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The Importance of Paid Family Leave — Done Right

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The United States is one of the only countries across the globe that does not offer nationwide paid family leave – leave employees take around the birth of a child or to care for a family member during which they are paid a portion or the entirety of their regular wages. The Family Medical Leave Act of 1993 requires companies with 50 or more employees to offer those who have put in at least 1,250 hours over the previous year the opportunity to take *unpaid* time off for up to 12 weeks to care for a family member or a new child.

To fill parts of the gap left by the 1993 unpaid leave law, many large corporations and some states have implemented their own paid leaves. According to a 2017 report by Paid Leave for the United States, many large employers across the United States, including Starbucks and Walmart, offer paid family leave to their employees. California, New Jersey, Rhode Island, and New York have paid leave laws. These are steps in the right direction, and many of these corporate and state policies strive to be egalitarian – allowing both employed mothers and fathers to take time off to care for a new child as well as to care for an ailing parent, domestic partner, or close relative.

How Current Policies Fall Short

However, even the most complete state and corporate paid leave laws remain inadequate:

- According to the National Conference of State Legislators, state paid leave programs offer wage replacement rates that, on average, replace about half to two-thirds of wages while workers are on leave. According the to the *Los Angeles Times*, in 2016 California increased the wage replacement rate so workers making around the minimum are paid nearly 70% of their average wage while on leave. However, these rates may still be too low for some low-income workers who survive paycheck-to-paycheck to make use of the benefit.

- Corporate policies also fall short. Paid Leave for the United States finds that only six percent of low-wage workers have access to any kind of paid family leave through their employer. As in state paid leave programs, the wage replacement rate in corporate programs is often inadequate; and many large corporations offer less generous paid family leave benefits (or none at all) to workers on the lower-end of their pay scales.

- Many categories of workers have no access at all to paid family leave, including those in contract work and individuals working irregular hours or in temporary work situations.

Why Adequate Paid Family Leave Matters

Paid family leave offers clear advantages to both employers and families. A 2014 study by the Institute for Women's Policy Research found that paid family leave helps employers because it can increase employee morale, productivity, and labor force attachment once new parents (particularly mothers) return to work. Paid family leave offers economic security to families during significant life events and gives employees dealing with such events the peace of mind they are not in jeopardy of losing their jobs. Research shows that paid family leave has a positive effect on infant and maternal health, reducing rates of infant mortality and stress and depression for mothers. Paid family leave can also promote gender equality if takes into account the importance of both parents' time with children.

Best Practices in Paid Family Leave Design

Policymakers and civic leaders can look to U.S. states or corporations as they design new paid family leave programs, and they can also draw from cross-national research. Ideally, family leave policies should be sensitive to the changes in work and families. The United States has experienced a shift from formal, full-time employment to a more precarious job market, where many men and women, especially at the bottom, work part-time, multiple jobs, or jobs with non-standard hours. Gone are the days of the traditional household with a stay-at-home mother and fully-employed father.

Current best-practices in paid family leave policy include the following features:

- A minimum of 14 weeks of maternal leave, as suggested by a 2014 International Labor Organization report. Leave that is either too long or too short can weaken mothers' attachment to the labor force or cause them to exit the labor force entirely.

- Equal, reserved leave time for fathers or same-sex partners. According to a 2016 policy brief from the Organization for Economic Cooperation and Development, fathers are more likely to use paid family leave if a specific number of paid weeks are reserved solely for their use.

- Rights to three months of paid family leave for both parents and childless workers, time that can be taken throughout a child's or family member's life for unforeseen circumstances.

- Leave that is flexible, that can be taken part-time or across several periods.

- Leave that is job-protected, guaranteeing employees of all backgrounds the right to return to work once leave has ended.

- A wage replacement rate set as close to 100 percent of a worker's average wage as possible. The International Labor Organization recommends a wage replacement rate for maternity leave at two-thirds of workers' wages. Even higher replacement rates create incentives for fathers to take leaves and also make it possible for more low-income workers to do so.

- Paid leave programs can be made economically feasible for employers as well as nearly universally accessible by all categories of workers by using a social insurance model based on small payroll deductions from all employees who put in any hourly or salaried time above a minimum. Everyone contributes from each pay check to gain eligibility for paid leave.

All of these features can be used by employers and states right now to fill in the current glaring gaps in paid family leave coverage in the United States. In due course, a national program may be possible. Yet even as new paid leave programs are established at all levels, American should keep in mind that no policy works in a vacuum. For example, future U.S. policies to subsidize high-quality, affordable childcare available at both standard and non-standard working hours would complement paid family leave. As work and families change, America must respond in many ways.