The free market has failed U.S. working parents [1]

New federal policies for paid leave, quality and affordable childcare, fair work schedules, and living wages are more important than ever.

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EXCERPTS

Summary: The U.S. government can and should do more to support working parents. In fact, the nation is an outlier among Western industrialized countries for its lack of adequate, federal family policies in four key areas: paid leave; affordable, quality childcare; fair work schedules; and living wages. The childcare crisis created by pandemic lockdowns has only highlighted these failures. Now is the time for workers and their employers to advocate for new laws.

Amid the grim landscape of the pandemic and the U.S. election, I see one bright light: American parents have finally realized that the government can and should do far more to support them at work and at home. I study the experiences of working parents in different countries, so friends keep asking me, “Is it this bad everywhere?” My answer is no. Absolutely not.

Other Western industrialized countries have long understood the idea that supportive social policy improves the well-being of their citizens. After all, citizens are former, current, and future workers and taxpayers. Every nation depends on people’s paid labor in the workforce and unpaid labor at home to produce the next generation. Their solutions differ, but other societies agree that the public sector has a responsibility to help reconcile work and family demands.

In the United States, by contrast, our emphasis on free markets and our fixation on personal responsibility means that we lack any coherent work-family policy to support caregiving. We have no universal health care. No universal childcare. No universal social insurance entitlement. No guaranteed basic income. No paid parental leave or illness leave. No federal mandate to compel employers to offer supportive policies to workers with dependent care responsibilities — not even a single vacation or sick day.

This free-market approach has failed families spectacularly. Americans are among the most stressed-out people on the planet. The happiness gap between parents and non-parents is wider here than in any other country belonging to the Organisation for Economic Co-operation and Development (OECD). We have one of the biggest wage gaps between employed women and men, and it’s even wider when we look specifically at women of color; this inequity diminishes the economic resources available to women’s families. And our children are suffering. One in five live in poverty: a staggering one in three Black children and one in four Hispanic children, compared with one in 10 white children. Roughly one in seven households with children report not having enough to eat on a regular basis.

The pandemic has made a bad situation worse.

Families are feeling the stress. When schools and day cares closed, essential workers — disproportionately women of color — were forced to find other options for their children or quit their jobs. Those able to work from home found themselves juggling their work and their kids’ needs, including overseeing virtual education. And employed mothers have been hit hardest. In April and May, mothers working from home reported feeling anxious, depressed, and lonely at significantly higher rates than fathers in the same position. A new working paper reveals that losing access to childcare and participating in homeschooling increase mothers’ risk of unemployment and reduced work hours. Colleagues and I found that U.S. moms with young children have reduced their work hours four to five times more than dads during the pandemic. The Bureau of Labor Statistics reports that four times as many women as men are leaving the workforce. Also deeply disturbing is that economic and racial disparities are widening in the pandemic: The wealth of America’s billionaires has soared during Covid-19, while food insecurity has tripled among households with children. Black and Hispanic families are twice as likely to struggle to afford food as similar white families today.

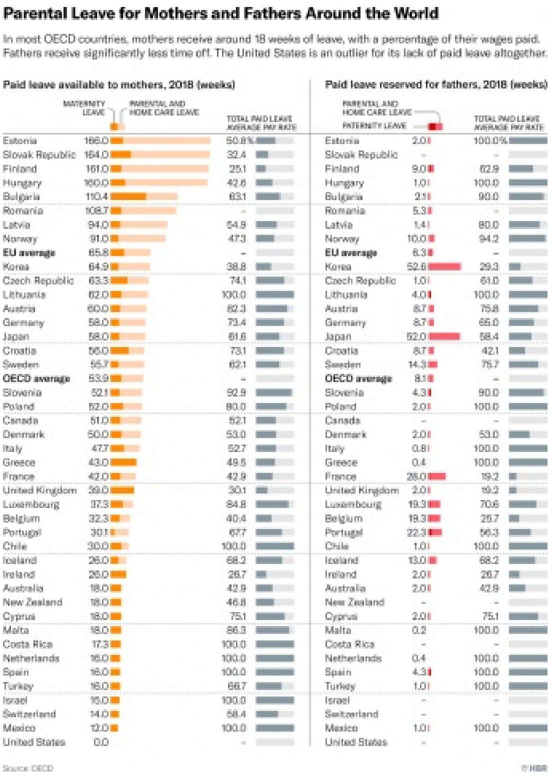
This deliberate privation is untenable. And it’s time for us — voters, workers, and the employers who rely on them — to do something about it.

