Part 2 of 4

Paid Family Leave

Among Developed Societies, the U.S. is an Outlier

Lauren Damme, Next Social Contract Initiative

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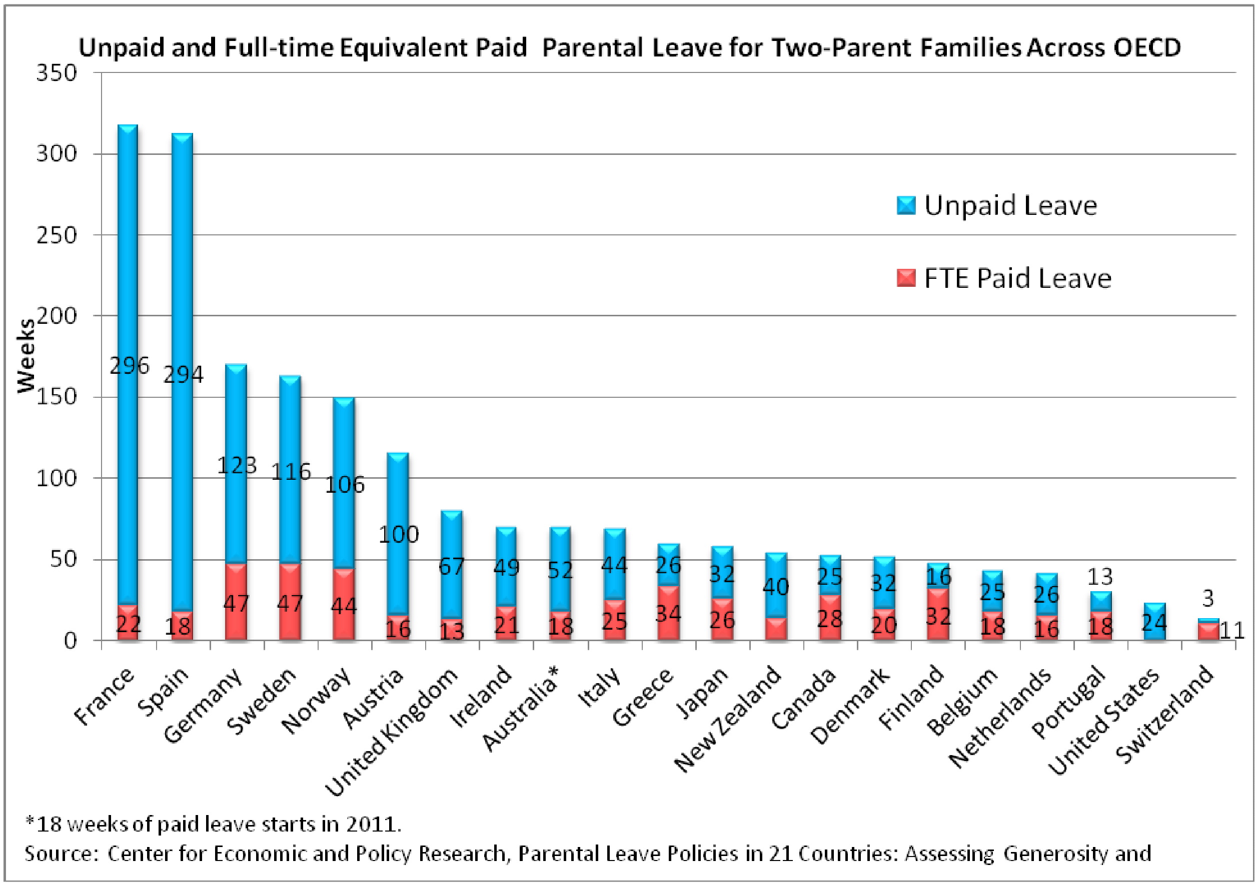
The U.S. is one of the only countries in the world without a system of paid leave to support new families. Paid family leave in all other developed nations prove that policies that allow parents to spend adequate time with their newborn children do not undermine the economic growth and competitiveness of business. Paid parental leave policies are associated with lower infant mortality rates, better cognitive test scores and fewer behavioral problems for children, as well as fewer negative labor market consequences for mothers.[1] Workers without family leave send their sick children to school or daycare and go to work when ill themselves, leading to the costly spread of illness among the public.[2]

The Family and Medical Leave Act of 1993 (FMLA) has moved labor protections in the right direction, but leave is unpaid, and almost half of the American workforce is not protected. Low-income workers are especially unlikely to be covered. The FMLA's unpaid job protections punish parents, who must use their FMLA leave for parental leave at the risk of having to take unprotected sick leave or caregiving leave later in the same 12-month period. Unlike their counterparts in other democracies, American parents are forced to make difficult trade-offs between caring for a new child, recovering from their own serious illness, and giving care to seriously ill family members.

