parental leave in the abstract but are also interested in reducing income inequality and creating a more inclusive economy.

Similarly, for those who want to encourage the participation of women in the workforce, a family leave mandate raises the prospect that employers will be less likely to hire women. While the high-profile case of Transportation Secretary Pete Buttigieg's paternity leave shows that both men and women can benefit from parental leave, women remain far more likely to take advantage of such options. At the same time, employers fear that, even with federal subsidies, having employees take long stretches away from their job is not cost-free.

As a result, some employers may be more reluctant to hire younger women whom they believe will be more likely to take time away from the job. Such discrimination may be unlawful, but there are many ways that employers can get around the rules. Indeed, after California

implemented its six-week parental leave program in 2004, both the rate and length of unemployment increased among women of child-bearing age — and at higher levels than among older women, California men and women from states without such a program.

Studies from Europe suggest that the unintentional consequences of mandating parental leave can include lower pay, higher unemployment and fewer leadership positions for women overall. Other research even suggests that because women are more likely to take parental leave, leave programs “are likely to reinforce the traditional division of care work in the home,” with homemaking “institutionalized as the norm for many women.” As one study put it, women taking leave means they’re the ones available for housework “during a critical time of household negotiation,” which then “sends a clear message about who should provide family labor.” Thus, parental leave may, perversely, reduce gender equality.

Providing a federal program also stops the private sector from stepping up on its own. The Cato Institute offers generous parental leave benefits, as do most major companies. According to a survey by the Society for Human Resource Management, more half of employers (55 percent) now offer paid maternity leave, while 45 percent offer paid paternity leave and 35 percent provide paid extended family care leave for reasons such as a sick spouse or child, numbers that are increasing steadily.

Still more employers are trying to accommodate their employees in different ways, for instance by allowing greater use of flex time. Others permit the use of disability benefits following a birth. In the absence of a federal mandate, these companies are able to craft a benefit regime that best fits both their needs and those of their employees. Twelve weeks of leave won’t work for every company — or every worker — so fashioning options that fit each particular circumstance is better for both parties. Ultimately, this empowers women by giving them more choices and an ability to make decisions for themselves on the types of benefit trade-offs they most value. Even the political boost to the Democrats that’s expected from passing parental leave may be overestimated. The same polls showing such strong support for parental leave also show that support drops precipitously when costs, monetary and otherwise, are included. With all this in mind, Congress was wise to take a pass this time. Parental leave — and the likely consequences of its implementation — should get a full airing so the disadvantages as well as the advantages are clear before such a major change is authorized by the federal government.

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