Yes, working parents can find individualized solutions — or, more likely, temporary work-arounds — and companies can certainly do more to help. But there is an aspect of these struggles that only public policy can solve. For parents eager to push for change — and for organizations serious about supporting them — which national policies are important to lobby for? The evidence points to laws addressing four basic needs.

All workers will inevitably need time off to tend to important family and medical issues, and to spend quality time together. To be successful, this form of paid leave has to be accessible to everyone; cover all families; and be sustainable, affordable, and cost-effective for taxpayers, employers, and workers alike. In the U.S., it should take three forms:

Family and medical leave. The only federal work-family law currently on the books is the Family and Medical Leave Act (FMLA). Passed in 1993, after nine years of political wrangling, it allows eligible workers up to 12 weeks of unpaid, job-protected time away from their work to care for a new or recently adopted child or a seriously ill family member or to recover from a personal illness. This law was a landmark victory, and Americans have used it at least 200 million times since. But 44% of U.S. workers remain ineligible because FMLA only applies to businesses with more than 50 employees and to workers on the job for 12 months and 1,250 hours. Many more can't afford to take unpaid leave.

When it comes to paid leave for mothers and fathers, specifically, the United States stands alone among OECD countries for its lack of federally mandated maternity leave, and it is one of seven that offer no paternity leave. Mothers are entitled to about 18 weeks of maternity leave, on average, in the OECD. Most offer additional parental and home care leave. In most countries moms receive (from the government, their employers, or a combination) more than 50% of their previous earnings, and in several they get 100%. In some places, entitlements to paid maternity leave extend to more than six months. Mothers in the United Kingdom get nine months of paid leave at about 30% of their previous earnings. Paid paternity leave across the OECD tends to be shorter than maternity leave. The average is eight weeks, but eight countries offer 13 or more weeks. Japan and Korea have the longest paternity leave, at about 52 weeks. Japan's payment rate is the most substantial for this lengthy leave, at roughly 58% of previous gross pay.



Research shows that paid leave policy is not an economic drain; in fact, it saves companies money and is therefore good for the bottom line. It also reduces turnover and improves morale, productivity, loyalty, and retention. Some U.S. employers recognize this and offer paid parental leave, but not nearly enough: Only 20% of workers currently have access to it through their jobs. Among lower-wage employees, that figure drops to 8%. And, even with companies that do offer paid leave, a major shortcoming is that most do not explicitly set aside job-protected, paid time for both mothers and fathers (that is, maternity and paternity leave).

Why is this distinction important? Because when a policy is left gender neutral, it is typically women who take the leave. This means that women are more likely to become primary caregivers of children from the outset and experience disproportionate economic consequences for doing so. Setting aside time for each parent has lasting positive effects: Men who take paternity leave show increased involvement with their kids in subsequent years. A high-wage replacement, something the FMLA and some company plans lack, also enables and incentivizes parents — and especially men — to take this time.

One policy solution is the FAMILY Act which would create a national family and medical leave insurance program funded through a payroll tax, much like Social Security. First introduced in 2013, and finally progressing to a U.S. House Ways and Means hearing in February 2020, the FAMILY Act would give workers 66% of their monthly wages (to a cap) for up to 60 workdays or 12 weeks a year for pregnancy and childbirth, to care for a new child or a seriously ill relative, to address an acute personal illness, or to manage circumstances related to a loved one's military service deployment.

The FAMILY Act would build on state programs like those in California, New Jersey, and Rhode Island with successful track records. Eight states and the District of Columbia now have paid family and medical leave programs, and Colorado just voted to join them. All of these plans offer more benefits than those proposed in the FAMILY Act along one or more of these important dimensions: wage replacement rates, additional family members covered, increased employment protections, and a longer duration of leave. The valuable lessons learned from these state programs can help federal lawmakers update the bill before passing it. And more than eight in 10 voters support a national paid family and medical leave program.