This series examines these issues in four parts:

1) *Paid Family Leave: Why the Family and Medical Leave Act fails to meet the needs of America's working families*
2) *Paid Parental Leave: Among Developed Societies, the U.S. is an Outlier*
3) *States lead the way: Paid family leave in California*
4) *What could a federal paid parental leave insurance program look like?*

The U.S. is the only wealthy country in the world without a public system of statutory paid leave for workers who become parents.[a] The Work, Family and Equity Index states that 169 countries of 173 countries studied offer paid maternity leave, and 98 countries offer at least 14 weeks of paid leave.[3] The U.S., along with Liberia, Papua New Guinea, and Swaziland are the only countries in the world without paid maternity leave. In addition to maternity leave, 66 countries provide paid paternity leave, while the U.S. again offers none. The graph below compares the total weeks of leave available to new families with two working parents, including both unpaid leave and the 'full-time equivalent' (in terms of wage replacement levels) paid parental leave.



On average, countries belonging to the Organisation for Cooperation and Development (OECD) provide about 18 weeks of paid maternity leave, and many offer at least two weeks of non-transferable paid paternity leave.[4] This paid leave is often supplemented by optional, job-protected unpaid leave for prolonged periods of at least several years. In contrast, the U.S. offers new parents just 12 weeks of unpaid, job-protected leave through the Family and Medical Leave Act.

Most of the above paid leave systems are social insurance programs funded through payroll taxes (contributions), sometimes supplemented by general tax revenues; a system that allows for portable benefits and universal coverage without placing

[a] The term 'family leave' tends to include leave for caregiving for both new children and seriously ill family members, as well as a worker's need for leave to recuperate from their own serious illness, while 'parental leave' specifically refers to caregiving leave for parents with new children. Parental leave allows new parents to bond with their child without using leave they may need for the unforeseen serious illness of themselves or a loved one.

disproportionate burdens upon individual businesses while reducing incentives to discriminate against women.[5] For example, Austria, Belgium, Canada, Finland, France, Germany, Iceland, and the Netherlands all use social insurance programs to provide paid maternity leave.[6]

Other support for new families

In addition to paid leave – or instead of paid leave for those excluded from the system (often the self-employed) – many countries assist new parents with the costs of children through allowances or grants. Allowances are scheduled payments to parents for a specific period of time after the birth of a child. For example, new mothers in Belgium who are self-employed receive 889 Euros ($1,203 USD[7]) per month for three months after childbirth. In addition to their paid leave supports, Australia has a means-tested program for which 95 percent of new parents are eligible to receive a "baby-bonus" of 5,000 Australian dollars ($5,004 USD[8]) paid in 13 installments.[9]

Grants are one-time payments to new parents to help offset the costs of childbirth. For example, France provides a means-tested grant for which 90 percent of families qualify that provides a one-time payment of 840 Euros ($1,136 USD[10]) at the birth of a new child. Norway provides women not entitled to statutory parental leave a one-time grant of NOK 33,584 ($5,729 USD[11]). Americans, in contrast, do not have paid parental leave as a foundation of support, nor do they receive a generous supportive allowance or grant. Instead, families receive up to $1,000 through the Child Tax Credit[12], and varying amounts via the regressive dependent tax exemption, which was $3,650 in 2010, resulting in a person in the 10 percent tax bracket gaining $365, while a higher earner in the 25 percent tax bracket would gain $912.50 per dependent.[13]

American leave policies are outdated

The lack of paid parental leave is part of the larger picture of antiquated American paid leave policies. For most countries in the world, the parental leave outlined above is *in addition to* general mandated paid annual leave provided.[14] The majority of countries belonging to the majority of OECD countries have at least four weeks (20 days) of paid annual leave, which may be used for vacation, care of dependents (sometimes specifically allotted to caring for the elderly), or careers breaks for personal reasons, such as accidents or injuries. This leave is also separate from public holidays, which average about 10-15 days, for a total of 30-35 days of paid leave per year.[15] In fact, the U.S. is the only OECD country that does *not* have a federally-mandated legal minimum of paid annual leave.

In sum, U.S. policymakers have not delivered policies or programs that support working American families at a level comparable to those in the rest of the world. It is also worth noting that family supports in other countries are not only provided at a higher basic level, but are delivered within a more generous environment of social welfare benefits compared to those received by Americans. While the most important benefit is probably access to healthcare, free or subsidized childcare and eldercare services also account for considerable cost savings for individual families.

The next brief in this series will highlight state experiences with paid family leave, focusing on the state with the oldest paid family leave insurance program: California.

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MAIN OFFICE
1899 L Street, NW
Suite 400
Washington, DC 20036
Phone 202 986 2700
Fax 202 986 3696

CALIFORNIA OFFICE
921 11th Street
Suite 901
Sacramento, CA 95814
Phone 916 448 5189

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