After passing the FAMILY Act, lawmakers should introduce a gender equity lever to incentivize dads to take family leave. For instance, Sweden offers 480 days of paid parental leave at 80% of wages, and of these, 90 days are reserved for fathers and 90 days for mothers. Today, some portion of this leave is used by virtually all Swedish mothers and nine in 10 fathers. As one Swedish woman explained to me, “Our generation, I don’t know any couple or friends where the dad won’t stay home or doesn’t wish to stay home. They see it as their right and all: ‘Half the time is mine.’ Kind of like that.” Ideally, the length of family leave in the United States could be extended incrementally so that mothers and fathers would each get to take six months of paid leave after becoming parents — a sweet spot that research shows achieves the benefits and avoids the drawbacks of overly long absences.

Sick days. More than 145 other countries have national paid sick leave standards; the United States is one of only two industrialized countries without one. Though 76% of civilian workers have access to paid sick leave, not all do, which means that many U.S. residents forgo paychecks and risk their jobs when they fall ill or need to care for an ailing loved one. Workers often have no choice but to show up sick to their jobs or send sick kids to school or day care. Both tactics pose major risks to public health and to families’ economic security: One-quarter of adults say they’ve lost a job or been threatened with termination for taking time off work when they are sick or need to care for a sick dependent. Some fear that in the pandemic, discrimination against caregivers is on the rise.

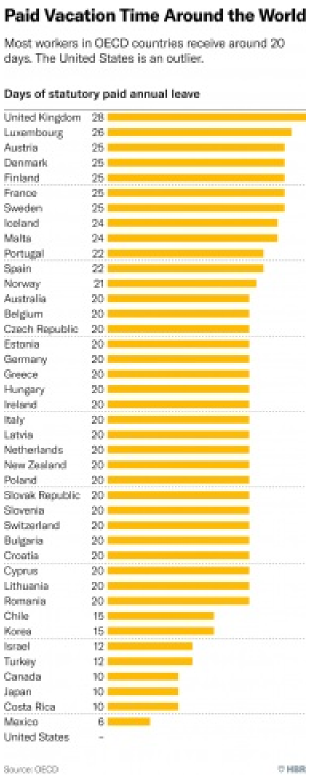
For non-serious illnesses in other OECD countries, paid days off are usually offered in the form of an annual entitlement: a set number of sick days for themselves, and more to care for dependents. In Germany, for example, workers get as many personal sick days as needed at full wages, and parents get 10 days per year to care for a sick child at 70% pay. One mother in Berlin laughed when I asked about her sick day provisions: “Just the word ‘sick days’ alone just is crazy to me! Because there’s no limit on sick days here. If you’re sick, you’re sick!”

Some U.S. cities and states have enacted paid sick day legislation successfully with no adverse economic or business effects. The Healthy Families Act would set a national standard. It would allow workers at businesses with 15 or more employees the chance to earn up to seven paid, job-protected sick days a year for themselves or to care for a family member. Those employed at businesses with fewer than 15 people could accrue seven unpaid sick days annually.

Vacation days. Employees need time away from work to rest and recuperate in order to stay healthy. Parents and families need time away from the daily grind of work, care, and school to connect with children and other family members. The United States is the only advanced economy in which workers have no statutory minimum annual leave entitlement, paid or unpaid. Again, though many individual employers offer paid vacation to workers, one in four American workers receive no vacation days.

To make matters worse, many of those who do earn vacation time are reluctant to use it out of fear of damaging their standing or being penalized. The average worker uses only about half their allotted vacation annually, and 52% of workers reported having unused days at the end of the year in 2017. That’s 705 million days. A federal policy that employers and managers promoted and made use of themselves might hasten a cultural shift, ensuring that workers don’t fear for their jobs when they take time off to rest.

The length of the vacation entitlement elsewhere varies, but in most places employees get at least 20 working days, or four weeks, a year. Canada and Japan have a required minimum of 10 days, while Australia, Germany, and New Zealand offer 20. In the UK, it’s 28.



Previous attempts at state and federal proposals to set a minimum standard for vacation days for workers in the United States have failed. New York City was considering a plan before the coronavirus pandemic hit, but it has not made any progress. A reasonable goal for federal policy makers might be to catch up to the next least-generous nations, Canada and Japan, with 10 paid vacation days a year. That’s only half the OECD average, but it would be something.

The importance of high-quality childcare cannot be overstated. Ample research demonstrates that quality care promotes the long-term social mobility and psychological and economic welfare of children and parents. A recent study showed that each dollar invested in U.S. early childcare programs produces more than $7 of discounted returns over children's lifetimes.

And today, most American families rely on this type of care. Sixty-eight percent of children under the age of six have all available parents in the workforce, and roughly 12 million children under five required outside care before the pandemic.

Yet in the absence of a public program, childcare is a universal source of stress for U.S. parents. It remains wildly expensive, second only to housing costs in families' budgets. The average cost of full-time care in a licensed facility for a child up to age four was $9,589 a year in 2016 — more than the average cost of in-state college tuition and 85% of the median monthly cost of rent. The annual cost of hiring a nanny is three times the average cost of one year at a public university. For a parent earning minimum wage, childcare eats up two-thirds of their annual income.

Without universal childcare, families who turn to the market for formal care find large differences in cost, quality, and availability. Many parents rely on informal means when market options are prohibitively slim, undesirable, or unaffordable. These tend to be of lower quality. Studies show that white children are far likelier to be enrolled in higher-cost and therefore higher-quality day care programs than children of color, so our lack of a federal childcare program is a clear driver of racial inequities and disparate outcomes.

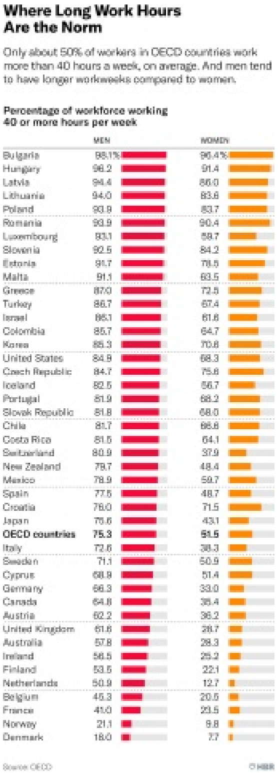
Most OECD governments recognize the value of early childhood education and care, and most make substantial investments accordingly. Childcare is typically publicly subsidized: Public sources account for 83% of total expenditures on pre–primary school education and care across the OECD. In Sweden, the maximum monthly rate to enroll a child in a day-care facility for even the wealthiest families is $160. In Germany, that figure is $192, and in Italy $393. Across all OECD states, 32% of children from birth to age two are enrolled in early childhood education and care for an average of just under 30 hours a week. In two-thirds of OECD countries, at least 90% of four-year-olds are enrolled in public childcare, as are 70% of three-year-olds.

The Child Care for Working Families Act is a promising bill that would ensure that all U.S. parents have access to affordable, high-quality childcare. Several cities and states already offer universal, publicly funded pre-K starting at age three or four, and these programs can serve as a model. They prepare kids for kindergarten, make sure that they're safe while parents are working, and dramatically reduce families' financial burdens. Federal lawmakers should think of quality, affordable childcare as a constitutional right, not a privilege, and expand pre-K to all three- and four-year-olds in the country. Once we've accomplished this, the provision should be extended to children from birth to age two.

Working parents need control over their schedules and adequate flexibility to meet routine needs. Unstable and unpredictable work schedules harm employees' financial security, by making wages more volatile; they also can negatively affect family dynamics, since just-in-time scheduling practices make it hard to plan ahead for childcare. Uncertainty around routine work schedules is even bad for workers' health; it is associated with worse sleep and greater psychological distress and unhappiness.

Further, while millions of lower-income U.S. workers don't get enough hours to reliably meet their families' material needs, highly educated, professional workers report persistent overwork. Together, these practices tend to shift more of the risks and costs of doing business from employers onto workers.

Outside the United States, broader labor protections are commonplace, thanks in part to higher rates of unionization and established collective bargaining agreements. Today in the U.S., union membership is the lowest in a century. Most countries have statutes on the books to enhance employees' ability to shift or reduce their working hours, especially those caring for children or dependent adults. Work hours don't look quite so crazy elsewhere: Almost 50% percent of employees in France work 35 to 39 hours a week. In Denmark and Norway, the majority of adults work 30 to 35 hours a week — women and men alike.



Employers can help facilitate fair work hours, of course, by offering more varied start and end times, advance notice of shift schedules, and the right to refuse mandatory overtime hours. These should include part-time workers as well, who deserve the same sort of parity in wages, benefits, and labor protections that they enjoy in other countries.

But for sufficient and universal changes, we need national policies that include the following:

Fair workweek laws. Several cities, including Chicago, New York, Philadelphia, San Francisco, and Seattle, as well as the state of Oregon, have passed laws to regulate scheduling practices, especially for hourly employees in sectors like retail, fast food, and hospitality. These are good for business: When workers enjoy adequate, stable, predictable, flexible hours, their employers see increased productivity and sales, improved performance, reduced absenteeism, and lower long-term labor costs. We need a national fair workweek policy.

Right-to-request laws. San Francisco, New Hampshire, and Vermont have passed provisions that grant most or all private-sector workers the right to request scheduling accommodations such as part-time work and flexible work schedules without retaliation. As a result, more than 1 million employees have increased flexibility on the job.

Nationally, the Schedules That Work Act, last introduced in the U.S. House of Representatives in November 2019, would give employees the right to request changes to their work schedules without fear of punishment, ensure that employers consider these requests, and require employers to offer more stable, predictable working hours in certain occupations.

People need fair wages so they can secure the necessities — food, shelter, and safety for themselves and their families. Other wealthy countries have established legal wage floors high above the U.S. federal minimum wage, which is currently a miserly $7.25 an hour. Nowhere in the United States does a full-time worker making this amount earn enough to afford the basics. The minimum wage for waiters, bartenders, and others earning tips has been the same for more than 25 years: $2.13 an hour. And roughly one-quarter of minimum-wage workers are parents with dependent children to support beyond themselves. Without fair wages, millions of families, representing 18% of children under age 18 — that's 12.6 million kids — live below the poverty line.

Cities and states can set higher minimum wage rates, but the federal rate is long overdue for an increase. It hasn't changed since 2009 and has since lost almost 10% of its purchasing power. According to a report from the Economic Policy Institute, raising the minimum wage to $15 by 2024 would lift millions out of poverty, including 38.6 million adults, 23.8 million full-time workers, 23 million women, and the parents of 14.4 million children. And a majority of Americans support an increase.

The proposed Raise the Wage Act, which passed the House in July 2019, would follow the lead of several cities and eight states — California, Connecticut, Illinois, Maryland, Massachusetts, New Jersey, New York, and, just last week, Florida, to take this step — boosting the minimum wage to $15 an hour for regular employees over a seven-year period. The law would also phase out the subminimum wage for tipped workers and tie future minimum-wage rates to changes in median workers' pay.

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Some of these policies are more palatable to lawmakers and employers than others. But there's no denying that the policies outlined above — paid leave, childcare, fair work schedules, and living wages — are good for employees along a host of indicators that also facilitate their ability to get their jobs done well. Those programs that are government funded would also provide support to gig, freelance, or contract workers; entrepreneurs; and people working for very small businesses. The result, according to data from other countries, is a virtuous circle in which workers are happier, more engaged, and more productive; organizations benefit from improved performance, which offsets costs; and our society becomes more fair, just, and humane.

Of course, lots of other policies affect employed parents, too. Health care, education, immigration, housing, energy and the climate, gun safety, civil rights, reproductive rights, and the criminal legal system all shape the ability of every American to engage in paid work and have a fulfilling family life. Reforms in these areas are also critical.

But we have to start somewhere. The sociologist Erik Olin Wright once wrote, “The degree to which people are deeply dissatisfied with the existing conditions of life depends in part on whether they believe viable alternatives are possible.” The rest of the OECD shows us that a better set of policies exists.

So let’s advocate for those alternatives — as parents, partners, workers, employers, and citizens. It’s time to push politicians for real and lasting change. During their working-age lives, 86% of U.S. adults become parents. Imagine the sheer political power of that group if they thought of themselves as a constituency with shared goals.

It will take major changes in our country’s laws. But the pandemic has shown us that it’s time to act.

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